I. Indo-French Seminar on Make in India

Indo-French Chamber of Commerce in Chennai and the Madras Chamber of Commerce has organised the Seminar on Make in India, the first of its kind in Chennai on 18th May 2015 between 10.30 AM to 01.30 PM

Members present :

1. Shri C V Sankar, IAS, Addl Chief Secretary, Industries Department, Govt of Tamil Nadu
2. Shri Atul Chaturvedi, IAS, Joint Secretary, DIPP
3. Mr Philipe Janvier Kamiyama, Consul General of France
4. Ms Saraswati, Secretary, Madras Chamber of Commerce
5. Mrs Laura Prasad, Secretary General, Indo French Chamber of Commerce

The salient points of discussions were as follows :

Inaugural Address : Mr Philipe Janvier Kamiyama, Consul General of France

- It is a pleasure and honour to launch the Make in India seminar here in Chennai to share the views and expectations of the French companies.
- The political relations between India and France has been strengthened recently by the visit of the Hon’ble Prime Minister in 2013.
- There are 1151 French entities in India
- The business turnover of these French companies has increased from US$ 18.5 bn in 2013 to US$ 20 bn.
• The investments in India by French companies has gone up to US$ 19 bn.
• The major sectors of investments are mechanics, electronics, pharmaceuticals etc.
• There is a growing presence of French entrepreneurs settled in Pondicherry and established a long lasting relationship in India.
• The Make in India will provide chance to grow further between India and France.

Special Address by Shri Atul Chaturvedi, IAS, Joint Secretary, DIPP

The Government is taking various initiatives like Make in India, Digital India, Smart City etc. The whole world is looking at us with lot of interest attracting lot of investments in the country.

During the Make in India workshop on Dec 29, 2015, the Hon’ble Prime Minister has stated that in addition to the short term and long term action plan, the Zero Effect and Zero Defect policy to be adopted.

The Make in India is targeted not only for attracting foreign investments to India but also to promote the domestic investors to invest in India.

The Make in India objective is to make India as job creator rather than job seeker.

The JS further elaborated the Make in India by explaining the Four Pillars of the programme.

1st Pillar – ‘New Process’ – This is to target ease of doing business as far as investors are concerned. To make India a part of global chain not only towards attracting foreign investments but also to promote domestic investments. In 2014-15, there is an increased investment of 86% outside India. The main features included under the New Process facilitating ease of doing business are :

- E-Business programme : 14 Services like Industrial licences, Filing of returns for ESIC, EPF, Obtaining DIN, Declaration of Exports, Import-Export Code etc. have been made Online.
- Reduction of documents – No of documents required for Export-Import were reduced to 3 from 10
- Automatic route – Obtaining Defense License dispensed with.
- Validity of the Industrial License increased to 3 years from 2 years.
- Security Clearances reduced to 6 weeks
- FAQs for the beginners hosted in the website
- FIPB/RBI checklist made transparent
- Forest clearance certificate made online
- Independent rating agency to assess the performance of States on the investment front. The States with higher rating will be given more attention for promoting foreign investments.

IIInd Pillar : ‘Infrastructure’ :

- 100 Smart City Project
- Development of Industrial Corridors
- Roads Identified and programme planned to enable the investors to invest in India
- Coordinate all the efforts of Cities and Corridors

IIIrd Pillar : ‘Opening of New Sectors for Investment’

- India has the liberalized FDI policy in the world.
- Open Railways with 100% FDI
- Defense with 40%
- Other new sectors are Construction, Pension, Insurance, Medical Device with 49%

IVth Pillar : ‘New Mindset’

- Creation of Investment Facilitation Cell
- Creation of Nodal Cell in all the States
- Govt of India is partnering with all the process.
- Announcements in the Budget to promote investments like
- Corporate tax reduced to 25% from 30%
- GST Tax to be made effect from 1st April 2016
- The rate of income tax on royalty and fees for technical services to be reduced from 25% to 10%.
- Launching of Mudra Bank

As per the recent report of RBI,

- There is an increase of 30% FDI in India.
- 45% increase in the manufacturing sectors
- 75% increase in the FDI inflow from the month of October
- Foreign institutional investments increased to US$ 42-43 bn from US$ 5 bn in the last year.

France is very important partner for India. It is the 9th largest investor in India and 4th largest among the EU countries.
Special Address by Shri C V Sankar, IAS, Addl Chief Secretary, Industries Department, Govt of Tamil Nadu

- Government has taken very concrete and significant steps towards overall development.
- India is strong in terms of democracy, legal system, election systems, use of technology in electronic voting systems, Railways, Adhar Card to all the individuals etc.
- Focus is on manufacturing. Manufacturing sector accounts for 60% of the State GDP with Textiles around 19%, Automobiles 25% and Leather being the highest contributing 30%.
- Tamil Nadu is the 2nd largest contributor for GDP after Maharashtra.
- Tamil Nadu ranks 3rd in FDI inflows. Around US$ 16 bn FDIs in Tamil Nadu.
- No.1 in employing industrial workforce. There are around 40,000 factory workers in TN.
- No.5 in world Solar Power
- Highest number of technical universities
- Large urban conglomeration
- Well developed economy
- Proactive Industrial policies
- Infrastructure facilities – 4 large Ports, 4 International airports, Multi Roads.
- 3.5 mn units are engaged in automobile exports
- 23 Electronic IT parks
- 2 Electronic manufacturing clusters are upcoming
- Leading exporter of IT and ITES
- 1750 software units
- The largest software company TCS with 60,000 employees
- Largest installed capacity of renewable energy
- Development of Industrial corridors
- Planning Commission ranked among the top States for investment
- E-Business administration

- Higher fiscal incentives
- As per the ASSOCHAM study, TN ranks No.1 among 9 parameters for investments

The Country wise companies set up in TN are
- Japan – 577
- Korea – 200
- Germany – 150
- France – 65
- UK – 40
- USA – 250

Vision 2023

- Growth target of 11% per annum
- 217 projects to be implemented of which 100 are already in operational
- The Global Investors Meet is scheduled during September 9-10, 2015 in TN wherein organizations, CEOs, trade associations will be participating. France, Japan and UK are the partner countries.

Meeting ended with vote of thanks by Mrs Laura Prasad, Secretary General, IFCCI

The Seminar then proceeded with the Panel Discussions with the eminent industrialists and members of Madras Chamber of Commerce and Indo-French Chamber of Commerce.

Summing up the Panel discussions, the JS-DIPP stated as follows:

- The strengths of India are Democracy, Demand and Demography and strength of Make in India lies in these 3Ds.
- Auto and Apparels, Electronics and hardware are the potential segments
- Defense Licensing Mechanism has been taken out and certainly there is an increase in the investments. The percentage of FDI investments is likely to go up by 100% from the current 40%.
- The tendering process is redefined. The life cycle cost is also taken into consideration rather than looking at L1 alone.
- Endeavour to make India the easiest place to do business. The Contract and Enforcement Laws are being liberalized.
MSMEs are being given special thrust for attracting more and more investments. The big brands in the leather sector are already carrying out their manufacturing process in the MSMEs. Thus, the Make in India is not only for the big companies but also for the growth and development of smaller MSMEs.

Visit to the CLRI Lab Facilities

II. Meeting on Action Plan for Leather Sector in CLRI, Chennai at 3.30 PM

Members Present :

1. Shri Atul Chaturvedi, IAS, Joint Secretary, DIPP
2. Shri Rafeeqe Ahmed, Chairman, CLE and President, AISHTMA
3. Shri P.R. Aqeel Ahmed- Regional Chairman-South, CLE & Executive Committee Member
4. Shri R. Ramesh Kumar, IAS, Executive Director, CLE
5. Shri Habib Hussain, Chairman, LSSC
6. Shri Ajay Kumar, IRS, Managing Director, FDDI
7. Shri Sameer Srivastava, IRS, Executive Director, FDDI
8. Dr D.E.Richards, Director, DIPP
9. Dr A.B. Mondal, Scientist (H), Ex-Director, CLRI.
10. Shri Sanjay Gupta, Chief Scientist, CLRI
11. Dr. C. Muralidharan, Chief Scientist, CLRI
12. Dr. Ravindranath, Chief Scientist, CLRI
13. Dr G Sekaran, Scientist-G, CLRI
14. Shri G. Sundaramurthi, Managing Director, CEMCOT.
15. Dr. Rajamani, Technical Expert
16. Shri K. R. Vijayan, President- Indian Shoe Federation, & Hony. Treasurer IFLMEA.
17. Shri N. Shafieeq Ahmed, Chairman, Indian Finished Leather Manufacturers and Exporters Association
18. Shri M. Israr Ahmed, Hony. Secretary- IFLMEA & Leather Panel Convenor-CLE
19. Shri K. Srinivasan, Vice -Chairman- IFLMEA & COA Member-CLE
20. Shri Patel Md. Yousuf- Managing Director- VANITEC - Vaniyambadi
21. Shri Ramesh Prasad, Chairman- RANITEC- Ranipet
22. Shri Ashraf Rizwan- Director, Mega Leather Cluster Development, Kanpur U.P.

The Joint Secretary initiated the discussions by stating that the two big daunting tasks of the leather sector is

- Establishment of technology mission
- Systematic larger collection of hides & skins and requested the action plan for accomplishing the above two tasks.

Dr. C. Muralidharan, Chief Scientist, CLRI made a detailed presentation on the activities of CLRI towards research and growth of the tanning sector. The highlights of the presentation are as follows :

- Developing Technology plan
- Leadership in fashion forecasting
● Waste Management
● Footcare solutions
● Compatible to Eco bans
● ZLD technology employed in Tamil Nadu. Processing 700 tonnes of salt per day.
● Salt free chrome technology process
● Treatments to minimize the sludge systems
● Solid waste management
● Spreading knowledge across the world – Ethiopia, Botswana, South Africa and recently Vietnam
● Collagen sheets for wound dressing
● Training including online curriculum
● Technologies minimizing environmental impact enabling viable treatment system
● Facilitating Zero Reject System
● Testing and Certification for genuine leather and Eco mark in association with BIS
● Averting technical barriers to trade
● Large scale skilling
● Seamless integration with stakeholders for enhancing design capabilities

Despite the best institutional supports and enormous research, still the leather sector face lot of challenges

Tamil Nadu is the only State adopting the ZLD system

Rs 500 crore has been spent in the CETPs with 50% contribution from the Government and 50% from the industry.

In 1984, finished leather accounts for 70% of exports which is now only 35%.

For upgrading and modernization of CETPs, Rs.1400 crore is required in the next 3 years and 55 to 125 mn skilled work force is required.

Foreign institutional collaboration and investments required for upgrading CLRI

Branding to be pursued. Requested for branding Goat for the leather sector.

According to Tamil Nadu Pollution Control Board, ZLD is the only technology to be adopted in the CETPs which is so expensive and individual plant requires about 5-6 crore.

Shri N. Shafeeq Ahmed, Chairman, Indian Finished Leather Manufacturers and Exporters Association

The tanning capacity is not fully utilized. Only 50% of the tanning capacity is utilized.

The joint-ventures in Finished leather in the TN is lying idle because of lack of modernization/upgradation.

To bring out the Best practices in Tanning under the Technology Mission

Shri Habib Hussain, Chairman, LSSC

Shri P.R Aqeel Ahmed, Regional Chairman-South, CLE
Aggressive steps need to be taken to achieve the target. Leather sector is Euro centric and any downtrend in European Union affects our prospects.

Require 2-3 large investments in the shoes and sports shoes segment, followed by leather goods and garments.

To invite some of the major players for presenting before them the prospects of the leather sector and get them to invest in India.

Enhancing skilling with the help of FDDI and Leather SSC is tie-ing up with the Central and State programmes.

To concentrate on volume trade

The Andhra Pradesh project to put in fast track to attract big investments.

The Make in India workshop held on 29th December 2014 has deliberated on the implementation of proper system for large scale collection of hides/skins.

Currently collection of hides and skins are not scientifically done and it is unorganized and not utilized fully.

Hence the systematic collection of hides and skins has been brought under one of the Short Term Action Plans to achieve the target

An investment of about Rs.1500 crore is required for future expansion and for fully utilising the existing capacity

Currently only 60-70% of the tanning capacity is only utilized

The ZLD technology requires lot of investment in CTPs. ZLD is not the real environmental solution. TNPCB is giving orders discriminately

All the individual tanneries have their own Secured Landfill system (SLF). TNPCB directed to have centralized SLF. Requested CLE and DIPP to write to TNPCB not to change their directive.

There are skill developments initiatives in the product side but no proper mechanism for training the CETP and ETP operators.

Proper mechanism for sludge disposal

KPLC is on the anvil of DIPP. Requested DIPP to sanction the MLC project. It is an unique project, one of its kind where the treated effluents have the sea discharge. CLRI is to be lauded for developing this cost effective technology.

The Environmental laws have become redundant today which no longer implemented

Cleaner technology to be brought under the Technology mission. CLRI to come out with new technology wherein generation of sludge is avoided.

Under the CEPA agreements, the duties are reduced in a phased manner. Hence requested to revisit the CEPA agreements to reduce the duty in a quicker period so that the fashion and sports gloves sector will be benefitted and investments could be much faster.

TDS is very expensive and hence credit to be given
Shri M. Israr Ahmed, Hony. Secretary- IFLMEA & Leather Panel Convenor-CLE

- The Focus Product scheme for finished leather for Hong Kong has been withdrawn leading to lose to our competitor. Hence requested for restoring the Focus Product Scheme benefit for exporting finished leather
- To allow import of second hand machineries under IDLS and EPCG.
- To take delegations to the prospective countries to promote our industry
- There is lack of raw materials which is affecting the tanning capacity. China is already procuring lot of raw materials from African countries, Brazil and East European countries. In order to strengthen the tanning base and to avoid losing the raw materials to our competitors, delegations have to be organised in African countries and in fact, all over the world to bring in the raw materials to enhance the tanning capacity of the tanneries. (Sourcing Delegation).
- A separate training module for the workers involved in the CETPs may be developed. Certifications may be done by specialized agencies with involvement of Leather Sector Skill Council.
- Workers involved in the ETPs of individual companies may also be included.

Dr G Sekaran, Scientist-G, CLRI

To adopt the In-process technology. The tanneries in Australia adopt less chromium content.

JOINT SECRETARY summarizing the discussions has enumerated the following action plan with time frame to be completed.

<table>
<thead>
<tr>
<th>Activities</th>
<th>Time Frame</th>
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<tbody>
<tr>
<td>To prepare Blue Print for Technology Mission. CLE and CLRI to complete the assignment.</td>
<td>2 weeks</td>
</tr>
<tr>
<td>To come out with the Best possible option for ZLD which can be presented before the TNPCB for implementation.</td>
<td>30 days</td>
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Shri M Rafeeque Ahmed, Chairman, CLE

- To prepare Blue Print, the world technology needs to be tapped. The technology should reduce the usage of water to 1/3rd of the current usage. The latest technology in European countries like Italy needs to be studied.
- The experts from USA to be invited here to demonstrate their technology to the industry
- As regards revisiting the CEPA agreements to reduce the duty, the Synthetic materials are not only used by leather but also other sectors, hence the Input Output Norms which were drawn 20 years back needs to be revisited.
- As regards promoting investments, we have to identify prominent entrepreneurs from China, Brazil, Vietnam, US, Indonesia and Taiwan as they have already invested in

| CLE/CLRI to list out the obsolete laws and regulations which can be taken up with the State Government and State High Court through CLE/ DIPP | 30 days |
| To prepare the proposal for training in CETPs to submit to DIPP                                                                 | 30 days |
| To list out the duties and products that need to be revisited under the CEPA agreements. CLE to take up with the concerned Ministry. DIPP will reinforce.                                                                 | 30 days |
| To bring in investments and promotion of investments, to identify potential investors and potential countries from where the investments will come in and organise the Road Shows. To identify the potential States where the investments can be made                                                                 | 30 days |
| CLE to prepare the brochure highlighting the strengths of India to distribute in the Road Shows.                                                                 | 30 days |
| As Leather sector has been identified as one of the focus sectors under Make in India, DIPP ensures 100% support for the initiatives. CLE to prepare action plan to put into operational.                                                                 | 30 days |
Bangladesh due to its LDC status. A delegation comprising 4-5 members can meet them and present them the investment opportunities as this is the right time to attract investments from these countries to India. Currently, the investment is being made in Bangladesh as they facilitate imports to other countries without any duty due to its LDC status. Hence there is a need for us to present before them that India is not only facilitate exports but also in itself is a huge market for them to sell their products because of domestic consumption.

- The Brazilian tanners are willing to set up tannery in India and wants to produce 1 mn sq.ft per month. The Kothapatnam project in Andhra Pradesh can address the Brazilian tanneries requirement.

- The Indo-China Committee has been formed to reduce the tariff and requested Leather to include under the Indo-China.

- In the packaging segment, Taiwan is producing the best packaging boxes. Hence we may identify the Taiwanese packaging companies and invite them to establish units in India with the collaboration of State Governments and Government of India.

- With the above measures put into effect, we can achieve the target of US$ 27 billion.

III. Report on the Visit of Shri Atul Chaturvedi, Joint Secretary to Tanneries, Ranitech CETP, Foundation Stone laying function at Ranitech CETP and Felicitation Function in the SITDA Testing Lab on 19th May 2015

Visit to Tannery & Ranitec CETP
Foundation Stone laying function at Ranitec CETP
Felicitation Function at 12.30 PM at SITDA Testing Lab
Shri Ramesh Prasad, Chairman, Ranitec CETP welcomed Shri Atul Chaturvedi, Joint Secretary and other dignitaries.

Mr G Sundaramurthy, MD, CEMCOT

- He thanked the Joint Secretary for his visit to Ranitech CETP and expressed happiness for his presence in the South India Tanners and Dealers Association (SITDA) Testing Lab which is operational for more than three years with the funding support of DIPP.

- When the Zero Liquid Discharge (ZLD) technology was introduced in Tamil Nadu, the CETPs especially the Ranitech CETP was pro-active and helped to implement the ZLD. However, the cost of ZLD technology is prohibitive which rose to Rs.400 per cubic meter from Rs.30-40 per cubic meter.

- By resorting to ZLD technology, lot of ground water was saved to the public. About 30 lakh litres of water per day was saved. Thus the ground water was made available and it is a big social service to the public and conserving the natural resources.

- The multiple evaporation cost is very exorbitant. Government may help to mitigate this power cost.

- 90% of the water is recycled and 10% go as salt. Everyday tones of salt is accumulated. We are trying various options to dispense the separated salts in consultation with State Government, CLRI and other research institutions.

- He also congratulated the Ranitech for going in for upgradation of the existing ZLD.
This is a momentous function as the Joint Secretary was instrumental in the establishment of this testing lab. Footwear industry is one of the major industry wherein FDDI has been imparting training. Over 2 lakh people were trained under the funding support of DIPP under the IDLS Scheme. I thank the JS for his significant contribution for the leather industry.

Shri Ramesh Kumar, IAS, Executive Director, CLE

It is indeed a great pleasure to be here. This is an important day for the leather industry, as all the powerful leather experts are conglomeration in one place. The meeting with CLRI on the Technology mission was fruitful. I thank the JS for sparing his valuable time for the leather sector. The JS is not only looking after leather but also other sectors. The Hon’ble Prime Minister has entrusted the task of promoting investments under the Make in India for around 25 sectors to the JS and amidst his busy schedule, the JS has participated in the meetings and devoted 2 days time for this sector. The broad description of 4 pillars of the Make in India has thrown light on the details and implementation of the programme and how the Government is actively pursuing for its success. There are various issues facing the leather sector, in domestic, exports, tanning, however, we all work together and achieve the target of US$ 27 billion by 2020.

Shri Habib Hussain, Chairman, LSSC

It is a privilege to be here and thank the JS for his presence. It was during his tenure as Chairman, CLE, the project was sanctioned by the Government. We are thankful for the JS to personally view this facility to see to it that how the industry has effectively utilized the Government money. He specially thanked the JS for his participation in the meeting with the CLRI on technology mission to complete the tasks by fixing up the time line. The two regions Ranipet and Ambur are the major manufacturing hub of the industry and needs to augment the capacity and productivity. The SMEs to transform to Medium and the Medium units to be transformed to large, thus facilitating large scale employment in the sector.

Shri P.R. Aqeel Ahmed, Regional Chairman, South

He was happy and surprised to note the comments of JS in the meeting on 18th May when he requested for the Blue Print. Neither the industry, nor the CLRI and CLE was ready with the same, but the Government wants it to implement the same quickly. He thanked the JS for his dedication for the industry. Around 500 crore rupees was invested in the CETPs of which 50% of the cost was shared by the Government. 75000 workers are directly employed in tanning. He thanked the JS for immediately sanctioning the training proposal of the CETPs.

Shri M Rafieque Ahmed, Chairman, CLE

It is a great pleasure to participate in this function and to see how the Government’s fund has been effectively utilized by the industry. The Ranitech CETP and CLE were
eager to invite the JS to view the facility to show the effective utilization of the fund approved by the Government. Currently the tanning capacity has been reduced to 45% from 75% in Tamil Nadu. This is mainly because of the cost of the technology. The ZLD is not an easy technology and at the same time not environmental friendly technology.

On the other hand USA’s new technology requires only about 10% of the present cost and 150% effectiveness on the globally available technology and slowly we have to change to newer technology. CLE have to find the global newer technology.

He also applauded the JS for his immense contribution to present India as a partner country in the recently held Hannover Fair in Germany. He congratulated the JS for perfectly showcasing India in the eyes of the whole industrialists.

Chairman also thanked the JS for his efforts to include leather as one of the sectors under the Make in India programme. It is purely based on the DIPP efforts, that the leather was included among the 25 sectors. Chairman further stated that the leather sector is lucky that the Make in India is administered by the DIPP and the leather sector is also under the DIPP for the basic leather tanning improvement. To reduce the import and to manufacture the finished leather here, the tanning industry has to be strengthened.

Recently the UP Chief Minister has assured that none of the tanneries will be closed and also provided the funded support. However, no support was forthcoming from the Government of Tamil Nadu. The industry here in Tamil Nadu has to do on our own. DIPP is the only Department which can help us to overcome this problem. Kanpur and Kolkata comes under the Ganga Mission Project and the Government is ready to give 100% grant. We look forward to the support of the DIPP to grow and achieve the target.

CLE will search for the cost effective technology and submit it to the Department.

Shri Atul Chaturvedi, JS, DIPP is working very hard among the many bureaucrats that he has seen. Today Government is very proactive for the industry.

The ZLD technology is implemented only in TN and no one in the world has tried. Even in Italy, Bangladesh and Pakistan tanneries are not using this technology. Only Tamil Nadu is targeted. The Chief Minister has not given time to meet the industry. So only the Centre has to help us.

From 1995 onwards, around Rs 1000 crore has been spent on the Pollution Control system and recently Rs 500 crore has been spent, of course 50% support from Government of India and 50% from industry on this CETP project. The TNPCB is very strong and this kind of discrimination should be removed and there should be level playing field put in place for all over India.

Shri Atul Chaturvedi, JS-DIPP

At the outset, the JS sought apology for the delay in starting this programme because of the visit to the tanneries, CETPs and the foundation stone laying function.

During the 29th Dec Make in India workshop, the Hon’ble Prime Minister has declared the Zero Defect and Zero Effect terminology. This facility is an example that Zero Defect in manufacturing and Zero Effect in the environment. This is what we are saying to the world and we are proud that this sector has cited an example for this.

By implementing the ZLD, the State of Tamil Nadu is not differentiated with other states, though not best and commercially viable, this technology is doing service to the society by conserving water. The JS also requested the industry to find out the best alternative technology which are
commercially feasible and environment friendly, so that it can be presented to the TNPCB and the Court.

The Technology Mission is an important aspect for the leather industry. The effective collection of hides and skins to curtail the waste and put into effective utilization for making the products. The Make in India is also for the domestic investors to invest in India for consumption and for exporting to make India as job creators rather than job seekers.

The leather sector has the tremendous potential for job creation. FDDI has already trained 1 lakh personnel and it is good to note that 1 lakh trained manpower is available for the leather sector. These are the strengths and need to be showcased to generate growth as growth without employment is meaningless.

We need to ensure that leather sector becomes the model sector for the Make in India. With the help of the industry and academia, we will be able to take the leather sector to greater heights and this model of growth be replicated by all the other sectors.

The JS concluded by thanking the members for giving this opportunity to visit the facility and to attend the felicitation function. The meeting ended with vote of thanks by Shri Zafrullah, Secretary, SITDA.