

Guidelines for Leather Technology, Innovation and Environmental Issues sub-scheme of Indian Leather Development Programme

1. Background

(i) Leather Industry and tanning activity in particular, all over the World is linked to environmental concerns. The environmental issues are slowly gaining ground and extensive measures would need to be put in place for industries to cope with the stringent norms. Tanneries have taken considerable steps to address the issue of wastewater treatment. Tanneries are connected to wastewater treatment mechanisms, which could render the wastewater amenable to discharge. Zero wastewater discharge is also made mandatory in some states and the tanneries have installed adequate amenities in place to attain zero wastewater discharge. However, as the environmental issues continue to exert significant force of down pulling; this is one issue that is directly connected to the sustainability of the industry.

(ii) The assistance would be provided for the following four categories of environment related projects:-

I. Technology Bench Marking and Environmental Management for Leather Sector

II. Common Effluent Treatment Plants (CETPs)

III. Solid Waste Management

IV. Environment Related Workshops

(iii) The convergence with similar schemes of Ministry of Environment & Forest and Ministry of Micro, Small and Medium Enterprises (MSME) should be ensured for leveraging.

Component wise guidelines

(I) Technology Bench Marking and Environmental Management for Leather Sector :-

(A) Objective

The objective of the scheme is to enhance the sustainability of Indian Leather Units by providing financial and technical support for assessing the process technology adopted at present and re-engineer them in order to add economic and environment benefits.

(B) Implementation Methodology

Central Leather Research Institute (CLRI) and Footwear Design & Development Institute (FDDI) shall be entrusted with the responsibility of planning and monitoring the program. CLRI and FDDI will identify the environment friendly technologies for tanneries and other leather units respectively. CLRI and FDDI shall prepare a separate comprehensive information database on cleaner technologies. Technological and financial support shall be provided to Leather units for establishing and operating the systems connected to pollution reduction and environmental protection based on specific recommendations made by CLRI and FDDI on each proposal regarding eligibility of Leather Units and technology. The proposals received through FDDI and CLRI from leather units would be placed before Steering Committee to be notified by the Department for this purpose.

The pilot projects would be operated for use of technologies having validity at commercial scale but are not being used by Leather units like Salt free preservation by Chilling, Low salt preservation, enzyme based bio-processing system, Direct Chrome Liquor Recycling, Lyophilizer etc to reduce the pollution at source. The pilot projects to be assisted should be specific technologies, listed beforehand in consultation with CLRI and FDDI.

The Leather units being assisted shall submit an undertaking that they have not availed assistance for same purpose under any other sub-scheme of ILDP. This should be also certified by CLRI and FDDI in their respective reports.

CLRI & FDDI shall be paid 0.5 % each of the GOI assistance released under the component as monitoring charges.

(C) Funding pattern and release of funds

Leather units implementing cleaner technologies for environment management shall be provided with 50% of the project cost including license fee subject to a maximum of Rs.50 lakh per unit. The amount to be sanctioned and release would be subject to proof of balance 50% funding being made available by units concerned. GOI assistance would be provided as one time grant-in-aid for capital expenditure and no recurring cost would be admissible. The entire operation and maintenance cost would have to be borne by Leather Units. The amount will be released in two instalments:-

- (i) 50% of the total cost after approval of the project and after project specific account has been opened by unit in any nationalized bank and on producing the statement of project specific account reflecting the 50% of their contribution deposited by unit in this account.
- (ii) 50% of the total cost after utilization of the previous release and after installation/establishment of technology and after receipt of report of satisfactory installation from CLRI/FDDI and on producing the statement of project specific account reflecting balance 50% of their contribution deposited by unit in this account.

(II) Common Effluent Treatment Plants (CETPs)

(A) Objective

This component would provide financial support to Leather Cluster to meet the prescribed pollution control discharge norms. This would cover establishment / expansion / up gradation of CETPs, developing Secure Land Fills and any other techniques for hazardous waste management.

In addition to general provision for up-gradation of existing CETPs, additional project requirements will also be considered in handling the salinity aspects including alternative option of disposal into saline stream/sea after required treatment, sludge utilization / management in all the CETPs taking into account the current regulations on hazardous waste management. Thus, the scheme would broadly cover the following activities

- Establishment/expansion /up gradation of CETPs
- Developing secure landfills
- Conversion of waste into some by- products
- Any other techniques for hazardous waste management

(B) Implementation Methodology

The benefits under the scheme would be available to a group of entrepreneurs that are engaged in leather business and intent to set up/upgrade the infrastructure for environment protection. The Special Purpose Vehicle (SPV), promoted by such entrepreneurs for setting up such infrastructure shall be the recipient of the assistance under the scheme. CETP companies already established by group of leather entrepreneurs can also be the SPV for implementation of the scheme. Any SPV which has already availed assistance for this purpose under Mega Leather Cluster sub-scheme would not be considered for the same purpose under this sub-scheme. There shall be one nominee each of the Government of India (DIPP) and State Government on the Board of Directors of the SPV.

The SPV would submit the DPR for the approval of the DIPP and simultaneously to the State Government for approval as the State Government would provide assistance @ 15% of the project cost. The projects upto Rs. 15 crore would be submitted for approval to the Steering Committee to be notified by the Department. The proposals above Rs.15 crore would be submitted for approval to the Empowered Committee to be notified by the Department.

The Department would engage a professional agency or an expert in the field as Project Monitoring Consultant (PMC) for monitoring and concurrent evaluation, etc. The PMC would be appointed by the Steering Committee. The PMC would be responsible for carrying out mid-term and terminal evaluation of each project sanctioned under this component.

(C) Pattern of Assistance

The Central Government assistance under this component would be 50% of the total project cost subject to a limit of Rs.50 Crore while the share of the State Government and the industry/beneficiary would be 15% and 35% respectively of the project cost. GOI assistance would be provided as one time grant-in-aid for capital expenditure for the infrastructure. No recurring cost would be provided by the department. The entire operation and maintenance costs would be borne by the industry.

The fee for PMC will be paid @0.5% of the GOI assistance.

(D) Release of Fund

SPV shall maintain an exclusive project specific Trust and Retention Account (TRA) with any nationalized Bank, and the funds from the Government will be released into that account. After approval the Government would release its share of assistance in 4 phases as per the following schedule:

First installment: 25% of the assistance, as advance, on final approval of the project and after the financial closure of the project and award of contracts by the SPV and on producing the statement of project specific TRA reflecting the proportionate contribution (i.e 25% of the share of SPV) deposited by SPV in the TRA.

Second Installment: 25% of the assistance after the utilization of the previous installment as 2nd installment and on producing the statement of project specific TRA reflecting the proportionate contribution (i.e 25% of the share of SPV as 2nd installment) deposited by SPV in the TRA.

Third Installment: 25% of the assistance after the utilization of the previous installment as 3rd installment and on producing the statement of project specific TRA reflecting the proportionate contribution deposited by SPV in the TRA (i.e 25% of the share of SPV as 3rd installment).

Fourth Installment: 25% of the assistance after the utilization of the previous installment as 4th installment and on producing the statement of project specific TRA reflecting the proportionate contribution deposited by SPV in the TRA (i.e 25% of the share of SPV as 4th installment and 75% of the share of the State Government each).

(III) Solid Waste Management

(A) Objective

The aim of this scheme is to involve the industry in the utilization of solid waste from tanneries for the production of valuable products that could be utilized locally.

(B) Implementation Methodology

The pilot plants shall be established by Central Leather Research Institute (CLRI) with 100% assistance subject to maximum of Rs.1 crore for each pilot plant. CLRI shall submit the DPR for approval of the Steering Committee. There would be no separate fee to be paid to CLRI over and above what has been prescribed as the cost of Pilot Plant. The Steering Committee would be the body chaired by Joint Secretary in-charge of Leather Division along with other stakeholder to be notified as members by the Department.

CLRI shall have the overall responsibility for submission of Utilization Certificate and project completion report to DIPP.

(C) Release of Fund

Funds would be released in two installments:

- (i) 60% of the total cost after approval of the project
- (ii) 40% of the total cost after utilization of the previous release.

(IV) Environment Related Workshops

(A) Objective

The aim of this scheme is to organize the workshops to educate and train the tanners and tannery workers on housekeeping, chemical storage and handling, safety and health and enhancing productivity and quality.

(B) Implementation methodology

Workshops and training programs will be conducted by Central Leather Research Institute (CLRI). Personal Protective Equipment and safety devices would also be distributed through these programs. CLRI shall prepare the DPR for consideration of the Steering Committee. Assistance would be provided @ maximum of Rs.10 lakh per workshop with the approval of Steering Committee. The Steering Committee for this purpose would be notified by the Department.

(C) Release of fund

Funds would be released in two installments:

- (i) 50% of the total cost after approval of the project by Steering Committee
- (ii) 50% of the total cost after utilization of the previous release and completion of the workshop.
