LEATHER & FOOTWEAR INDUSTRY NEEDS LOWER GST RATE FOR ENSURING SUSTAINED GROWTH AND EMPLOYMENT GENERATION

* The Leather and Footwear industry has been recognized as one of the Focus Sector under Hon’ble Prime Minister’s Make in India programme. The sector has an estimated annual turnover of over USD 12.35 billion (exports – USD 5.85 billion and domestic market – USD 6.5 billion) and provides employment to about 3.09 million people, 30% of whom are women. Value added products (including finished leather) constitute almost 100% of exports from the sector.
* The sector has many distinctions namely a) Contributor of 12.93% of the world’s leather production of hides/skins b) Second largest producer of footwear and leather garments in the world c) Fourth largest exporter of Leather Goods etc.,
* The leather industry had placed before the Government three major demands namely a) continuation of the duty exemption schemes including Duty Free Import Scheme (DFIS) which allows duty free import of notified inputs upto 3% of FOB value of export realization in the previous year and Central Excise Duty exemption for footwear with MRP upto Rs.500/- and existing duty exemptions for hides, skins and leathers b) fix a lower slab (of 5%) for all other footwear (with MRP over Rs.500/-) and c) to continue refund of GST and Customs Duty through Duty Drawback Scheme
* Shri M. Rafeeque Ahmed, Chairman, Council for Leather Exports says *“As the leather industry is aiming at increasing its export turnover to USD 9 billion (from present USD 5.85 billion) and its domestic turnover to USD 13 billion (from present USD 6.50 billion) by 2020, there is a need to fix lower GST Rate of 5% to provide affordable footwear to the consumer and to protect this industry as about 75% of the industry is concentrated in MSME segment. Hence, the Government should consider fixing the 5% GST rate for footwear by considering it as a common consumer item, so as to encourage Make in India efforts and to attract more investments – both domestic and overseas. Besides, the existing Central Excise exemption for footwear with MRP upto Rs.500/- should also continue “*
* Shri Mukhtarul Amin, Vice- Chairman, Council for Leather Exports says *“The lower GST rate will facilitate atleast 20% annual growth of the leather and footwear sector on the domestic front, besides helping in generation of employment to atleast 0.5 million people in the next 5 years. This will also help in successful implementation of flagship programmes of the Government like Make in India, Skill India etc.,”*
* The leather and footwear sectors should be treated on par with textile items as essential lifestyle items and a lower GST rate should be considered for these sectors.
* As the thrust of the Government now is to reduce inflation and remove poverty through employment generation, the leather and footwear industry sincerely hopes that its requests concerning GST will be favourably considered.

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