



## **CLE enthused over the Special Package of Rs.2600 Crores announced for Leather Sector for 3-year period 2017-2020**

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Indian Leather, Footwear, & Accessories industry is one of the top manufacturing sectors in India. In view of its immense potential for growth prospects and employment generation capabilities, the Govt. of India has identified this sector as one of the focus sectors under the Make in India initiative. The total size of the industry is about US \$ 18 billion (2016-17) which consisted of Exports of US \$ 5.65 billion and domestic turnover of US\$ 12 billion. The sector being an employment intensive sector is providing employment opportunities to about 4.42 million people mostly in the weaker sections of the society.

During June 2016, the Government of India has approved special package for employment generation and promotion of exports to Textile and Apparel Sector. The CLE has been requesting the Government to extend similar package to the Leather Sector also. In the Union Budget 2017-18, the Hon'ble Finance Minister has announced '*a special scheme for creating employment in the textile sector has already been launched. A similar scheme will be implemented for the Leather and Footwear Industries*'.

The flagship scheme 'Indian Leather Development Programme (ILDP)' which was implemented by DIPP, Government of India during XII Five Year Plan period 2012-17 with an outlay of Rs.1145.01 Crores, has come to end on 31.03.2017. The DIPP has proposed to continue the ILDP for the next 3 years period 2017-2020, and name of the scheme has been revised to **Indian Footwear, Leather & Accessories Development Programme (IFLADP)** since the coverage of the scheme is for development of all sub-segments of the leather sector. The DIPP in consultation with stakeholders has submitted Note/Proposal to the Union Cabinet for consideration and approval for implementing IFLADP for 3-year period 2017-2020.

The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi Ji has now approved the special package for employment generation in leather and footwear sector. The package involves implementation of Central Sector Scheme "**Indian Footwear, Leather & Accessories Development Programme**" with an approved expenditure of Rs.2600 Crore over the three financial years from 2017-18 to 2019-20.

The IFLADP consisted of sub-schemes namely (1) Human Resource Development (HRD) (2) Mega Leather, Footwear and Accessories Cluster(MLFAC) (3) Integrated Development of Leather Sector (IDLS) Scheme (4) Leather Technology, Innovation and Environmental Issues

(5) Establishment of Institutional Facilities (6) Promotion of Indian Brands in Leather, Footwear & Accessories Sector (7) Additional Employment Incentive for Leather, Footwear & Accessories Sector

**Shri Mukhtarul Amin, Chairman, Council for Leather Exports (CLE)**, has said *'the industry is thankful to the Government of India for coming out with a package for the employment generation in the leather and footwear industry with an outlay of Rs.2600 Crores, which is significantly higher than the outlay of Rs.1145.01 Crore during the XII Plan 2012-2017. Implementation of the IFLADP is extremely critical and vital for expanding & modernizing the production capacities in the sector, environment management in the tanning industry, establishment of greenfield mega clusters besides human resources development. Most importantly, the package would generate more employment opportunities in the sector and it is estimated that about 3 lakhs new jobs will be generated in the next 3 years.*

One of the most important scheme under IFLADP is IDLS Scheme, which provide investment grant to manufacturing units in all segments of the leather industry to build up capacities, technology up-gradation/ modernization and/or expansion and setting up of new units. **Shri Mukhtarul Amin, Chairman, CLE** has further said, *the financial assistance under the Scheme will be to the extent of 30% of cost of plant and machinery for Micro, Small and Medium enterprises and 20% of cost of plant and machinery for other units like in the XII Plan, but the ceiling amount was increased from earlier Rs.2 Crore to Rs.3 Crore for each product line. This will be highly beneficial to the leather sector, and it is expected that this will motivate and encourage the industry to go in for aggressive modernization and expansion of production units, which is very vital for increasing the production and turnover of the industry.*

**Shri Mukhtarul Amin, Chairman CLE has further said,** *establishment of greenfield Mega Leather Cluster at Kothapatnam, Andhra Pradesh has already been approved by Government of India. Another proposal to establish a Mega Footwear & Accessories Cluster at IMT Sohna Haryana is under advance stage. These are very important activities to boost the manufacturing capacities in the country and funding support under IFLADP @ 50% of the project cost subject to ceilings based on land size, maximum of Rs.125 Crores for land area more than 151 acres, is very much essential and would help creation of new greenfield clusters. These mega clusters will assist the entrepreneurs to set up world-class units with modern infrastructure, latest technology, and adequate training and HRD inputs. Establishment of Mega Leather Clusters would help in creating additional employment opportunities, particularly for the weaker sections of society.*

**Shri P R Aqeel Ahmed, Vice Chairman-CLE**, has remarked that *'the proposals for upgradation and establishment of Common Effluent Treatment Plants (CETPs) in the tannery sector would be funded @ 70% of the project cost. This is a major relief to the tanning industry, as the funding support has increased from earlier level of 50% to 70% of the project cost. We are thankful to the Government of India for agreeing to this genuine request of the tanning sector. This will no doubt benefit all the CETPs functioning in the country. The processing capacities in the tanneries are restricted in tune with the effluent discharge quantum fixed by CETPs due to capacity constraints, and as such today tanneries are working around 40% to 50% of their installed capacities. The increasing the effluent processing capacities in the CETPs would pave the way for increasing the capacity utilization in the tanning sector.*

**Shri Mukhtarul Amin, Chairman-CLE** has further remarked, another important scheme announced is for *promotion of Indian Brands, for which funding support would be provided for creation of 10 Indian Brands in the international market during the next 3 years with maximum assistance of Rs.3 Crore per brand per year. India need to definitely move up in branding and create brands and effectively promote the same in the International market.*

The special package also includes measures for simplification of labour laws and incentives for employment generation. To implement the announcement made in the Union Budget for 2017-18 regarding implementation of special scheme for creating employment in the Leather & Footwear industries, similar to the textile sector, one new sub-scheme (Additional employment incentive for Leather, Footwear & Accessories Sector) is proposed under IFLADP. This scheme would provide assistance to the extent of 3.67% of Employers Contribution to EPF for all new employees enrolling in EPFO for 3 years. The sub-scheme is applicable to employees with salary upto Rs.15000/- per month.

**The CLE takes this opportunity to express its thanks to the Government of India for coming out with the package with an outlay of Rs.2600 Crores, and it would now be endeavor of the industry / CLE to ensure that the allotted funds are utilized for the growth and development of the footwear, leather and accessories industry and intended objectives are achieved. As the industry body, the CLE would be coordinating with DIPP, Government of India with industry inputs and suggestions for effective utilization of the sub-schemes for overall growth and development of the industry.**

Issued by: Council for Leather Exports (CLE)

Date: 16<sup>th</sup> December 2017