

Special Package for employment generation in Leather & Footwear Sectors

Note on the sub-schemes of Indian Footwear, Leather & Accessories Development Programme (IFLADP) for 2017-2020

Sl.No	Name of the Sub-Schemes	Outlay (Rs. in Crore)	Details
1	Human Resources Development (HRD)	696.00	<p>a) This scheme proposes to provide financial assistance for placement-linked skill development training to unemployed persons and their placement into gainful employment in the footwear, leather and accessories sectors. It is proposed to train 4.32 Lakhs unemployed persons for which GOI assistance would be @ maximum of Rs.15000/- per person.</p> <p>b) This scheme would also focus on skill upgradation of existing workforce in the shop floors for enhancing their productivity and exposing workers to better manufacturing processes etc. It is proposed to train 75000 existing employees in the shop floors to upgrade their skills @ assistance limited to Rs.5000/- per employee</p> <p>c) It is also proposed to train the trainers to create and sustain a technology culture and to enhance competitiveness through upgrading the skills of trainers / experts of technical institutions / NGOs involved. It is proposed to train 150 Master trainers @ budget provision of Rs.2 Lakh per person or actual cost, whichever is less.</p>
2	Mega Leather, Footwear & Accessories Cluster (MLFAC)	360.00	<p>The major objective of developing Mega Leather Clusters is to create world-class infrastructure and to integrate the production chain in a manner that caters to the business needs of the leather and footwear industry so as to cater to the domestic market and exports. In brief, these mega clusters will assist the entrepreneurs to set up world-class units with modern infrastructure, latest technology, and adequate training and HRD inputs.</p> <p>This scheme would provide infrastructure support to Leather, Footwear & Accessories sector by establishment of Mega Leather, Footwear and Accessories Clusters. Graded assistance would be provided upto 50% of the eligible project cost, excluding cost of land with maximum Government assistance being limited to Rs.125 Crores. It is proposed to support 3-4 new MLFACs for the next 3-year period.</p> <p>Proposal for establishment of MLC at Kothapatnam, Andhra Pradesh has already been approved during XII Plan and it is under execution. The Proposals for establishment of MFAC at IMT Sohna, Haryana and Bantala, Kolkata being under advance stage of appraisal.</p>
3	Integrated Development of Leather Sector (IDLS) Scheme	425.00	<p>This scheme proposes to incentivize investment and manufacturing including job creation by providing backend investment grant/subsidy @ 30% of the cost of the new Plant and Machinery for Modernization/ technology upgradation in existing units and also for setting up of new units. All existing units in the Leather, Footwear and Accessories industry having cash profits for 2 years, undertaking viable and bankable programme on technology upgradation on or after 01.01.2016 are eligible for assistance. The assistance is available for the new units also. Investment Grant would be provided @ 30% of the cost of new Plant & Machinery for Micro, Small & Medium Enterprises (MSMEs) and 20% of the cost of new Plant & Machinery to other units, subject to a ceiling of Rs.3 Crore per product line.</p>

			Applications have to be submitted only online in the IDLS Portal and the system of hard copy submission has been dispensed with. The FDDI and CLRI would continue to be the PIUs for Footwear and Accessories Sector & Tannery Sector respectively. Industry Body CLE continue to play the role of 'Facilitation & Coordination Agency' for this sub-scheme, by closely interacting with their respective members (applicants), PIUs, Banks and DIPP with the basic objective to facilitate the industry and expedite the process by coordinating with stakeholder agencies. Besides, CFLA would be the Facilitation Agency in respect of units operating in the domestic market. <i>(Please wait for Notification of scheme guidelines for detailed information, which will be final)</i>
4	Leather Technology, Innovation and Environmental Issues	782.00	It is proposed to provide financial support to the Leather Clusters to meet the prescribed pollution control discharge norms. Under this Scheme, proposals for Establishment / Upgradation of CETPs would be funded @ 70% of the total project cost. This is to implement the recommendations of the Technology Mission for Leather Sector under Make in India initiative as prepared by the CSIR-CLRI with due stakeholder's consultation with CLE. GOI assistance would be provided as one-time grant-in-aid for capital expenditure for the infrastructure and no recurring cost would be provided by GOI. The scheme would also provide support to national level sectoral Industry Council / Association and support for preparation of Vision Document for Leather, Footwear and Accessories Sectors.
5	Establishment of Institutional Facilities	147.00	At present, there are 12 FDDI Centers at Noida & Fursatganj (U.P), Kolkata (West Bengal), Chennai (Tamil Nadu), Rohtak (Haryana), Jodhpur (Rajasthan), Ankleswar (Gujarat), Banur (Punjab), Patna (Bihar), Hyderabad (Andhra Pradesh), Chindwara & Guna (Madhya Pradesh). It is proposed to upgrade the existing few campuses of FDDI as "Centers of Excellence". Support will be provided to 3 new fully equipped Skill Centers of FDDI alongside the upcoming Mega Leather Clusters based on project proposals.
6	Promotion of Indian Brands in Leather, Footwear & Accessories Sector	90.00	This scheme would provide funding support for creation of 10 Indian Brands in the International Market during the next 3 years. The GOI assistance would be restricted to 50% of the total project cost for eligible activities subject to a limit of Rs.3 Crores for each brand, each year for next 3 years. The DIPP would prescribe Designated Agency which will function as implementation agency for the scheme.
7	Additional Employment Incentive for Leather, Footwear & Accessories Sector (AEILFA)	100.00	Under Pradhan Mantri Rojgar Protsahan Yojana PMRPY, in order to incentivize creation of new jobs in the formal sector, Government of India is paying the Employee Pension Scheme (EPS) contribution of 8.33% payable by the employer to all new employees enrolling in EPFO for the first 3 years of their employment. This scheme has a dual benefit where on the one hand, the employer is incentivized for increasing the employment base of workers in the establishment, and on the other hand, a large number of workers will find jobs in such establishments. A direct benefit is that these workers will have access to social security benefits of the organized sector. For the purpose of this scheme, new employee is an employee earning less than (and including) Rs.15000/- per month, who was not working in any establishment registered with EPFO in the past and did not have a Universal Account Number (UAN) prior to 1st April 2016. The UAN is to be Aadhaar seeded. All establishments registered with EPFO can apply for availing benefits under PMRPY subject to the condition that the establishment should also have a Labor Identification Number (LIN) allotted to them under the "Shram Suvidha Portal" and the eligible employers must have added new employee to his establishment.

			Under the IFLADP 2017-2020, in addition to Government bearing 8.33% of EPF contribution, DIPP shall provide additional 3.67% of the employer's contribution to EPF for those falling under Leather, Footwear & Accessories sector. Employers are eligible to get this additional 3.67% of their EPF contribution from EPFO as mentioned in the PMRPY online forms. This sub-scheme would be applicable to employees with salary upto Rs.15000/- per month. This benefit can be availed of by establishments dealing with the manufacturing in Leather, Footwear and Accessories sector. The scheme would assist in formalization of approx. 2,00,000 jobs in the sectors.
	Total	2600.00	

(Please wait for Notification of Scheme Guidelines by DIPP, Government of India for above sub-schemes, which will be final)

Note on the Special Package towards measures for simplification of Labour Laws and Incentives for employment generation

1. Enhancing Scope of Section 80JJAA of Income Tax Act:

For providing deduction to Indian Company engaged in manufacture of goods in a factory towards additional wages paid for three years to new

workman, the provisions of minimum 240 days employment in a year to a workman under Section 80JJAA of Income Tax Act would be further relaxed to 150 days for Footwear, Leather & Accessories Sector considering the seasonal nature of this sector.

2. Introduction of fixed term employment:

In order to attract large scale

investments at global scale, the regulatory framework for labour related issues is proposed to be addressed by introduction of Fixed Term Employment under Sub Section (1) of section 15 of Industrial Employment (Standing Order) Act, 1946 looking at the seasonal nature of Leather, Footwear and Accessories industry.

