

Guidelines for Leather Technology, Innovation and Environmental Issues sub-scheme of Indian Footwear, Leather & Accessories 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 or Zero liquid discharge is also made mandatory in some States and the tanneries have installed adequate amenities in place to attain these standards. 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 two categories of environment related projects:-

I. Establishment or Upgradation of Common Effluent Treatment Plants (CETPs)

II. Preparation of vision document for Leather, Footwear and Accessories Industry and extending assistance to national level sectoral industry council / association

Component wise Guidelines

(I) Establishment or Upgradation of Common Effluent Treatment Plants (CETPs)

(A) Objective

This component would provide financial support to Leather Clusters to meet the prescribed pollution control discharge norms. This would cover establishment / expansion / up gradation of CETPs, developing secure land fills, common recovery units, management of sludge and any other techniques for hazardous waste management.

In addition to general provision for up-gradation of existing CETPs including reliable alternate power supply arrangements, 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
- Common recovery units
- Developing secure landfills
- Sludge / Residue management (including collection, transportation, treatment and disposal of sludge generated from the pre-treatment facilities of the member industries)
- 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. 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. The project development agency should provide a detailed O & M plan indicating likely revenue earning vis-à-vis O & M costs of assets for life time operation. The design should include adequate and reliable alternate power supply arrangement to ensure satisfactory performance of the facility. The project, wherever feasible, should explore the option of tapping carbon credits with suitable mechanisms for minimizing greenhouse gas emissions.

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.

Central Leather Research Institute (CLRI) would act as Appraising Agency and also as Project Monitoring Consultant (PMC) for monitoring and concurrent evaluation, etc. The PMC would be responsible for carrying out mid-term and terminal evaluation of each project sanctioned under this component.

Clear outcomes / outputs may be laid down for assisted units and an online monitoring system of CETPs may be put in place in collaboration with industry.

(C) Pattern of Assistance

The Central Government assistance under this component would be 70% of the total project cost subject to a limit of Rs.200 Crore while the share of the industry/beneficiary would be 30% 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 @1% 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).

(II) Preparation of vision document for Leather, Footwear and Accessories Industry and extending assistance to national level sectoral industry council / association

(A) Background

For the sustainable growth of the leather, footwear and accessories industry, it is important to consider the changes in the supply of raw material, demand for the end products, policy initiatives and societal relevance/acceptance over a reasonable period of time. Therefore, a vision document for the Indian Leather, Footwear and Accessories Sector needs to be prepared. In addition there is also a need to assist and promote national Level body of stakeholders to ensure competitiveness of domestic players.

(B) Objective

The aim of this component is to prepare a vision document for the Indian leather, footwear and accessories Sector which would serve as a guideline for the technological developments and policy directives to be made in the sector. It is also an aim of the sub-scheme to extend support to national level industry body for ensuring focus on vision for the sector.

(C) Implementation methodology

(i) The institution / organization of repute to be selected by steering committee shall be entrusted with the responsibility of preparation of Vision Document. The Vision Document will be prepared in stakeholder consultations and views of various industry bodies would suitably be factored into the vision document. The study submitted shall be considered by the Department and approved by the Empowered Committee.

(ii) Steering committee would approve extending support to national level industry body.

(D) Funding Pattern and Release of fund

(i) GOI assistance as 100% of the project cost would be made available, as one-time grant-in-aid under this component, subject to a maximum limit of Rs.5 crore, for the preparation of the vision document. Funds would be released in two installments:

(a) 50% of the total cost after approval of the project by Steering Committee

(b) 50% of the total cost after utilization of the previous release and completion/acceptance of the report by the Steering Committee.

(ii) One time Government of India assistance, as matching contribution to the corpus of national level industry body would be provided with the maximum limit of Rs. 5 crore as per the detailed mechanism for release worked out by steering committee.
