

**COUNCIL FOR LEATHER EXPORTS**

**PRESS RELEASE – JANUARY 30, 2019**

The Leather Industry holds a prominent place in the Indian economy. This sector is known for its consistency in high export earnings and it is among the top ten foreign exchange earners for the country.

**Export Performance**

The export of leather, leather products and footwear reached a value of US$ 5739.93 million during 2017-18 as against USD 5646.79 million in 2016-17, registering a growth of 1.65% in Dollar Terms.

During this year too i.e. April – November 2018 , export of leather, leather products and footwear reached Rs.26, 101.51 crore, as against Rs.24, 677.10 crore during April – November 2017, registering growth of 5.77% in Rupee Terms.

The Leather and Footwear Industry was able to penetrate several new markets including USA, Russia, Japan, Australia and Poland in the last 4 year period from 2014-15 to 2017-18.

The industry has the potential to achieve 9% to 10% annual growth in exports in the next two years.

**Highlights of the leather, leather products and footwear industry**

The Leather industry is bestowed with an affluence of raw materials as India is endowed with 20% of world cattle & buffalo and 11% of world goat & sheep population. Added to this are the strengths of skilled manpower, innovative technology, increasing industry compliance to international environmental standards, and the dedicated support of the allied industries. The leather industry is an employment intensive sector, providing job to about 4.42 million people, mostly from the weaker sections of the society. Women employment is predominant in leather products sector with about 30% share.

India is 2nd largest producer of footwear , 2nd largest exporter of Leather Garments , 5th largest exporter of Leather Goods and 3rd Largest Exporter of Saddlery and Harness items.

**Government support measures**

Govt. has identifiedLeather as one of the Focus Sectors under Make in India and is implementation a number of support measures. These include

* Implementation of special package for the leather industry. The package involves implementation of *Central Sector Scheme* **Indian Footwear, Leather & Accessories Development Programme (IFLADP)** 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 (2) Mega Leather, Footwear and Accessories Cluster (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.

 Implementation of IFLADP would lead to development of infrastructure for the leather sector, address environment concerns specific to the leather sector, facilitate additional investments, employment generation and increase in production. Enhanced Tax incentive would attract large scale investments in the sector. The Special Package has the potential to generate 3.24 lakhs new jobs in 3 years and assist in formalization of 2 lakh jobs as cumulative impact in Footwear, Leather & Accessories Sector.

 Out of the outlay of Rs.2600 Crore under IFLADP scheme, activities have been assigned and /or proposals have been received to the extent of Rs.1300 Crore, ie 50% of the outlay have already been firmed-up in the first year of implementation itself.

* **GST concessions :** Reduction in GST rates for leather industry items – for finished leather from 12% to 5%, for certain leather chemicals , leather goods, leather garments and saddlery items from 28% to 18%, for CETPs from 18% to 12%, for job work from 18% to 5%. Also, the 5% concessional GST has been extended for footwear with Sale Price upto Rs.1000/- The GST rate reductions have helped in enhancing the price competitiveness of the industry.
* 2% across the board enhancement of duty credit scrip under Merchandise Exports from India Scheme (MEIS) has been effected for finished leather, leather products and footwear sectors for shipments made from 1.11.2017. Enhancement of duty free limit for import of critical inputs by manufacturer exporters of footwear and other leather products from 3% to 5% of FOB value of exports in the previous year, as announced in Union Budget 2017-18 . These measures will enable Basic Customs duty exemption for import of critical inputs and machinery.
* Enhancement of interest equalization rate from 3% to 5% for MSME units w.e.f. Nov. 2, 2018 on pre-shipment and post-shipment rupee export credit, which has reduced the interest on packing credit.

The major support measures of the Government have enabled overall growth and development of the industry.

**CLE’s Recent Representations to Government**

In order to increase price competitiveness of the industry, the Council for Leather Exports (CLE) has recently submitted representations to the Government requesting reduction in GST rates for footwear with sale price above Rs.1000/- and also for footwear components from 18% to 12%.

Besides, representation has also been submitted to implement 5% interest equalization rate for all units in leather and footwear sector (as against 5% interest equalization now being offered to MSME units and 3% to certain large units) and to increase the duty free entitlement for Leather Garments (for import of critical inputs) from 3% to 5% of FOB value of exports in previous year.

**Leather Week 2019 – Added Attractions**

Besides India International Leather Fair scheduled to be held at Jan. 31- Feb. 3, 2019 at Chennai Trade Centre, the Leather Week 2019 will witnesses series of programmes. These include

* Organisation of 4th Designers Fair (Feb. 1-3, 2019, Hotel ITC Grand Chola, Chennai wherein 50 designers from 44 design companies/institutions from 10 countries will be presenting their wide range of design prototypes. This fair is organized to promote design development efforts of the leather products and footwear sector.
* Organisation of 2nd Raw Material Sourcing Meet (Feb. 1, 2019, Hotel ITC Grand Chola, Chennai) wherein more than 30 suppliers of leathers from 14 countries will participate. This will be a platform to augment raw material supply of the country.
* The added feature of Leather Week 2019 will be the **EXECUTIVE FORUM *on* “Global Perspectives on Indian Footwear & Leather Accessories” on February 1, 2019** wherein industry leaders will deliberate on strategy to achieve further growth.
* Besides, stake holders meeting on Indian Footwear, Leather and Accessories Development Programme (IFLADP) ,Open House Meet will be held on Feb. 1, 2019, while series of seminars are scheduled on February 2, 2019.

**Marketing**

* Council for Leather Exports is undertaking aggressive marketing activities, both in traditional market of Europe and in potential markets to consolidate and expand market share. During this year (2018-19), 15 International events have been approved under the Market Access Initiative Scheme (MAI) of Department of Commerce, Ministry of Commerce and Industry, Govt. of India. The Council has so far organized 11 events covering Chile, Peru, Italy, Vietnam, USA, Germany, Australia etc and the remaining 4 events in Hong Kong, Spain and Germany will be organized during February & March 2019.
* Besides, CLE organized export promotion events in Mexico, Korea, Iran, Germany, USA, China and Peru on self-financing basis during 2018-19. Besides visit of raw material sourcing delegation to Ethiopia and Rwanda were also organized on self- financing basis .
* CLE has proposed 17 Mega BSMs/ India Shows/ Reverse BSM/ Fair Participation during 2019-20, covering traditional and potential markets.
* Besides, CLE will continue our active engagement with various overseas industry and international associations and efforts will also be made to promote investments in to the industry.

**Infrastructure**

* CLE has already completed 9 infrastructure projects under support schemes of the Government. Currently, four infrastructure projects are implemented with grant under Trade Infrastructure for Export (TIES) Scheme (erstwhile Assistance to States for Development of Export Infrastructure and Allied Activities (ASIDE) Scheme) of Dept. of Commerce, Ministry of Commerce and Industry, Govt. of India. These projects are Common Facility Centre in Melvisharam, upgradation of CETPs in Madhavaram and Melvisharam and Ranipet which involve a total cost of Rs.87.27 crore and Government Grant of Rs.50.24 crore. Besides, CLE is also implementing the project of establishment of testing laboratory and design studio in Agra with a financial outlay of Rs.13.15 crore, with assistance under ASIDE scheme of Govt. of Uttar Pradesh.

**Focus in next two years**

The focus of the industry in the next two years will be to facilitate implementation of sustainable models of production, productivity ; greater focus on innovation, design and undertake aggressive and wide range of marketing activities to make further inroads into traditional and potential markets.

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