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CLE welcomes and thanks Government of India for extending Indian Footwear and Leather Development Programme (IFLDP) for 2021-26 with an outlay of Rs.1700 Crores

Indian Leather, Leather Products and Footwear Industry is one of the top manufacturing sectors in India and has been identified as a focus sector under Make in India initiative in view of the immense potential for growth prospects and employment generation capabilities. The total size of the industry is about US \$ 17.09 Billion which consisted of Exports of US \$ 5.09 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. The leather industrial sector comprises Tanneries (where raw hides and skins are converted into leather) and Factories transforming leather into a variety of consumer products such as Footwear, Leather Garments, Leather Goods & Accessories, Harness & Saddlery items etc. Apart from the quality of raw material, the process of its conversion into leather and later, of the design, product development and process of manufacture of products play a key role in adding value to it. India is currently 2nd largest producer of footwear, 2nd largest exporter of Leather Garments, 3rd largest exporter of Saddlery and Harness items, and 5th largest exporter of Leather Goods & Accessories.

It is a very happy and momentous occasion for the Leather & Footwear sector that Government of India has now approved the Central Sector Scheme “Indian Footwear and Leather Development Programme” (IFLDP) for 5 years period FY 2021-26 with an outlay of Rs.1700 Crores. The core objective of the IFLDP is to enable creation of world class infrastructure to cater to the domestic market and exports. The IFLDP consisted of six sub-schemes namely (1) Mega Leather, Footwear and Accessories Cluster Development (MLFACD)-Outlay Rs.300 Crores (2) Integrated Development of Leather Sector (IDLS)-Outlay Rs.500 Crores (3) Sustainable Technology and Environmental Promotion (STEP)-Outlay Rs.500 Crores (4) Promotion of Indian Brands in Leather & Footwear Sector-Outlay Rs.100 Crores (5) Development of Design Studios-Outlay Rs.100 Crores (6) Establishment of Institutional Facilities-Outlay Rs.200 Crores

Shri Sanjay Leekha, Chairman, Council for Leather Exports (CLE) has said ‘the industry is highly thankful to Shri Narendra Modi Ji, Hon’ble Prime Minister and Shri Piyush Goyal Ji, Hon’ble Minister for Commerce & Industry, Consumer Affairs & Food & Public Distribution and Textiles, Govt of India, for approving the continuation of IFLDP for 5-year period 2021-26 with a total outlay of Rs.1700 Crores. We also wish to express our thanks and gratitude to Shri Anurag Jain, Secretary, Department for Promotion of Industry & Internal Trade (DPIIT), Govt of India for approval of the IFLDP. Implementation of the IFLDP is extremely critical and vital for expanding & modernizing the production facilities in the sector, environmental management in the tanning industry, establishment of greenfield and brownfield new Mega Clusters, setting up of Design Studios in the country besides promotion of Indian Brands in the leather and footwear sector. The *Integrated Development of Leather Sector (IDLS) sub-scheme* is one of the major schemes which provides investment grant to manufacturing units in all segments of the leather and footwear industry to build up capacities, technology up-gradation/ modernization and/or expansion and setting up of new units, and the industry is encouraged that maximum cap of Rs.3 Crores per product line has been increased to Rs.15 Crores keeping in view the 5 times increase in the upper limit of investment in Plant & Machinery defined for the MSME Units. This would motivate 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.

The IDLS Sub-scheme would also give boost to the development of the industry in the Northeast Region as MSME units in Northeast Region would be eligible for 40% investment grant on the cost of Plant & Machinery as against 30% for MSME units outside the region. The Scheme would also encourage the use of domestically manufactured machinery in the industry as additional 5% grant would be provided for them. This will immensely boost the domestic manufacturing industry in the country, in tune with the *Aatmanirbhar Bharat* vision of the Hon'ble Prime Minister to make India a self-reliant nation.

Shri Rajendra K Jalan, Vice Chairman of the CLE, has remarked ‘the upgradation of existing as well as establishment of Common Effluent Treatment Plants (CETPs) in the tannery sector were assisted @ 70% of the total project cost and 12 CETPs in the country have been approved for upgradation projects under the previous IFLADP 2017-2021 at a combined project cost of Rs.790.90 Crores and GOI Grant component of Rs.503.33 Crores. We are very happy to note that these projects are under the advanced stages of the completion. Considering the importance of the sustainable leather industry, the sub-scheme *Sustainable Technology and Environmental Promotion* in IFLDP with an outlay of Rs.500 Crores would play a significant role in sustainable leather processing technologies and compliance to the environmental regulations and guidelines with updated technologies and effluent treatment plants. Besides, the increase in the capacities of the effluent treatment in the CETPs would pave the way for increasing the capacity utilization in the tanning sector. We are thankful to the Govt of India for approving this sub-scheme in particular and IFLDP as a whole.

Shri Sanjay Leekha, Chairman, CLE has further remarked, the industry is keenly interested in the sub-scheme *Promotion of Indian Brands* for which funding support would be provided for creation of 10 Indian Brands in the international markets for which assistance @ 50% of the total project cost subject to limit of Rs.10 Crore for each brand would be provided. India needs to definitely move up in branding and create brands and effectively promote the same in the international market and this scheme would be very much helpful. The support for development of ten *Design Studios* in the country is need of the day as design studios with strong linkages to the industry requirement for design development and technical support, quality control etc will assist the industry to expand its capabilities and move the value chain to next level of having its own designs and production.

As regards establishment of new greenfield and brownfield Mega Leather, Footwear and Accessories Development Clusters, **Shri Sanjay Leekha, Chairman CLE** has further said, establishment of new clusters is the need of the hour as it will assist the entrepreneurs to set up world-class units with modern infrastructure, latest technology, and adequate training and HRD inputs. Industry has requested *plug-and-play ready-built factories* to be set up in the proposed new mega clusters and it would help the industry to expand production capacities and increase the production. The sub-scheme MLFACD has provision for plug-and-play component and hence the industry is keenly looking forward to it.

It would now be the endeavor of the industry stakeholders/CLE to ensure that the sub-schemes are utilized by the industry for the growth and development of the Leather & Footwear industry and intended objectives are achieved. As the industry body, the CLE would be closely coordinating with DPIIT, Government of India and Implementation Agencies of the sub-schemes for smooth roll out of the scheme.

According to industry sources, the industry size is poised to increase to US \$ 30 billion by 2025-26, with exports increasing to US \$ 10 billion and domestic market size of US \$ 20 billion. The implementation of Indian Footwear and Leather Development Programme (IFLDP) has the potential to propel the industry to expand to these expected levels by 2025-26, and it would help to regain its dominance in the global trade, leveraging economies of scale, the scheme will definitely help the Indian manufacturers to emerge as global champions in the coming years.

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