



LEATHER INDUSTRY IN INDIA

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ABSTRACT

The leather industry has an important place in the Indian economy in view of its huge potential for employment, growth and exports. More emphasis is placed on its planned development, which aims to make optimum use of available raw materials to maximize returns, particularly from exports. Exports of leather and leather products have picked up pace in the last two decades. Indian leather industry today has gained a good recognition in the international market and occupies a prominent position among the top seven foreign exchange earners of the country.

KEYWORDS: international market and occupies , growth and exports.

INTRODUCTION

From a mere exporter of raw materials in the sixties to a value-added finished product in the nineties, the leather industry has undergone a dramatic transformation. Policy initiatives taken by the Government of India since 1973 have been instrumental in such a transformation. In the wake of globalization of the Indian economy with liberalized economic and trade policies since 1991, the industry is poised for further growth to gain a greater share in world trade. Apart from being a significant foreign exchange earner, the leather industry has huge potential for employment generation. Direct and indirect employment in the industry is about 2.5 million. Skilled and semi-skilled workers constitute nearly 52% of the total workforce. Estimated employment in various sectors of leather industry is as follows:



Table 1.1 Sector Wise Employment in Leather Industry in India

Sr. No	Sector	Number of Employees
1.	Flaying, curing & Carcass Recovery	8,25,000
2.	Tanning and Finning	1,35,000
3.	Full Shoe	1,95,000
4.	Shoe Uppers	85,000
5.	Chappals and Sandals	4,70,000
6.	Leather Goods and Garments	1,85,000

Major production centers of leather and leather products are located in Chennai, Ambur, Ranipet, Vaniyambadi, Trichy, Dindigul in Tamil Nadu, Calcutta in West Bengal, Kanpur in Uttar Pradesh, Jalandhar in Punjab, Bangalore in Karnataka, Delhi and Hyderabad.

SUPPLIES OF RAW MATERIAL:

There is a large base of raw materials. This is due to the population of 201 million cattle, 65 million buffaloes, 90 million goats. According to the latest census, India ranks first among the major livestock keeping countries in the world. In terms of sheep with 48 million sheep, it claims the sixth position. These four species provide basic raw materials for the leather industry. The main strength of the industry is the annual availability of 209 million hides. It is expected to go up to 220 million units by the end of 2019. Some of the goat/calf/sheep skins available in India are considered specialty products that fetch a good market. Training, production of finishing and downstream products and relatively low wage rates are two factors of comparative advantage for India.

TANNING AND FINISHING CAPACITY:

With the tanning and finishing capacity to process 1257 million hides and skins per year spread over various parts of the country, most of which are organized with modern life, India's potential to sustain a large industry with raw material resources is evident. . To increase domestic availability of raw materials, the Government of India has allowed duty-free import of hides and skins from anywhere in the world. This is attractive to any foreign manufacturer that wants to shift its production base from a high-cost location to a low-cost base.

POTENTIAL IN EXPORT:

The leather industry, one of the country's major foreign exchange earners, has registered significant growth since the beginning of the decade. Today value-added finished products account for 75% of the total exports from the leather sector as against 20% in 1970.

Table 1.2 India's Export of Leather & Leather Products 2019-20

Category	2019-2020
Finished Leather	524.15
Leather Footwear	2081.67
Footwear Components	261.67
Leather Garments	429.11
Leather Goods	1353.74
Saddlery And Harness	151.44
Non-Leather Footwear	281.97
Total	5083.76

Source: DGCI & S

Graph 1.2 India's Export of Leather & Leather Products 2019-20**Major Market:****Table 1.2 Major Market for Indian Lather in Worldwide**

Sr. No	Country	% Lather Export
1.	USA	17.52
2.	German	13.08
3.	UK	8.88
4.	Italy	6.75
5.	France	6.67
6.	Spain	4.18
7.	Netherland	4.22
8.	UAE	2.17
9.	China	2.58
10.	Poland	2.34
11.	Belgium	2.17
12.	Australia	2.04
Total		72.6

Source: DGCI & S

Major markets for Indian leather and leather products are USA 17.52%, Germany 13.08%, UK 8.88%, Italy 6.75%, France 6.67%, Spain 4.18%, Netherlands 4.22%, U.A.E, China 2.17%, 2.17%. Poland 2.34%, Belgium 2.17% and Australia 2.04% the top 12 countries together export nearly 72.15% of India's total leather and leather products.

INDIAN LEATHER FOOTWEAR INDUSTRY:

India is the world's second largest producer of footwear; Its production is estimated to exceed 725 million pairs annually. At about US \$450 million per year, footwear accounts for 19 percent of total leather exports. Various types of shoes manufactured and exported from India include dress shoes, casuals, moccasins, sports shoes, horachis, sandals, ballerinas and booties. Chennai (Madras), Delhi, Agra, Kanpur, Mumbai (Bombay), Calcutta and Jalandhar are the major manufacturing centres. Most of the modern

footwear manufacturers in India are already supplying well-known brands from Europe and USA. A large domestic market and the opportunity to cater to global markets make India an attractive destination for technology and investment. It is equally relevant for the footwear component industry, which, at this point, stands for real growth and diversification.

INDIAN LEATHER GOODS INDUSTRY:

Products manufactured by this sector include bags, handbags, hand gloves and industrial gloves, wallets, rucksacks, folios, brief cases, travel wear, belts, sports goods, upholstery and saddlery items. A group of modern units at Chennai, Kanpur and Calcutta account for a wide range of fine small leather goods including bags, purses, wallets, industrial gloves etc. made from quality hides of cows, sheep, goats and buffaloes using skilled manpower and equipped with modern and sophisticated machinery. The products cater to the requirements of a large number of buyers and consumers in Europe, USA and Australia. The major market for Indian leather goods is Germany, which buys about 25 percent of the leather goods produced in India, followed by USA, UK, France and Italy. With products ranging from designer collections to personal leather accessories, the sector accounts for 21.67 percent of the leather industry, maintaining an average growth rate of 12 percent recorded in the last five years.

INDIAN SADDLERY INDUSTRY:

India is one of the largest producers of saddlery and harness goods in the world. The saddlery industry was established in the 19th century mainly to meet the needs of the military and police. Since then, initiatives were taken to develop the industry and today there are more than 160 units in the organized sector, of which approximately 115 are 100% export-oriented units. Kanpur, in the state of Uttar Pradesh, is a major manufacturing center for saddlery in India, accounting for more than 95% of the total exports of saddlery from India. Kanpur, specializing in tanning and finishing of buffalo hides, is the only center in the country where harness leather, a major input for the saddlery industry, is produced. During 2017-18 the export of saddlery and harness goods registered an annual growth rate of about 35% to reach DM 59 million. Germany, USA, UK, France, Scandinavia, Netherlands, Japan, Australia and New Zealand are major importers of Indian saddlery.

INDIAN LEATHER GARMENTS INDUSTRY:

The leather garment industry occupies a major place in the Indian leather sector. Leather clothing product categories include jackets, long coats, waist coats, shirts, pants/shorts, children's clothing, motorcycle jackets, aprons and industrial leather clothing. It was only in the mid-eighties that Indian leather garments entered the world market with exports of Rs. 20 crore in 2017-18, about Rs. 1830 crore in 2017-18. Germany is the major export destination for leather goods from India. In 2017, German leather goods imports stood at 1786 million, of which DM 314 million worth was imported from India. India, China and Turkey were the major suppliers of leather goods to the German market, as they accounted for about 78% of the market share. Among the top three leather garment exporting nations, India maintains a market share of nearly 25% in both the German and EU markets. Other markets for India include Italy, UK, USA France, Spain and Netherlands. Recently successful attempts have been made to export to Denmark, Switzerland and Canada.

MARKETING CHANNELS:

The emerging trend in Germany is towards direct imports. Another notable feature is the integration of retailing and manufacturing, especially for the footwear sector. This has led to an emphasis on the delivery aspects of the business. Other distributors such as department stores, mail order houses, super markets and non-leather shops have also gained importance. Many outlets are supplied directly from manufacturers and importers or from wholesalers and buying associations. These developments require marketing strategies to be adapted to the characteristics of different channels with a sharp focus on the

changes taking place in the distribution patterns of chain stores, retailers, discounters, etc. The strategy should focus on a structural approach to promotion. Export of Leather Products from India. This should include exploring new markets, participating in various international trade fairs, organizing trade delegations, organizing buyer-seller meetings, contacting representatives of buying houses, etc.

For successful marketing of their products, Indian exporters should aim to have long-lasting business relationships based on stable partnerships. In such a context, the German importer must be seen only as a buyer and distributor. He generally takes care of timely development of patterns and collections through fashion and design information and appoints pattern makers and designers. In addition, he will organize advertising and public relations activities along with maintaining adequate stock.

CONCLUSION:

The Indian leather industry accounts for about 13% of the world's leather hide production and handles an annual production of about 3 billion square feet of leather. The country accounts for 9% of the world's footwear production. The industry is known for consistently high export earnings and is among the top ten foreign exchange earners for the country.

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