

Sectoral

Leather

1. What is the Leather sector overview of India?

India is the second largest producer and consumer of footwear in the world. The Leather industry in India accounts for around 13% of the world ' s leather production of hides/skins and handles a robust annual production of about 3 bn sq. ft. of leather. The country accounts for 9% of the world ' s footwear production. The industry is an employment intensive industry providing job to more than 4 Mn people. The industry is home to many leather and footwear clusters across the length and breadth of India.

2. What are the major initiatives undertaken by the government in recent times in the leather sector?

The Indian Footwear and Leather Development Programme (IFLDP) (erstwhile IFLADP) has been approved for continuation from 2021-22 with an approved financial outlay of INR 1700 crore. IFLDP has been approved by the Union Cabinet on 19.01.2022 as continuation of the erstwhile IFLADP till 31.03.2026 or till further review, whichever is earlier. Indian Footwear and Leather Development Programme(IFLDP) aims at development of infrastructure for the leather sector, address environmental concerns specific to the leather sector, facilitate additional investments, employment generation and increase in production. For more details please visit - <https://pib.gov.in/PressReleasePage.aspx?PRID=1795797>

3. What is the eligibilty criteria of ILDP Scheme?

All existing units in leather and leather products, including tanneries, leather goods, saddlery, leather footwear and footwear components sector having cash profits for 2 years, undertaking viable and bankable programmes on technology up-gradation on or after 29th August 2008 are eligible for assistance.

4. What is Central Sector Scheme Indian Leather Development Programme (ILDP)?

The scheme is aimed at enabling existing tanneries, footwear, footwear components, and leather products units to upgrade leading to productivity gains, right-sizing of capacity, cost cutting, design and development simultaneously encouraging entrepreneurs to diversify and set up new units in the areas.

5. Where are major production centers for leather and leather products in India?

The major production centers for leather and leather products in India are located in the states of : 1) Tamil Nadu – Chennai, Ambur, Ranipet, Vaniyambadi, Vellore, Pernambut, Trichy, Dindigul and Erode. 2) West Bengal – Kolkata. 3) Uttar Pradesh – Kanpur, Agra, Noida, Saharanpur; Maharashtra – Mumbai. 4) Punjab – Jalandhar. 5) Karnataka – Bangalore. 6) Andhra Pradesh – Hyderabad. 7) Haryana – Ambala, Gurgaon, Panchkula, Karnal and Faridabad. 8) Delhi. 9) Madhya Pradesh – Dewas. 10) Kerala – Calicut and Ernakulam / Cochin. 11) Rajasthan - Jaipur. 12) Jammu & Kashmir - Srinagar.

6. Is prior government approval required for investing in this sector?

No, 100% FDI is allowed under the Automatic route.

7. What are the sub-schemes approved under Indian Footwear and Leather Development Programme (IFLDP)?

Indian Footwear and Leather Development Programme(IFLDP) aims at development of infrastructure for the leather sector, address environmental concerns specific to the leather sector, facilitate additional investments, employment generation and increase in production. The following sub-schemes have been approved under IFLDP during 2021-26:- (i) Sustainable Technology and Environmental Promotion (proposed outlay INR 500 crore):- Special Purpose Vehicle constituted for each CETP would be provided assistance @ 80% of the total project cost for Northeastern Areas with industry ' s/beneficiary share to be 20% of the project cost and @ 70% of the total project cost for other areas with industry ' s/beneficiary share to be 30% of the project cost with a limit of INR 200 crore. (ii) Integrated Development of Leather Sector (IDLS) sub-scheme (proposed outlay INR 500 crore):- Assistance would be provided to the sectoral units for their modernization/capacity expansion/technology up-gradation on or after 01.01.2020 @30% to MSME units and 20% to other units. Financial assistance is being proposed to North Eastern Areas also @40% of cost of plant & machinery to MSME units and 30% of the same to other units with additional 5% financial assistance

for the domestically manufactured plant and machinery. Maximum assistance will be provided upto INR 15 crore per product line keeping in view 5 times increase in upper limit of investment in Plant and Machinery by MSME. (iii) Establishment of Institutional Facilities (proposed outlay INR 200 crore):- Setting up of International Testing Centre, Sports Complex, replacement of conventional light fixtures with LED lights and construction of girls hostel in FDDI campuses are planned. (iv) Mega Leather Footwear and Accessories Cluster Development (MLFACD) sub-scheme (proposed outlay INR 300 crore):- The sub-scheme aims at 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. Graded assistance is proposed to be provided @50% of the project cost or @70% of the project cost in Northeastern areas, for land development, core infrastructure, HRD and social infrastructure, production facilities including ready to use sheds with plug and play facility, R&D support and export services excluding cost of land with maximum Government assistance being limited to INR 125 crore. (v) Brand Promotion of Indian Brands in Leather and Footwear Sector (proposed outlay INR 100 crore):- The GoI assistance is proposed to be 50% of total project cost subject to limit of INR 10 crore for each brand in next three year to promote 10 Indian brands in the International Market in 3 years. The designated agency to implement the sub-scheme is being proposed to be selected amongst institutes like NID, NIFT, IBEF, IIFT or Institutes of similar standing. (vi) Development of Design Studios (proposed outlay INR 100 crore):- This is a new sub-scheme. Assistance would be provided to develop 10 Indian design studio. The studios will promote marketing/export linkages, facilitates buyer- seller meets, display designs to international buyers and work as interface for the trade fairs. Design Studios will be kind of 'one-stop- shop' providing a wide range of services: design, technical support, quality control etc. Institutes like FDDI, CLRI, NID, NIFT, IBEF, IIFT or institutes of similar standing or any large units of the industry or group of industry would be the implementing agencies. For more details, please visit the link - <https://pib.gov.in/PressReleasePage.aspx?PRID=1795797>