

Post COVID-19: Opportunities in Indian Footwear and Leather Industry with reference to MSME Stimulus and Special Role of Council for Leather Exports

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Abstract

The whole world is facing major crises in all aspects of life: social, economical, and above all, health, due to the Novel coronavirus (COVID-19). India is also suffering from these social-economical crises. To deal with the Indian economical crises, the Government of India (GOI) announced 20 lakh crore stimulus package for different sectors, and being an important economic growth engine, MSME received fifty thousand crore as funds. Indian footwear and leather industry is recognized as the pioneer to the economy booster and job creations from last two decades, and is thus an important part of the MSME sector.

Keywords: COVID-19, India, MSME, Footwear and Leather Industry.

Introduction

India is the second biggest maker of footwear after China. As per the current situation of coronavirus which started from Wuhan city of China, and unbalanced trade faith of world from China, the door of opportunities has opened for Indian footwear and leather industry as many of well-known footwear brands from the rest of the world have already started shifting their manufacturing units to various footwear and leather manufacturing-oriented cities in India. The 'Atmanirbhar Bharat' initiative selected twelve important sectors in which India can lead the global supply chain and to increase India's share in the global market out of twelve priority sectors, leather and footwear industry is selected as one of them. India is the second biggest maker of footwear, the second biggest exporter of leather articles of clothing on the planet, the third biggest exporter of saddlery and harness, is responsible for thirteen percent of world production of hide and skins, and for the production of almost three billion square feet of leather annually. Service about MSME within India requires knowledge of clustering throughout footwear section through accretion co-activity as well as combined structure amongst the bodies and promotes further through the authorities in favor of the means and development of the MSME part. The possibility with regard to Indian leather footwear business is bright considering the decrease in manufacturing of leather footwear

within the Western European nations, hence the businesses within India needed to go in favor of bounteous break up point to revamp in order to utilize that chance to the maximum.

During the year 2017 to 2018, Indian export of leather and non-leather footwear, and leather and leather products reached 5.74 billion dollar. The Indian leather industry has the youngest skilled and most productive labor force with fifty-five percent below the age of 35 years. Women empowerment is also very prominent in leather products industry with about thirty percent share to provide the educational support in the sector. World-class institutional support is provided in this sector with product designing supported by human resource development along with strong research and development facilities. Indian leather and footwear industry have an enormous potential for growth as far as exports are considered, as India has trade agreements with Japan, Korea, and other countries, and is negotiating free trade agreements with Europe and Australia.

Methodology

The secondary data for this research paper were collected from various available online newspapers, magazines, and council's reports, and authentic information was obtained from various official websites. The information which is provided by the Government of India on various portals was also checked to get maximum data.

Council for Leather Export (CLE)

The Council for Leather Export started in 1984 and is the only body that is recognized by the Ministry of Commerce and Industry which is working for the overall development of the leather industry sector. It is the notified Export Promotion organization for the entire leather and leather products industry. It has 3274 members across 7 regional offices. The council for leather exports is led by the Chairman, Mr. P.R. Aqeel Ahmed, with support of Executive Director, Mr. R. Selvam I.A.S.

Extension of Foreign Trade Policy

Taking into account the current circumstance which has emerged due to COVID-19, the Indian government has chosen to provide help in different fare advancement plans by giving an expansion of the current exchange strategy by another year up to 31st March 2021. Before the expansion of the remote exchange strategy, the Indian government had taken some significant steps to advance the leather sector of India. The Government endorsed a hundred percent outside direct venture through a programmed course. The leather business in India is de-authorized, empowering augmentation on the present day lines with top tier hardware and riggings, "Indian Footwear Leather and Accessories Development Program" (IFLADP) for 2017-20: The Central Government has certified an exceptional pack for work in the leather and footwear division. The arrangement will provoke the improvement of establishment for the leather segment, help of additional hypotheses, business creation, and augmentation

creation from FY17 to FY20. The complete supported use for IFLADP is USD 380 million from 2017-18 to 2019-20.

Extension of Indian Footwear, Leather, and Accessories Development Program (IFLADP)

Indian Footwear, Leather, and Accessories Development Program (IFLADP) is presently in accordance with the working of the Department for Promotion of Industry and Internal Trade (DPIIT). The Indian Government has approved a budget of Rs.2600 Crores over the 3 monetary years 2017-2020, finishing with 31st March 2020. According to the perspectives communicated by the business, the CLE has approached the Government of India on numerous events at various levels with a solicitation to consider expanding the execution time of the IFLADP at any rate by one more year i.e., till March 2021 in order to empower the business to make ideal usage of the endorsed cost. The DPIIT has just started the activity of assessment/examination of the IFLADP through Indian Institute of Foreign Trade (IIFT) and the assessment is as of now under advancement. What's more, it is likewise concluded that the industry needs to partake in training exercises sorted out by the service of Human Resource advancement program under Incorporated Development of Leather Scheme (IDLS) that they can likewise apply till March 31, 2021.

New Definition of Micro, Small and Medium Enterprises (MSME)

- Micro Enterprises: Investment- Up to INR 1 Crore, Turnover- Up to INR 5 Crore.
- Small Enterprises: Investment- Up to INR 10 Crore, Turnover- Up to INR 50 Crore.
- Medium Enterprises: Investment- Up to INR 50 Crore, Turnover- Up to INR 250 Crore.

MSME Gateway to Make in India and Skill Development Program

The Indian Government had sensed that the leather section has a huge scope and through “Make in India” plan, it has given due consideration to the possibility of its advancement in this business age. The Government is, hence executing specific measures taken within the “Foreign Trade Policy” for the sake of development of the leather division. By implementing several mechanical development activities; maintaining the performance with respect to the previous performance, as well as industries essential properties for proficient employment, inventive development, expanding industries consistently as per the universal organic principles, and providing support to a number of endeavors, the Indian leather business aims to expand the creation, improve send out along these lines, and resultantly make extra work openings.

Its various other aims include the following: Bestowing market put together skills with respect to shop floor tasks to the youth through an interest-driven Skill-Development Program and make them employable in the calfskin business and setting the fruitful students

in cowhide units; recognizing the aptitude of the current workforce which would aid in the improvement in quality; evaluating and directing the aptitudes of the laborers in the sloppy segment, towards the creation of actually better items for their viable reconciliation with the composed segment in the leather business; spreading and continuing an innovation culture in the Indian calfskin sector; and providing exposure to the worldwide prescribed procedures to choose laborers/ skilled workers for making ripple impact. Dr. Mahindra Nath Pandey, and honorable Minister of Skill Development and Entrepreneurship, mentioned in the month of September 2019 that “Indian leather sector has the potential to create 2 million jobs in the next 5 years”.

Strength of Indian Leather Sector

India has immense potential in leather production as it has its own raw material source. The Indian leather industry produces almost 3 billion sq ft leather every year.

The various factors that contribute to the strength of the Indian leather sector can be enumerated as follows:

- Own raw material source-About 3 billion square feet of leather made each year
- Certain species of sheep /goat/calf skins command premium position
- Persistent as well as eco-sustainable tanning foundation
- Updated production units
- Competent/ proficient workforce at reasonable remuneration levels
- World renowned institutional assistance for design as well as product development, HRD, and research innovations
- Presence of support organizations like leather chemicals and finishing auxiliaries
- Existence of significant marketplace-almost complete European market
- Strategic location within the Asian continent

Future Opportunities

The Indian leather industry should grab the brilliant opportunities available to it as manufacturers from European association and United Kingdom want to move their production units to India. German based footwear brand 'Von Wellx' has chosen to move its assembling base from China to India. The declaration came after our Prime Minister Mr. Narendra Damodardas Modi held a gathering to draw in outside firms and help the Indian economy amid the Covid-19 emergency. The brand is owned by Casa Everz GmbH. It will begin the manufacturing process at Agra, Uttar Pradesh in partnership with Iatric Industries Private Limited. This initiative will assist with creating over 10000 direct employments and circuitous occupations. The 'Von Wellx' brand essentially works in orthopedic footwear and has approximately 100 million clients in 80 nations. One increasingly Korean organization had gone into a concurrence with a Chennai based firm and guaranteed to contribute around

350 Crore Rupees. Kanpur based tanneries additionally got investment of 300 Crore Rupees from Italy, Vietnam, New Zealand, and Australia. Other outside investors like ‘Apache Groups’ from Taiwan will put resources into Nellore, Andhra Pradesh, ‘Feng Tay’ Shoes from Taiwan will put resources into Cheyyar, Tamil Nadu, and ‘Itares’ from Italy will put resources into Ambur, Tamil Nadu.

Major Production Centers in India

India produces approximately 3 billion square feet of leather every year. The export of leather and leather products along with footwear from India achieved a value of US dollar 5.69 billion in the year 2018-2019, and India is the second largest manufacturer of footwear in the world with an output of 2.41 billion pairs in 2017. The major production centers of footwear, leather, and leather products are located in the following states: **West Bengal**- Kolkata; **Uttar Pradesh**- Agra, Kanpur, Noida, Saharanpur; **Tamil Nadu**- Ambur, Ranipit, Chennai, Vaniyambadi, Pernamunt, Vellore, Erode, Trichy, Dindigul; **Maharashtra**- Mumbai; **Karnataka**- Bengaluru; **Punjab**- Jalandhar; **Rajasthan**- Jaipur; **Haryana**- Panchkula, Karnal, Gurgaon, Ambala, Faridabad; **Delhi**; **Madhya Pradesh**- Dewas; **Kerala**- Cochin/Ernakulam, Kozhikode; and **Jammu and Kashmir**- Srinagar.

Conclusion

The Indian leather and footwear division imports just 588 Million dollar and exports 5.6 Billion there is no other industry which is changing over multiple times from the imports to send out. Leather industry is the most elevated remote trade acquiring industry. The Leather division gives eighty-five percent of women empowerment in the southern region, and overall, it gives forty percent women empowerment which is above the national average of twenty-six percent of women empowerment. In the year 2019, there was a decrease in the leather send out by 6.5 percent, but in terms of quantity, the Indian footwear industry expanded from 182 Million pairs to 262 Million pairs. The leather industry is expecting a five percent development in the coming few years. Combining Uttar Pradesh, West Bengal, and Tamil Nadu, the absolute export in the section is eighty-five percent. We are observing a new India under the leadership of the honorable prime minister. The methodology of the new India is to bring Technology, Innovation, and Enterprises in productive administration together. The leather business is capable of accomplishing approximately 800 million of exports in the next few years, and approximately 900 billion will be the greatest value that will be followed. There is scope for the leather industry to develop by five percent from 5.6 Billion to approx 10 Billion in the next few years.

Declaration of Conflicting Interests

The author declared no potential conflict of interest with respect to the research authorship and/or publication of this article.

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