

# Role of Council for Leather Exports in the Development of Exports of Leather and Leather Products from India: A Case of India's Leather Industry

Supriya Lamba Sahdev<sup>1</sup>, Tilottama Singh<sup>2</sup>

Assistant Professor, Amity International Business School, Amity University, Noida, Uttar Pradesh, India.<sup>1,2</sup>

**Abstract**— In this paper, we have put forward a case study of India's leather industry. This case study emphasizes on the exports of leather goods which have been made in the years 2016 and 2017. Comparative studies of exports to various countries have also been studied. We have also talked about the Indian scenario of leather industry in India. Council for leather exports have also been given importance. Its core objectives, activities and services have also been studied. We have also studied about the Future aspects as well. Challenges and recommendations regarding the leather industry have also been mentioned along with the references.

## I INTRODUCTION

In today's world of globalization, it is important to connect with countries abroad and with their industries. Globalization is the integration of domestic economy with the world economy. If we talk about India, then India is the second largest producer of leather footwear and leather goods industry in the world after China. It is projected that the leather industry in India will see a high growth in the next five years by the Indian government. Indian leather sector is known for its potential for employment, development and high exports. It has an important place in the Indian economy. During the past two decades, the past two decades the exports for leather products have gained momentum making India the second largest producer in the world. Indian leather and leather products industry is one of the best industries that hold a greater potential for investments in India. Some of the best leading companies of India in producing Indian leather and leather products are Tata International Ltd, Hindustan lever Ltd, Mirza tanners Ltd. etc. There are seven cities which are the largest centres for the leather industry in India, and those are: Jajmau, Unnao , Chennai, Ambur, Kolkata, Agra and Ranipet. This industry provides livelihood to more than one million people in India.

### Indian Scenario

The Council for Leather Exports (CLE) is the only largest and Apex trade promotion organization of the Indian leather & leather products industry. Indian leather products

industry is one of the strongest and rapidly growing industries in India. The Council for Leather Exports look forward to the overall development of Indian leather sector and helps in achieving higher export growth in order to grow India's share in global leather trade. CLE is functioning under the Ministry of Commerce & Industry, The Government of India.

### Core Objectives Of CLE:

- Its main objective is to develop & strengthen the leather industry with export growth.
- It helps in building relationships between the buyers globally and the Indian counterparts to grow exports of Indian leather Industry.
- It provides exporters with a good infrastructure and financial support.

### Activities and Services Of CLE

- Creating awareness among exporters, communicating marketing information, policies, trends etc.
- Encourage redressal of procedural hurdles by representing it to the authorities concerned.

### 1 Product Wise Analysis

Export of Leather and Leather Products from India during April- March 2016-17 ) Vis-À-Vis April-March 2015-16  
(Value in million Rs.)

Category	Apr-Mar. 2015-16	Apr-Mar. 2016-17	% Variation
Finished Leather	68509.63	59619.47	-12.98%
Leather Footwear	140625.23	143259.05	1.87%
Footwear Components	18615.10	20125.09	8.11%
Leather Garments	36211.57	35988.87	-0.61%
Leather Goods	89694.53	88642.82	-1.17%
Saddlery and Harness	9583.60	9596.66	0.14%
Non-Leather Footwear	20082.01	22792.11	13.50%
<b>TOTAL</b>	<b>383321.67</b>	<b>380024.07</b>	<b>-0.86%</b>

- By representing it to the authorities concerned.
- It takes part in major international leather trade fair and specialized trade shows overseas.



- Organizes Business to Business meetings in certain markets.
- Encourage FDIs and other joint ventures to join the Indian leather sector.
- It assists Integrated Development of leather sector (IDLS) in order to modernize the technology of production units.

**Analysis - Export Performance of Leather and Leather Products during April-March 2016-17 vis-a-vis April-March 2015-16**

- As per officially notified DGCI&S monthly export

data, the export of Leather and Leather products for the financial year **April-March 2016-17 touched US\$ 5665.91 mn** as against the performance of US\$ 5855.06 mn in the corresponding period of last year, recording a negative growth of -3.23%. In Rupee terms, the export touched Rs. 380024.07 mn in April-March 2016-17 as against the previous year's performance of Rs. 383321.67 mn registering a negative growth of -0.86%.

Source : DGCI & S

(Value in Million US\$)

CATEGORY	APR-MAR. 2015-16	APR-MAR. 2016-17	% VARIATION	% Share
FINISHED LEATHER	1046.45	888.89	-15.06%	15.69%
LEATHER FOOTWEAR	2147.98	2135.90	-0.56%	37.70%
FOOTWEAR COMPONENTS	284.34	300.05	5.53%	5.30%
LEATHER GARMENTS	553.11	536.57	-2.99%	9.47%
LEATHER GOODS	1370.04	1321.61	-3.54%	23.33%
SADDLERY AND HARNESS	146.38	143.08	-2.26%	2.53%
NON-LEATHER FOOTWEAR	306.74	339.82	10.78%	6.00%
<b>TOTAL</b>	<b>5855.06</b>	<b>5665.91</b>	<b>-3.23%</b>	<b>100.00%</b>

- Footwear holds the major share of 48.99% in the total export of leather and leather products.
- Non-Leather Footwear (10.78%) and Footwear Components (5.53%) are the products showing positive growth.
- Leather Footwear, has declined marginally by -0.56% in 2016-17 comparing to -5.75% during 2015-16.
- All other products segments Finished Leather, Leather Garments, Leather Goods & Accessories and Saddlery & Harness shows negative growth.
- The negative growth of -9.86% registered during April-March 2015-16 has been reduced to -3.23% during April-March 2016-17

**2 Country-wise analysis**

Statement showing Export of Leather & Leather Products to different countries during April-March 2016-17 vis-à-vis April-March 2015-16 is given below :

- The major markets for Indian Leather & Leather Products are USA with a share of 15.36%, Germany 11.65%, UK 10.74%, Italy 6.63%, Spain 5.19%, France 5.10%, Hong Kong 4.70%, UAE

- 4.01%, China 3.07%, Netherlands 3%, Belgium 1.85% and Poland 1.79%.
- These 12 countries together accounts for nearly 73%** of India's total leather & leather products export.
- Export of leather & leather products to major markets like Germany, UK, Italy, Hong Kong, France, Spain, Netherlands, UAE, Korea Rep etc., have shown negative growth during April-March 2016-17.
- The percentage share of countries namely UK, Hong Kong, UAE, South Africa etc has declined to around 1 to 2% during 2016-17 comparing to 2015-16.
- The Countries namely **China, Russia, Belgium** which shown negative growth during April-March 2015-16 has registered positive growth during April-march 2016-17.
- USA & Japan which shown positive growth in 2015-16 sustained the same positive trend in 2016-17 also.
- USA continue to lead as Number one in the list of top importing countries with its percentage share increasing to 15.36% during 2016-17 from 14.25% in 2015-16.



**INTERNATIONAL JOURNAL OF ADVANCE SCIENTIFIC RESEARCH  
AND ENGINEERING TRENDS**

(Values in million US\$)

	<b>TOTAL</b>			<b>Share in</b>
<b>COUNTRY</b>	<b>APR-MAR</b>	<b>APR-MAR</b>	<b>% change</b>	<b>total export</b>
	2015-16	2016-17	2016-17	2016-17
GERMANY	674.19	660.03	-2.10%	11.65%
U.S.A.	834.10	870.39	4.35%	15.36%
U.K.	716.49	608.29	-15.10%	10.74%
ITALY	407.91	375.41	-7.97%	6.63%
FRANCE	308.45	288.81	-6.37%	5.10%
HONG KONG	315.26	266.16	-15.58%	4.70%
SPAIN	327.86	294.22	-10.26%	5.19%
RUSSIA	49.01	51.60	5.29%	0.91%
NETHERLANDS	182.97	169.71	-7.25%	3.00%
AUSTRALIA	84.71	82.70	-2.37%	1.46%
NEW ZEALAND	11.23	9.82	-12.55%	0.17%
DENMARK	76.17	77.51	1.76%	1.37%
GREECE	10.95	10.17	-7.07%	0.18%
CANADA	47.25	46.94	-0.65%	0.83%
SWITZERLAND	29.74	24.89	-16.32%	0.44%
SWEDEN	38.14	40.93	7.32%	0.72%
S. AFRICA	52.87	44.29	-16.23%	0.78%
AUSTRIA	26.20	28.11	7.30%	0.50%
BELGIUM	84.84	104.98	23.73%	1.85%
JAPAN	59.24	63.96	7.97%	1.13%
PORTUGAL	62.13	67.73	9.01%	1.20%
CHINA	162.21	174.05	7.30%	3.07%
SINGAPORE	23.49	32.98	40.41%	0.58%
U.A.E.	263.15	227.28	-13.63%	4.01%
INDONESIA	25.62	27.03	5.48%	0.48%
KOREA REP.	82.38	68.65	-16.67%	1.21%
VIETNAM	105.54	92.88	-11.99%	1.64%
SAUDI ARABIA	36.77	40.93	11.34%	0.72%



SOMALIA	100.12	94.73	-5.39%	1.67%
POLAND	65.20	101.69	55.96%	1.79%
CHILE	52.18	41.87	-19.76%	0.74%
MALAYSIA	54.58	48.70	-10.77%	0.86%
SLOVAK REP	30.71	31.69	3.18%	0.56%
TURKEY	27.60	20.02	-27.48%	0.35%
HUNGARY	23.46	28.27	20.52%	0.50%
SUDAN	20.17	14.64	-27.44%	0.26%
NIGERIA	17.02	20.68	21.51%	0.36%
BANGLADESH	17.66	35.11	98.80%	0.62%
THAILAND	18.22	19.85	8.91%	0.35%
FINLAND	16.80	17.43	3.74%	0.31%
KENYA	12.73	30.25	137.62%	0.53%
DJIBOUTI	14.79	11.29	-23.61%	0.20%
MEXICO	12.49	12.14	-2.79%	0.21%
NORWAY	12.31	7.55	-38.62%	0.13%
ISRAEL	13.35	13.24	-0.84%	0.23%
OMAN	12.76	12.02	-5.74%	0.21%
SRI LANKA DES	13.85	14.50	4.69%	0.26%
CAMBODIA	12.62	10.37	-17.86%	0.18%
CZECH REPUBLIC	10.45	9.34	-10.61%	0.16%
TAIWAN	9.87	8.96	-9.22%	0.16%
OTHERS	187.24	210.84	12.60%	3.72%
TOTAL	5855.06	5665.91	-3.23%	100.00%

## II CHALLENGES

1) **Technical Barrier:** As leather is produced from complex and non - uniform natural protein material, If changes in processes are altered , the quality of leather will change accordingly. So, if the tanner is producing a good quality of leather which is satisfying his customers but the process includes wasting of water, energy etc. then definitely the tanner will resist from producing leather from this process in order to comply with the environmental demands.

2) **Small & Medium enterprises:** In India, mostly tanning operations are performed by the small or medium enterprises out of which mostly are family businesses. People working

here are not formally educated. Their skills are acquired by their elders. So, lack of proper education and training in this field is a major challenge.

3) **Economic Barrier:** Most of the chemicals and machineries required in tanning operations are imported and also tanners have to maintain inventory of chemicals with higher stock in order to be sufficient in chemicals even if there is a delay in delivery from the ports. This increases the capital of the businesses thereby reducing profits.

## III FUTURE ASPECTS

Recently cattle slaughtering has been banned in India because of which International fashion houses are worried



about Whether the Indian leather producers will be able to meet the Ban on cattle slaughtering dent India’s \$13 Billion a year leather industry supply needed or not as they import from india in bulk

**3 Major Export Destinations of India – 2016-17**

Value in US\$ Mn

	Country	April-March 2016-17	% Share
1	U.S.A.	870.39	15.36
2	GERMANY	660.03	11.65
3	U.K.	608.29	10.74
4	ITALY	375.41	6.63
5	SPAIN	294.22	5.19
6	FRANCE	288.81	5.10
7	HONG KONG	266.16	4.70
8	U.A.E.	227.28	4.01
9	CHINA	174.05	3.07
10	NETHERLANDS	169.71	3.00
11	BELGIUM	104.98	1.85
12	POLAND	101.69	1.79

**REFERENCE**

- Sumangala Damodaran and Pallavi Mansingh (2008) Leather Industry in India.
- Report on leather industry including footwear and other art works in India (2007-2008) Government of India Ministry of Labour & Employment.
- Satish Chandra Singh and Dhananjai Gupta (2013) Sustainability: A Challenge for Indian Leather Industry.
- CSIR's Initiatives for enabling the Indian Leather Industry (2016) Press Information Bureau
- Government of India, Ministry of Science & Technology.