Chapter II

Profile of Indian Leather Industry
CHAPTER – II

PROFILE OF INDIAN LEATHER INDUSTRY

Leather industry occupies a prominent place in the Indian economy in view of its massive potential for employment, growth and exports. There has been an increasing emphasis on its planned development aimed at the optimum utilization of available raw materials for maximizing the returns, particularly from exports. The exports of leather and leather products gained momentum during the past decades. There has been a phenomenal growth in exports from Rs 32 crores in 1965-66 to Rs 6829.75 crores in 1999 – 2000.\(^1\) Indian leather industry today has attained well-merited recognition in the international market besides occupying a place of pride among the top export earners of the country. The exports from Leather sector constitute 7 per cent in the country’s export basket.\(^2\)

The Leather industry has undergone dramatic transformation from mere exporter of raw materials in sixties to that of value added finished products in nineties. Policy initiatives taken by the government of India since 1973 have been instrumental to such transformation. In the wake of globalization of Indian economy supported with liberalized economic and trade policies since 1991, the industry is poised for further growth to achieve greater share in the global trade.

Apart from a significant foreign exchange earner, the industry has tremendous potential for employment generation. Its potential for

\(^1\) Indian leather Industry – S.C.Kumar –A.P.H Publishing Corp. – page 29
employment generation among weaker sections of the society and women is immense.

**Features of Leather Sector in India**

Importance to Indian leather industry arises mainly because of its enormous potential for employment growth and exports. Emphasis has been given to achieve optimum utilization of available raw materials for maximizing the returns, particularly from exports. The Leather Industry is the sixth largest foreign exchange earner for the Country. The important features of Leather sector are as follows:

1) It employs 15 lakh persons directly
2) A large part (nearly 60 - 65 per cent) of the production is in the small/cottage sector.
3) A small capital investment can generate a high turnover of 2/3 times of the investment.
4) It is export oriented and one amongst the top 10 export earners for India.³
5) India has 10 per cent of the world raw material but only 4 per cent of the world trade. In footwear, which constitutes over 50 per cent of the world trade, India has less than 1 per cent share of world trade.⁴
6) Employs women
7) Has good potential for future growth
8) Very high value Addition within the country.

---

³ India’s Exports – RBI occasional papers – Das R.K (1990) – page 32
Manpower

There is an abundant supply of cheap labour in the leather sector. A number of well-equipped training institutions are working in close collaboration with reputed foreign institutions, for imparting training in various facets of manufacture of leather and leather products. Apart from these trainings Indian traditional skills in embroidery, handcrafting, etc., add strength to this industry. The current wage levels are unlikely to change dramatically with a vast pool of unemployed manpower seeking employment.

However with the proposed support to the unorganized / artisan sector by Govt. of India and National Leather Development Program, along with a leather technology mission, productivity levels of artisans and small-scale sector can change dramatically as also the quality of product that can change dramatically. Apart from helping the weaker sections of society, it would also be a first-rate example of sustainable human resource development.

Employment in Leather Sector in TamilNadu

Direct and indirect employment in the industry is around 2 million. Majority of them are from downtrodden and weaker sections of society. The skilled and semiskilled workers constitute nearly 50 per cent of the total work force. The estimated employment in different sectors of leather industry is furnished in the table below.

---

5 Agarish A.C (1997) - Economic Planning in India – page 27
Table 2.1

Table Showing the Total and Women Employment in Leather Industry in TamilNadu

(Figures in Lakhs)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total Employment</th>
<th>Women Employment</th>
<th>Percentage Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flaying, Curing &amp; Carcass Recovery</td>
<td>8.00</td>
<td>0.35</td>
<td>4.00</td>
</tr>
<tr>
<td>Tanning and Finishing</td>
<td>1.25</td>
<td>0.25</td>
<td>20.00</td>
</tr>
<tr>
<td>Full Shoe</td>
<td>1.75</td>
<td>0.55</td>
<td>31.00</td>
</tr>
<tr>
<td>Shoe Uppers</td>
<td>0.75</td>
<td>0.63</td>
<td>84.00</td>
</tr>
<tr>
<td>Chappals and Sandals</td>
<td>4.50</td>
<td>1.50</td>
<td>33.00</td>
</tr>
<tr>
<td>Leather Goods and Garments</td>
<td>1.50</td>
<td>1.23</td>
<td>82.00</td>
</tr>
</tbody>
</table>

Source: Leder Informant 1998 – page 13

The above table shows that the Leather industry is a large employment provider engaging more than 2.5 million people both directly and indirectly and most of them from weaker section of the society. Employment of women constitutes more than 80 per cent of the work force in Leather Product Sector.

Strength of the industry

There exists a large raw material base. This is on account of the population of 194 million cattle, 70 million buffaloes, and 95 million goats. According to the latest census, India ranks first among the major livestock holding countries in the world. With 48 million sheep, it

---

6 Directorate of Animal Husbandry Economics, Chennai - 6
claims the sixth position. These four species provide the basic raw material for the leather industry.

The annual availability of 166 million pieces of hides and skins is the main strength of the industry. This is expected to go up to 218 million pieces by the end of the year 2001. Some of the goat/calf/sheep skins available in India are regarded as speciality products commanding a good market. Abundant availability of traditional skills in tanning, finishing and manufacturing downstream products and relatively low wage rates are the two other factors of comparative advantage for India.

Availability of Raw Hides & Skins

Although India has the largest livestock population, the per capita availability of these resources has been steadily declining. The availability has come down in all species except goat for meeting human needs in terms of milk, meat and other raw materials.

The availability of hides and skins for the leather industry is scattered and diffused throughout the country and intrinsically depends on the objectives and methods of raising and consuming the livestock, which is the source of raw hides and skins.

In the developed countries major species of livestock are maintained for production of meat and milk, whereas in India, the bovine stock (cows and buffaloes) is maintained for milk, meat and

---

work. The general observation on the availability of quality of raw stock is as follows:

Cow hides from U.P., Bihar, Kerala, Karnataka, West Bengal and Southern Maharashtra, Buffaloes from Punjab, Gujarat, U.P., Andhra Pradesh and Karnataka, wool sheep from Jammu and Kashmir, Punjab, Rajasthan, U.P. Madhya Pradesh and Gujarat (for garment leather), Red haired sheep from South India (for garment, and leather goods), Goatskins from Eastern and Southern region for grain pattern, buffalo calf from Delhi, Punjab, U.P. and Rajasthan\(^6\) feed our leather industry.

The overall quality is however, beset with problems like neglect of calves leading to early deaths, underfeeding of calves, careless handling of animals, specially during feeding and transportation, lack of veterinary services, high maintenance costs etc.

The high mortality rates of the livestock specially the bovine category, have led to a second major source. The fallen animals, although of poor quality, forms the second major source of raw material.

**Number of animals slaughtered in Tamil Nadu.**

The table given below provides the details regarding the number of animals slaughtered in registered slaughterhouses in Tamil Nadu for the period from 1977-78 to 1995-96.

\(^6\) Directorate of Animal Husbandry, Chennai
Table 2.2
No of animals slaughtered in registered slaughterhouses of TamilNadu from 1977 – 78 to 1995 – 96 (in thousands)

<table>
<thead>
<tr>
<th>S.No</th>
<th>Year</th>
<th>Cattle</th>
<th>Buffalos</th>
<th>Sheep</th>
<th>Goats</th>
<th>Pigs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>77 - 78</td>
<td>50.869</td>
<td>33.376</td>
<td>1090.941</td>
<td>1067.851</td>
<td>6.2</td>
<td>2248.967</td>
</tr>
<tr>
<td>2</td>
<td>78 - 79</td>
<td>53.732</td>
<td>28.683</td>
<td>1062.429</td>
<td>1008.809</td>
<td>8.61</td>
<td>2162.263</td>
</tr>
<tr>
<td>3</td>
<td>79 - 80</td>
<td>52.124</td>
<td>27.93</td>
<td>824.467</td>
<td>824.692</td>
<td>9.293</td>
<td>1738.506</td>
</tr>
<tr>
<td>4</td>
<td>80 - 81</td>
<td>43.554</td>
<td>28.839</td>
<td>842.664</td>
<td>741.26</td>
<td>6.977</td>
<td>1663.294</td>
</tr>
<tr>
<td>5</td>
<td>81 - 82</td>
<td>40.701</td>
<td>32.232</td>
<td>1165.659</td>
<td>989.161</td>
<td>8.624</td>
<td>2236.377</td>
</tr>
<tr>
<td>6</td>
<td>82 - 83</td>
<td>43.583</td>
<td>33.428</td>
<td>1098.947</td>
<td>898.464</td>
<td>12.143</td>
<td>2086.565</td>
</tr>
<tr>
<td>7</td>
<td>83 - 84</td>
<td>49.113</td>
<td>39.775</td>
<td>1116.161</td>
<td>1041.128</td>
<td>14.95</td>
<td>2261.127</td>
</tr>
<tr>
<td>8</td>
<td>84 - 85</td>
<td>60.191</td>
<td>35.932</td>
<td>1227.664</td>
<td>982.372</td>
<td>15.066</td>
<td>2321.225</td>
</tr>
<tr>
<td>9</td>
<td>85 - 86</td>
<td>60.755</td>
<td>39.94</td>
<td>1092.815</td>
<td>917.404</td>
<td>14.805</td>
<td>2125.719</td>
</tr>
<tr>
<td>10</td>
<td>86 - 87</td>
<td>48.666</td>
<td>33.376</td>
<td>1045.609</td>
<td>829.631</td>
<td>8.75</td>
<td>1966.034</td>
</tr>
<tr>
<td>11</td>
<td>87 - 88</td>
<td>54.044</td>
<td>35.358</td>
<td>1052.027</td>
<td>795.086</td>
<td>6.212</td>
<td>1942.727</td>
</tr>
<tr>
<td>12</td>
<td>88 - 89</td>
<td>62.081</td>
<td>37.853</td>
<td>1169.926</td>
<td>799.374</td>
<td>8.419</td>
<td>2077.633</td>
</tr>
<tr>
<td>13</td>
<td>89 - 90</td>
<td>80.185</td>
<td>39.316</td>
<td>1190.725</td>
<td>1141.101</td>
<td>2.403</td>
<td>2453.734</td>
</tr>
<tr>
<td>14</td>
<td>90 - 91</td>
<td>95.061</td>
<td>35.088</td>
<td>1348.171</td>
<td>989.511</td>
<td>5.481</td>
<td>2473.312</td>
</tr>
<tr>
<td>15</td>
<td>91 - 92</td>
<td>82.49</td>
<td>47.347</td>
<td>1247.26</td>
<td>1061.63</td>
<td>4.198</td>
<td>2442.925</td>
</tr>
<tr>
<td>16</td>
<td>92 - 93</td>
<td>84.021</td>
<td>69.329</td>
<td>1392.853</td>
<td>1109.144</td>
<td>5.708</td>
<td>2661.056</td>
</tr>
<tr>
<td>17</td>
<td>93 - 94</td>
<td>79.961</td>
<td>87.454</td>
<td>1358.76</td>
<td>1183.222</td>
<td>5.52</td>
<td>2714.917</td>
</tr>
<tr>
<td>18</td>
<td>94 - 95</td>
<td>105.713</td>
<td>95.991</td>
<td>1495.279</td>
<td>1004.53</td>
<td>16.359</td>
<td>2717.881</td>
</tr>
<tr>
<td>19</td>
<td>95 - 96</td>
<td>112.567</td>
<td>59.263</td>
<td>1289.020</td>
<td>1041.888</td>
<td>6.093</td>
<td>2508.831</td>
</tr>
</tbody>
</table>

Source: Directorate of Animal Husbandry, Chennai – 6
The above table explains the number of animals slaughtered in registered slaughterhouses of Tamil Nadu from 1977-78 to 95-96. During the year 1977-78 50,869 cattle, 33,376 buffaloes 1090941 sheep, 10,67,851 goats and 62,000 pigs were slaughtered and totally 2248.967 thousands were slaughtered. This figure went down a little and became 1663.294 in 1980-81. Once again it rose to 2236.377 in 1981-82 and further increased to 2453.734 thousands in 1989-90. It went up to 2714.917 thousands in 1993-94 and stood at 2508.831 thousands in 1995-96. The reason for decline in the total number of animals slaughtered was the general business recession in the Indian economy during 1986 – 1989.

**Tanning and finishing capacity**

With tanning and finishing capacity for processing 1192 million pieces of hides and skins per annum[^1] spread over different parts of the country, most of which is organized along modern lines, the capability of India to sustain a much larger industry with its raw material source is evident. In order to augment the domestic raw material availability, the Indian government has allowed duty-free import of hides and skins from anywhere in the world. It is an attraction for any foreign manufacturer who intends to shift his production base from a high cost location to lower cost base.

**Launching of Tannery Modernization Scheme**

The Commerce and industry minister Mr. Murasoli Maran, on January 18, 1998 launched the tannery modernization scheme of the

[^1]: Sarkar K T (1996) - Theory and Practice of Leather Manufacturing - page103
Department of Industrial Policy and Promotion. The scheme aims to fulfill the much needed and much awaited financial assistance to existing tannery units for undertaking modernization programmes and better capacity utilization.

It will be operative during the ninth plan from 1999-2000 to 2001-2002 covering around the 350 existing tanneries in India. The total outlay envisaged is Rs.40.75 crores of which the government's assistance will be Rupees 964.60 lakhs.

The financial assistance under this scheme will be to the extent of 30 per cent of the cost of plant and machinery for small-scale units and 20 per cent of the cost of plant and machinery for other units (i.e. non small scale units) subject to a ceiling of Rs. 28 lakhs and Rs. 35 lakhs respectively.

The objective of this tannery modernization scheme is to support the existing tanneries for undertaking modernization programmes for positive environmental impact, becoming competitive, effecting better capacity utilization for achieving productivity gains and reducing wastages etc.

**Structure of the industry**

The Leather Industry is spread in different segments namely, tanning and finishing, footwear and footwear components, Leather garments, Leather goods including Saddlery and the harness. The estimated production capacity in different segments is as follows:
Table 2.3 explains the estimated production capacity of leather items. 64 million pieces of leather hides, 166 million pieces of leather skins, 100 million pairs of shoes, 78 million pairs of leather shoe uppers, 125 million pairs of non-leather shoes and chappals, 6 million pieces of leather garments, 70 million pieces of leather products, 40 million pieces of industrial gloves and 6000 pieces of saddlery were produced during the period.

The major production centres for leather and leather products are located at Chennai, Ambur, Ranipet, Vaniyambadi, Trichy, Dindigul.
in Tamil Nadu, Calcutta in West Bengal, Kanpur in Uttar Pradesh, Jallandhar in Punjab, Bangalore in Karnataka, Hyderabad in Andhra Pradesh and Delhi.

The Leather industry is constituted mostly of small and medium sector. Some mechanised tanning and footwear units operate in large scale, which are mainly for export market.

**Types of Leathers**

**A. From Buffalo Hides**

i. Sole  
ii. Belting  
iii. Harness  
iv. Saddlery  
v. Hydraulic leather  
vi. Picking Band  
vii. Picker Saver  
viii. Raw hide pickers  
ix. Tanned Pickers  
x. Shrunken grain leather  
xi. Bag tanned sole leather  
xii. Kattai  
xiii. Bun war leather

**Articles and Products out of the Above Leathers**

1. Cut soles  
2. Shoe bottom  
3. Insoles  
4. Industrial belts  
5. Saddles  
6. Conductors' Bags  
7. Ram Rings - U types
8. Ram Rings -V types
9. Link belts
10. Round belts
11. Washers
12. Foot valve leathers
13. Picking Band straps
14. 4 B Pickers
15. 29 B Pickers
16. Pickers saver straps
17. Washers of various types
18. Waist belts
19. Chapel straps
20. Document cases
21. Salesman bags
22. Brief cases
23. Hand bags
24. Purses
25. Transistor cases
26. File folders
27. Dust shields for railway wagon wheel axles
28. Ladies' Shoe upper
29. Upholstery leather
30. Upper for 'Casuals' footwear

B. From Cow Hides

As in the case of buffalo hides, following is the list of various types of leathers and products made from cowhides.

1. E.I. Cow calf
2. E.I. Tanned kits
3. Bag tanned leathers
4. Full chrome upper
5. Chrome retain upper
6. Nubuck leather
7. Case hides
8. Oil seal leather
9. Roller skins from chrome tanned calf
10. Semi alum upholstery
11. Semi chrome upper
12. Lining leathers
13. Football leather
14. Volley ball
15. Hockey ball

Products out of the Above Leathers

1. Shoe uppers
2. Straps
3. Purses
4. Document cases
5. Brief bags
6. File holders
7. Suit cases
8. Upholstery
9. Fancy articles
10. Pouches
11. Linings
12. Oil seals
13. Washers of various types
14. Textile spinning mill apron
15. Conductor bags
16. Sitting pouches
17. Travel bags
18. Shantiniketan type articles
19. Holding strips in buses
20. Bellows for vestibule train carriages
21. Minor’s boots
22. Mittens
23. Skeins boots  
24. Mountaineering boots  
25. Air travel cases  

C. From Goat Skin  
   1. Pickled goat skins  
   2. Blue chrome goat skins  
   3. E.I. Goat skins  
   4. Glazed kid  
   5. Shrunken kid/ Suede upper leathers  
   6. Chrome crust and mordant crust from wet salted goat skins  
   7. Lining leather  
   8. Grain garment leather  
   9. Suede garment leather  
  10. Morocco leather  
  11. Chamois leather  
  12. Gold and silver kid  
  13. Parchment leather  

D. From Sheep Skins  
   i. E.I. Tanned sheep skins  
   ii. Glove leather  
   iii. Blue chrome sheep  
   iv. Lining leathers  
   v. Diaphragm leather  
   vi. Roller skins  
   vii. Semi chrome garment leather/ Suede garment leather  
   viii. White shuttle cock leather  
   ix. Full chrome garment leathers/ Suede garment leather  
   x. Fancy or exotic type finished leather
Products from the above leather

1. Shoe upper linings
2. Diaphragm from Gasometer
3. Garments
4. Gloves
5. Fancy finished articles
6. Watch straps
7. Camera case
8. Shuttle cock
9. Spectacle cases
10. Wallets
11. Ladies Hand bags
12. Softies - bath room sandals

E. Products from Crocodile Skins

For Exotic sources prior permission has to be obtained from wild life authorities. Many of these items are banned for use for making leather goods like Fancy leather goods, ladies handbags, watchstraps, and men's shoes.

F. Products from Reptile Skins (Articles)

Waist belts, ladies handbags, watch straps, wallets, purses.

G. Products from Finished Lizard Skins

1. Wallets
2. Hand bags
3. Purses
4. Watch straps
H. Newer Sources of Leathers

1. Frog skins
2. Bandicoot skins-Tails
3. Horse hides
4. Camel hides
5. Pig skins

Domestic Market

The domestic market for leather products in India is steadily growing. Presently the market for leather footwear and leather products is extremely price sensitive. There is going to be a revolution in footwear consumption pattern within the country. As per survey, the per capita consumption of footwear in the country is 0.5 pair. With the increase in middle class population, the consumption is likely to increase, the signs of which are clear during the last five years. India has enough manpower, but then there is hardly any mechanization here. The industry is dominated by unorganized sector, which accounts for over 80 per cent by sales value.

Export Potential

The Leather industry, which is one of the major foreign exchange earners of the country recorded significant growth in the beginning of the decade. Today the share of the value added finished products in the total exports from leather sector is 80 per cent as against 20 per cent in 1970s.

---

Exports of leather and leather products have increased manifold over the last three decades - Export which was Rs.28 crores during 1956-57, has touched a level of RS. 7000 crores during 1998-99 the increase is more than 250 times in the past 4 decades.

The export of leather and leather products during 1998-99 has reached a level of Rs.69557.76 million against the previous years performance of Rs. 61570.61 recording a positive growth rate of 12.975 in Rupee terms.

In dollar terms the export stood at US $ 1630.11 million against the previous years performance of US $ 1656.69 million recording a marginal decline of 1.60 per cent\(^2\)

Exports of leather and leather products have gone up 29.52 per cent during 2000-2001 to Rs 9,004.32 crores from Rs 6,952.06 crores in the previous year. In dollar terms the exports have gone up 22.85 per cent from $1,604.35 million to $1,970.98 million.

Leather garments have become the leading export item with Rs 2,104 crores earnings, followed by leather goods 2,027.60 crores.

There has been substantial improvement in the exports of finished leather, (67.87 per cent), leather garments (39.81 per cent) and leather goods (24.27 per cent).

Footwear exports with 7.4 per cent increase in rupee terms and

\(^2\) Facts For You – Aug 2000 -page 29
1.88 per cent in dollar terms have remained almost steady.

Southern region with Rs 3,833.75 crores exports has 42.58 per cent shares in the total exports. The northern region contributed Rs 1,691.21 crores (18.78 per cent), eastern region Rs 1,413.71 crores (15.70) and western region Rs 1,233.82 crores (13.70 per cent).

Four countries account for 59.04 per cent of the exports. It appears that the efforts of the Council for Leather Exports (CLE) to tap the vast US market is bearing fruit and that country has become the top buyer of Indian leather products, pushing down Germany and the United Kingdom. Now the United States is ahead with 17.41 per cent ($343.21 million), followed by Germany 15.63 per cent ($308.13 million), the UK 13.77 per cent ($271.35 million) and Italy 12.23 per cent ($241.06 million).\(^{13}\)

**Export Performance**

The overall export of leather and leather products from 1995 - 96 to 1999 - 2000 are shown in the table below.

\(^{13}\)Financial Express.com June 25, 2001
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished leather</td>
<td>371.33</td>
<td>299.08</td>
<td>295.8</td>
<td>265.2</td>
<td>238.79</td>
</tr>
<tr>
<td>Leather footwear</td>
<td>340.44</td>
<td>341.04</td>
<td>281.9</td>
<td>290.2</td>
<td>330.80</td>
</tr>
<tr>
<td>Footwear Components</td>
<td>242.99</td>
<td>223.48</td>
<td>240.5</td>
<td>243.7</td>
<td>229.49</td>
</tr>
<tr>
<td>Leather garments</td>
<td>413.60</td>
<td>421.84</td>
<td>425.2</td>
<td>368.6</td>
<td>318.56</td>
</tr>
<tr>
<td>Leather Goods</td>
<td>383.97</td>
<td>351.30</td>
<td>387.3</td>
<td>429.0</td>
<td>384.78</td>
</tr>
<tr>
<td>Saddlery and harness</td>
<td>N.A</td>
<td>N.A</td>
<td>26.0</td>
<td>33.4</td>
<td>35.97</td>
</tr>
<tr>
<td>Total</td>
<td>1752.33</td>
<td>1636.74</td>
<td>1656.7</td>
<td>1630.1</td>
<td>1576.12</td>
</tr>
</tbody>
</table>

Source: DGCI & S, Calcutta.

The above table shows the overall export of leather and leather products from Tamil Nadu from 1995-96 to 1999-2000. The export of finished leather was 371.33 million U.S.D in 1995 – 96 but came down to 299.08 million U.S.D in 1996 - 97. $295.8 million worth finished leather was exported during 1997-98. It went down to 265.2 million dollars in 1998-99 and 238.79 million in 1999-2000.

Leather footwear export showed a healthy trend in 1995 – 96 and in 1996 – 97. The exports were $340.44 and $341.04 respectively. Due to the bad business conditions, the leather footwear export went down to $281 in 1997 – 98 and increased steadily from 281.9 in 1997-98 to 330.80 in 1999-00. Footwear components, leather garments and leather goods, on the other hand showed a sea-saw like trend in exports. Saddlery and harness showed a steady increase from 26 million in 1997-98 to 35.97 million dollars in 1999-00.
The chart No.2.4-A shows the total value of exports in million U.S dollars for the period from 1995 – 96 to 1999 – 2000. The total value of exports includes the value of exports of finished leather, footwear and its components, leather garments, leather goods and saddlery and harness. The value of exports in the year 1995 – 96 was 1752.33 million U.S.D. It went down to 1634.74 million U.S.D in 1996 – 97. It had a slight increase in 1997 – 98 by having 1656.70 million U.S.D of leather and leather goods exports. In 1998 – 99, the export was 1630.10, but in 1999 – 2000 the value of leather and leather goods exports was only 1576.12 million U.S.D.
CHART 2.4 - A

EXPORT OF LEATHER AND LEATHER PRODUCTS FROM TAMILNADU (Value in million U.S.D)

Total Export of Leather and leather Products

Source: Council For Leather Exports Annual Reports
The table 2.5 shows the trend value of leather exports. From this table, the researcher ascertains that the value of leather exports in dollar terms has a declining trend.

Table 2.5

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Y</th>
<th>X</th>
<th>XY</th>
<th>X²</th>
<th>Trend Y&lt;sub&gt;c&lt;/sub&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995-96</td>
<td>1752.3</td>
<td>-2</td>
<td>-3504.66</td>
<td>4</td>
<td>1722.21</td>
</tr>
<tr>
<td>1996-97</td>
<td>1636.7</td>
<td>-1</td>
<td>-1636.74</td>
<td>1</td>
<td>1686.304</td>
</tr>
<tr>
<td>1997-98</td>
<td>1656.7</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1650.398</td>
</tr>
<tr>
<td>1998-99</td>
<td>1630.1</td>
<td>1</td>
<td>1630.1</td>
<td>1</td>
<td>1614.492</td>
</tr>
<tr>
<td>1999-2000</td>
<td>1576.1</td>
<td>2</td>
<td>3152.24</td>
<td>4</td>
<td>1578.586</td>
</tr>
<tr>
<td>N = 5</td>
<td>8251.99</td>
<td>0</td>
<td>-359.06</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

Equation \( Y_c = a + bX \)

\[
\begin{align*}
a &= 1650.398 \\
b &= -35.906
\end{align*}
\]

So the equation of the straight-line trend is

\[
Y_c = 1650.398 + (-35.906)X
\]

The trend values are computed as follows:

When \( X = -4 \)

\[
Y_c = 1650.398 + (-35.906)(-2) = 1722.21
\]
Since $b$ is constant the trend value for succeeding years can be obtained by adding the value of $b$ to every preceding value.

From the above table the actual value i.e. value of exports and the trend values are depicted into the following diagram.
Chart 2.5 - A

Trend showing the value of Exports

Value in million U.S.D

Year


Source: Council For Leather Exports Annual Reports
Value of Leather Exports in Rupee terms

The table showing the value of Leather Exports in million rupees for the period from 1985 – 86 to 1999 – 2000 is as follows.

Table 2.6

Value of Leather Exports in Million Rupees

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Compound Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985 – 1986</td>
<td>6625.14</td>
<td>100.00</td>
</tr>
<tr>
<td>1986 – 1987</td>
<td>9329.69</td>
<td>140.82</td>
</tr>
<tr>
<td>1987 – 1988</td>
<td>12448.59</td>
<td>187.90</td>
</tr>
<tr>
<td>1988 – 1989</td>
<td>16083.85</td>
<td>242.77</td>
</tr>
<tr>
<td>1989 – 1990</td>
<td>20300.35</td>
<td>306.41</td>
</tr>
<tr>
<td>1990 – 1991</td>
<td>25538.53</td>
<td>385.48</td>
</tr>
<tr>
<td>1992 – 1993</td>
<td>36999.39</td>
<td>558.47</td>
</tr>
<tr>
<td>1993 – 1994</td>
<td>40760.19</td>
<td>615.24</td>
</tr>
<tr>
<td>1994 – 1995</td>
<td>50571.50</td>
<td>763.33</td>
</tr>
<tr>
<td>1995 – 1996</td>
<td>58611.70</td>
<td>884.69</td>
</tr>
<tr>
<td>1996 – 1997</td>
<td>57006.31</td>
<td>860.45</td>
</tr>
<tr>
<td>1997 – 1998</td>
<td>61570.61</td>
<td>929.35</td>
</tr>
<tr>
<td>1998 – 1999</td>
<td>70615.10</td>
<td>1065.87</td>
</tr>
<tr>
<td>1999 – 2000</td>
<td>68297.53</td>
<td>1030.88</td>
</tr>
</tbody>
</table>

Source: Facts for You - Aug 1997 C.L.E Annual Reports

The Table 2.6 given above clearly shows that the Export of Leather and Leather Products is going on increasing year by year except in the year 1999 - 2000. In 1985 – 86, the Leather export was Rs.6625.14 millions and in 1999 – 2000, the value of export of Leather and Leather goods is Rs 68297.53 millions. It shows 1031 per cent increase in the value of export of Leather and Leather goods within 20 years period.
CHART 2.6 - A

CHART SHOWING THE VALUE OF LEATHER EXPORTS

Leather Exports in Million Rupees

Value in Million Rupees

Source:
Facts for You - Aug 1997
C.L.E Annual Reports
Table 2.7

**TABLE SHOWING THE TREND VALUE OF LEATHER EXPORTS**

By using the method of least square, the trend values of leather exports in India during 1991–92 to 1999–2000, are calculated below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Value of exports in million rupees ($Y$)</th>
<th>(X)</th>
<th>(XY)</th>
<th>$X^2$</th>
<th>Trendcomputed $Y_c$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991–92</td>
<td>30762.39</td>
<td>-4</td>
<td>-123049.56</td>
<td>16</td>
<td>32863.19067</td>
</tr>
<tr>
<td>1992–93</td>
<td>36999.39</td>
<td>-3</td>
<td>-110998.17</td>
<td>9</td>
<td>37847.24633</td>
</tr>
<tr>
<td>1993–94</td>
<td>40760.19</td>
<td>-2</td>
<td>-81520.38</td>
<td>4</td>
<td>42831.30200</td>
</tr>
<tr>
<td>1994–95</td>
<td>50571.50</td>
<td>-1</td>
<td>-50571.5</td>
<td>1</td>
<td>47815.35767</td>
</tr>
<tr>
<td>1995–96</td>
<td>58611.70</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>52799.41333</td>
</tr>
<tr>
<td>1996–97</td>
<td>57006.31</td>
<td>1</td>
<td>57006.31</td>
<td>1</td>
<td>57783.46900</td>
</tr>
<tr>
<td>1997–98</td>
<td>61570.61</td>
<td>2</td>
<td>123141.22</td>
<td>4</td>
<td>62767.52467</td>
</tr>
<tr>
<td>1998–99</td>
<td>70615.10</td>
<td>3</td>
<td>211845.3</td>
<td>9</td>
<td>67751.58034</td>
</tr>
<tr>
<td>1999–2000</td>
<td>68297.53</td>
<td>4</td>
<td>273190.12</td>
<td>16</td>
<td>72735.63600</td>
</tr>
<tr>
<td>N = 9</td>
<td>475194.72</td>
<td>0</td>
<td>299043.34</td>
<td>60</td>
<td></td>
</tr>
</tbody>
</table>

The equation for finding the trend value is $Y_c = a + bX$

Where $a = \frac{\sum Y}{N}$ and $b = \frac{\sum (XY)}{\sum X^2}$

Substituting

$a = 52799.41333$

$b = 4984.055667$
So the equation of the straight-line trend is

\[ Y_c = 52799.41333 + 4984.055667 \times X \]

The trend values are computed as follows:

When \( X = -4 \), \( Y_c = 52799.41333 + 4984.055667 \times (-4) \)

\[ = 32863.19067 \]

Since \( b \) is constant, the trend value for succeeding years can be obtained by adding the value of \( b \) to every preceding value.

From the above table, the actual value i.e. value of exports and the trend values are depicted into the following diagram.
Chart 2.7 – A
TREND SHOWING THE EXPORT OF LEATHER AND LEATHER GOODS IN MILLION RUPEES

Fitting a straight line Trend

Source: Council For Leather Exports Annual Reports
From the above chart, we understand that the export of leather and leather goods in rupee terms has an increasing trend. It is only because of the rate of exchange variations between Indian rupee and the U.S Dollar.
Table 2.8

MAJOR CUSTOMERS FOR INDIA'S LEATHER AND ALLIED PRODUCTS

(Value in million U.S.$)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>320.23</td>
<td>361.49</td>
<td>400.05</td>
<td>342.36</td>
<td>322.06</td>
<td>362.35</td>
</tr>
<tr>
<td>U.S.A</td>
<td>237.82</td>
<td>275.74</td>
<td>294.63</td>
<td>291.77</td>
<td>230.71</td>
<td>253.71</td>
</tr>
<tr>
<td>Italy</td>
<td>129.39</td>
<td>195.55</td>
<td>220.74</td>
<td>183.85</td>
<td>196.88</td>
<td>194.92</td>
</tr>
<tr>
<td>U.K</td>
<td>155.71</td>
<td>182.29</td>
<td>197.61</td>
<td>195.73</td>
<td>197.83</td>
<td>228.37</td>
</tr>
<tr>
<td>France</td>
<td>61.11</td>
<td>79.48</td>
<td>88.41</td>
<td>69.56</td>
<td>68.58</td>
<td>75.94</td>
</tr>
<tr>
<td>Denmark</td>
<td>20.53</td>
<td>27.54</td>
<td>27.80</td>
<td>22.50</td>
<td>N.A</td>
<td>18.94</td>
</tr>
<tr>
<td>Portugal</td>
<td>14.72</td>
<td>18.38</td>
<td>23.67</td>
<td>19.66</td>
<td>N.A</td>
<td>29.05</td>
</tr>
<tr>
<td>Spain</td>
<td>25.21</td>
<td>30.76</td>
<td>50.72</td>
<td>45.02</td>
<td>N.A</td>
<td>72.73</td>
</tr>
<tr>
<td>Australia</td>
<td>25.42</td>
<td>35.78</td>
<td>40.36</td>
<td>34.28</td>
<td>34.14</td>
<td>34.31</td>
</tr>
<tr>
<td>Russia</td>
<td>36.36</td>
<td>55.76</td>
<td>46.55</td>
<td>26.79</td>
<td>34.33</td>
<td>23.66</td>
</tr>
<tr>
<td>Switzerland</td>
<td>16.12</td>
<td>17.84</td>
<td>19.30</td>
<td>19.12</td>
<td>N.A</td>
<td>N.A</td>
</tr>
<tr>
<td>Others</td>
<td>317.85</td>
<td>405.97</td>
<td>342.50</td>
<td>383.10</td>
<td>401.08</td>
<td>336.15</td>
</tr>
<tr>
<td>Total</td>
<td>1299.35</td>
<td>1612.10</td>
<td>1752.34</td>
<td>1636.74</td>
<td>1485.61</td>
<td>1630.13</td>
</tr>
</tbody>
</table>

Source: indiaonestop.com

The above table illustrates the major importers of India's leather and leather products for the years 1993-94 to 1998-99. The major customer of India's leather and leather products is Germany, which imports leather and allied products worth 320.23 million U.S.Dollars in 1993-94, 361.49 in 1994-95, 400.05 in 1995-96, 342.36 in 1996-97, 322.06 in 1997-98 and 362.35 million U.S.$ in 1998-99. The United States of America obtained the second position in importing leather and leather products from India. The United Kingdom and Italy secured the third and fourth positions.
Table 2.8-A

MAJOR CUSTOMERS FOR INDIA'S LEATHER AND ALLIED PRODUCTS

(Figures in Percentage)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>24.65</td>
<td>22.42</td>
<td>22.83</td>
<td>20.92</td>
<td>21.68</td>
<td>22.23</td>
<td>22.39</td>
</tr>
<tr>
<td>U.S.A</td>
<td>18.30</td>
<td>17.10</td>
<td>16.81</td>
<td>17.83</td>
<td>15.53</td>
<td>15.56</td>
<td>16.83</td>
</tr>
<tr>
<td>Italy</td>
<td>9.96</td>
<td>12.13</td>
<td>12.60</td>
<td>11.23</td>
<td>13.25</td>
<td>11.96</td>
<td>11.91</td>
</tr>
<tr>
<td>U.K</td>
<td>11.98</td>
<td>11.31</td>
<td>11.28</td>
<td>11.96</td>
<td>13.32</td>
<td>14.01</td>
<td>12.29</td>
</tr>
<tr>
<td>France</td>
<td>4.70</td>
<td>4.93</td>
<td>5.05</td>
<td>4.25</td>
<td>4.62</td>
<td>4.66</td>
<td>4.71</td>
</tr>
<tr>
<td>Denmark</td>
<td>1.58</td>
<td>1.71</td>
<td>1.59</td>
<td>1.37</td>
<td>N.A</td>
<td>1.16</td>
<td>1.25</td>
</tr>
<tr>
<td>Portugal</td>
<td>1.13</td>
<td>1.14</td>
<td>1.35</td>
<td>1.20</td>
<td>N.A</td>
<td>1.78</td>
<td>1.12</td>
</tr>
<tr>
<td>Spain</td>
<td>1.94</td>
<td>1.91</td>
<td>2.89</td>
<td>2.75</td>
<td>N.A</td>
<td>4.46</td>
<td>2.38</td>
</tr>
<tr>
<td>Australia</td>
<td>1.96</td>
<td>2.22</td>
<td>2.30</td>
<td>2.09</td>
<td>2.30</td>
<td>2.10</td>
<td>2.17</td>
</tr>
<tr>
<td>Russia</td>
<td>2.80</td>
<td>3.46</td>
<td>2.66</td>
<td>1.64</td>
<td>2.31</td>
<td>1.45</td>
<td>2.37</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1.24</td>
<td>1.11</td>
<td>1.10</td>
<td>1.17</td>
<td>N.A</td>
<td>N.A</td>
<td>0.77</td>
</tr>
<tr>
<td>Others</td>
<td>24.46</td>
<td>25.18</td>
<td>19.55</td>
<td>23.41</td>
<td>27.00</td>
<td>20.62</td>
<td>23.22</td>
</tr>
<tr>
<td>Total</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

The above table 2.8-A shows the percentage of share of the major customers for India's leather and leather products. An average of 22.39 per cent of leather and leather goods are imported by Germany. The United States of America secures the second position by importing 16.83 per cent of leather and leather goods from India. The third position goes to the United Kingdom and Italy has obtained the fourth position by importing 11.91 per cent. The other countries including China and Hong Kong have an attractive percentage of 23.22. From the above table, it is very important to note that more than 60 per cent of our leather and leather goods are exported only to the four countries, Germany, the United States of America, the United Kingdom and Italy. India
can have a better export performance if the exporters concentrate their marketing activity in other countries too.

The bar diagram showing the major customers for India's leather and leather goods is depicted in the chart 2.8-B. The pie diagram showing the percentage share of the major countries importing leather and leather goods from India is given in the table 2.8-C.
Chart 2.8-B
Major customers for India's Leather and Leather Goods

Value in million U.S. $ vs. Year

- Germany
- U.S.A
- Italy
- U.K
- France
- Denmark
- Portugal
- Spain
- Australia
- Russia
- Switzerland
Chart 2.8-C
Pie Diagram showing Percentage Share of Major Customers

Source: CLE Annual Reports
Table 2.9

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>8322.77</td>
<td>9253.36</td>
</tr>
<tr>
<td>Gems and Jewellery</td>
<td>5329.35</td>
<td>7636.04</td>
</tr>
<tr>
<td>Chemicals and Products</td>
<td>4164.81</td>
<td>4734.83</td>
</tr>
<tr>
<td>Engineering Goods</td>
<td>3804.83</td>
<td>4372.55</td>
</tr>
<tr>
<td>Agriculture and allied items</td>
<td>3997.81</td>
<td>3576.90</td>
</tr>
<tr>
<td>Leather and Manufactures</td>
<td>1660.72</td>
<td>1538.39</td>
</tr>
<tr>
<td>Marine Products</td>
<td>1038.39</td>
<td>1180.11</td>
</tr>
<tr>
<td>Ores and Minerals</td>
<td>893.43</td>
<td>906.69</td>
</tr>
<tr>
<td>Plantations</td>
<td>949.07</td>
<td>722.28</td>
</tr>
<tr>
<td>Handicrafts</td>
<td>633.11</td>
<td>670.29</td>
</tr>
<tr>
<td>Electronic Hardware</td>
<td>502.75</td>
<td>566.40</td>
</tr>
</tbody>
</table>

Source: Facts for you September 2000

Table 2.11 explains the various items exported from India during 1998-99 and 1999-00 and their value in US Dollars. 8322.77 million worth Textiles were exported from India in 1998-99 and it rose to 9253.36 millions. It was followed by Gems and Jewellery, chemical products, engineering goods, agriculture and allied items. Leather and Leather goods manufacturers ranked sixth in the export items with 1660.72 million Dollars in 1998-99 and 1538.39 million Dollars in 1999-2000. Other items such as marine products, ores and minerals, plantations, handicrafts and Electronic Hardware were also exported from India.
Chart 2.9-A

Chart showing India's Exports (in million U.S.D) for the period 1998 – 99 and 1999 - 2000

India's Exports in million USD

- Electronic Hardware
- Handicrafts
- Plantations
- Ores and Minerals
- Marine Products
- Leather and Manufactures
- Agriculture and allied items
- Engineering Goods
- Chemicals and Products
- Gems and Jewellery
- Textiles

Source: Facts for you September 2000
Export Targets and Achievements

The export of Leather and Leather products during 1999 – 2000 has reached a level of Rs.68297.53 million against the previous year's performance of Rs.70615.10 recording a negative growth rate of 3.28 per cent in rupee terms. In dollar terms the export stood at US $1576.12 million against the previous year's performance of US $1654.89 million recording a decline of 4.76 in dollar terms, against the export targets proposed by the Ministry of Trade and Commerce, for 1999 – 2000 of US $ 1724 million, The achievement was only 91.42 per cent.

Imports by India

India is also a leading importer of finished leather, footwear components, leather machinery, and chemicals. During the year 1998 - 99, India's total imports of these items are valued at US $160 millions.\(^\text{14}\)

Global Scenario

The global trade in leather and leather products has been increasing over the years from mere US $4 billion in 1972 to US $70 billion in 1997.\(^\text{15}\) Although the exports of the Indian leather and leather products have grown manifold during the past two decades, our country's share in global trade is around 3 per cent.

Among world imports of leather products, leather footwear alone constitutes 40 per cent share. Whereas India's share in World imports of leather footwear is 1 per cent. Major exporting countries of leather

\(^{14}\) Leader Informant (2001) – page 28
\(^{15}\) Economics Research Division, CIRI, Chennai - 20
footwear are China (14 per cent share), Portugal (6 per cent share), Brazil (5 per cent share) and Indonesia (4 per cent share).

India's share in World imports of Leather garment is 6 per cent. Major exporting countries of leather garments are China (36 per cent share), Germany (9 per cent share), Italy (7 per cent share), Turkey (5 per cent share) and Pakistan (4 per cent share).

India's share in World imports of leather goods is 7 per cent. Major exporting countries are China (22 per cent share), Italy (22 per cent share), France (7 per cent share) and Greece (5 per cent share).

India's share in world imports of Harness and Saddlery is 8 per cent. Major exporting countries of Harness and Saddlery are Germany (14 per cent share), UK (14 per cent share) and China (12 per cent share).\(^{(16)}\)

Of late, India is facing fierce competition in international market from countries like China, Vietnam, Thailand, Indonesia, etc., which are emerging as major manufacturing countries.

East European countries like Poland, Romania, Czech and Slovak Republics have re-emerged as major production centers particularly for footwear sector. These countries pose a major challenge to Indian exporters as they enjoy geographical advantage.

\(^{(16)}\) Leather Bureau.com
TABLE 2.10
OVERALL EXPORT PERFORMANCE OF LEATHER AND LEATHER GOODS
Top Ten Exporters of Tamil Nadu (F.O.B Value in Lakhs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FLORIND SHOES</td>
<td>10690.25</td>
<td>1</td>
<td>14790.49</td>
<td>1</td>
<td>17910.05</td>
<td>1</td>
<td>15632</td>
<td>1</td>
<td>15135.8</td>
<td>1</td>
<td>50</td>
</tr>
<tr>
<td>FARIDA SHOES</td>
<td>5589.92</td>
<td>6</td>
<td>5219.15</td>
<td>7</td>
<td>5354.52</td>
<td>5</td>
<td>7640</td>
<td>2</td>
<td>9107.8</td>
<td>2</td>
<td>33</td>
</tr>
<tr>
<td>RSL INDUSTRIES</td>
<td>5698.89</td>
<td>5</td>
<td>5812.65</td>
<td>2</td>
<td>6086.79</td>
<td>4</td>
<td>6528</td>
<td>5</td>
<td>4744.5</td>
<td>8</td>
<td>31</td>
</tr>
<tr>
<td>T.ABDUL WAHID</td>
<td>4822.46</td>
<td>8</td>
<td>5242.53</td>
<td>6</td>
<td>6801.53</td>
<td>2</td>
<td>7407</td>
<td>3</td>
<td>5728.27</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>PRESIDENCY KID</td>
<td>4897.95</td>
<td>7</td>
<td>5701.57</td>
<td>3</td>
<td>6251.26</td>
<td>3</td>
<td>6022</td>
<td>6</td>
<td>4944.84</td>
<td>6</td>
<td>30</td>
</tr>
<tr>
<td>K.H.SHOES</td>
<td>4569.82</td>
<td>10</td>
<td>5628.37</td>
<td>4</td>
<td>5246.01</td>
<td>6</td>
<td>5703</td>
<td>7</td>
<td>5517.01</td>
<td>4</td>
<td>24</td>
</tr>
<tr>
<td>M.A.KHIZAR HUSSAIN</td>
<td>6063.55</td>
<td>4</td>
<td>5481.46</td>
<td>5</td>
<td>4786.01</td>
<td>7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17</td>
</tr>
<tr>
<td>HINDUSTAN LEVER</td>
<td>4683.45</td>
<td>9</td>
<td>-</td>
<td>-</td>
<td>3596.31</td>
<td>12</td>
<td>7284</td>
<td>4</td>
<td>5399.31</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>NAMASTE EXPORTS</td>
<td>7610.78</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td>CHEVRO LEATHER</td>
<td>6597.65</td>
<td>3</td>
<td>3977.28</td>
<td>11</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: Council for Leather Exports – Annual Reports.
The above table illustrates the over all export performance of the top ten exporters of leather and leather goods and their ranking in TamilNadu.


An overall performance clearly reveals that Florind Shoes alone has been maintaining a good record in the midst of fluctuating market trends. It is also clear that the leather and leather goods export market is replete with all kinds of reversals and setbacks. To flourish under such uncertain conditions is a Himalayan Task.