CHAPTER 1
INTRODUCTION &
RESEARCH METHODOLOGY
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CHAPTER 1

INTRODUCTION & RESEARCH METHODOLOGY

1.1 Introduction

The leather industry occupies a very noticeable place in the Indian economy in view of its massive potential for employment, growth and exports. It plays a very important role as being one of the “top ten export earners in India” (IL and FS 2011)\(^1\) and is the third largest exporter of leather products in the world. India’s share in global value added from this sector was 2.1 per cent in 2000 which reached up to 2.79 per cent in 2010. In 2001 leather export was USD 1963.60 million it went up to USD 3400.97 million in 2010 (Keshab Das. 2012)\(^2\). It is continuously rising and reached up to USD 5908 million in 2013-14 (CLE website). Leather industry also has greatly contributed in generating employment for backward sections of the society; “about 2.5 million people are employees of the industry and out of that women constitute 30 per cent of the workforce in organized leather units” (S.K. Basu. 2012)\(^3\).

The Indian leather industry can be classified into five main sub-sectors that are finished leather, leather goods, leather garment, leather footwear, and saddlery and harness. The contribution of finished leather in the Leather export basket of India has shown an increasing trend since 2000-2001. It has around 20 per cent share in India’s leather export basket. Consistently Leather goods has approximately 22 per cent share in India’s leather export basket during 2000-2001 to 2013-14. Surprisingly India’s leather garment export has reduced from 23 to 9 per cent during 2000-01 to 2013-14. India’s leather footwear exports and its share in leather export basket has been increased remarkably. In 2000-01 the share was 19 per cent and it reached up to 45 per cent in 2013-14. Saddlery and Harness exports share in leather export basket is around three per cent during the same period.

The demand for leather products within India has high growth on account of availability of products at low cost and increase in the number of fashion conscious individuals. The domestic market constitutes approximately 50 per
cent of the total value of production. The domestic demand for leather products in India was Rs.21163 crore in 2001 and it went up to Rs.51526 crore in 2010. Indian Leather industry is also dominated by small and medium enterprises, about 94 per cent of the units producing leather and leather products are in the Small and Medium Enterprises (SME) sector. This sector is made up of a combination of tiny, cottage, small and medium sized enterprises. It is estimated that the leather industry consists of 42,000 Small-Scale Industry (SSI) units, which account for 80 per cent of the total production.

1.1.1 Production Capacity of Indian Leather Industry

India has distinct advantages in the leather industry in terms of availability of raw materials with the largest livestock population in the world. The leather industry is spread in different segments namely, tanning and finishing, footwear and footwear components, leather garments, leather goods including saddlery and harness. “As per Central Leather Research Institute (CLR) Survey Report, the annual production capacity of various segments of the sector are as under” (Laghu Udyog Samachar – April-May 2012, A Monthly Journal for Micro, Small and Medium Enterprise)³.

Table 1.1

Production Capacity of Different Segments of Indian Leather Industry

<table>
<thead>
<tr>
<th>Items</th>
<th>Production capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leather Hides</td>
<td>65 million pieces</td>
</tr>
<tr>
<td>Skins</td>
<td>170 million pieces</td>
</tr>
<tr>
<td>Footwear &amp; Footwear Components</td>
<td>909 million pairs</td>
</tr>
<tr>
<td>Leather shoe uppers</td>
<td>100 million pairs</td>
</tr>
<tr>
<td>Non-leather footwear</td>
<td>1056 million pairs</td>
</tr>
<tr>
<td>Leather Garments</td>
<td>16 million pieces</td>
</tr>
<tr>
<td>Leather Goods</td>
<td>63 million pieces</td>
</tr>
<tr>
<td>Industrial Gloves</td>
<td>52 million pairs</td>
</tr>
<tr>
<td>Saddlery &amp; Harness</td>
<td>12.50 million pieces</td>
</tr>
</tbody>
</table>

Above Table shows the whole picture of the estimated leather production capacity of different segments in India.

1.1.2 Geographical Diversification of Leather Industry in India

Indian leather industry is spread all over the country, geographical diversification of leather industry mentioned by “Report of Working Group Twelfth Five-year Plan period - 2012-17” (2011) as Tamil Nadu, Uttar Pradesh and West Bengal which account for bulk of the leather output. The major production centers for leather and leather products are located at Chennai, Ambur, Ranipet, Vaniyambadi, Trichi, Dindigul in Tamil Nadu, Calcutta in West Bengal, Kanpur in Uttar Pradesh, Jalandhar in Punjab, Bangalore in Karnataka, Delhi, Hyderabad in Andhra Pradesh, which are highlighted as follows:

1.1.2.1 Chennai Cluster (Tamil Nadu)

Chennai is the major producing center in the state of Tamil Nadu, it includes tanneries and product manufacturing unit located at Pallavaran, Chrompet, Vandalur, Madhavaram and had 37 per cent (810) of total leather and footwear factories in India. “The leather products manufactured in these clusters are finished leather, leather footwear, footwear components, leather garment, leather goods and leather gloves” (S.K. Basu, 2012).³

1.1.2.2 Agra Cluster (Uttar Pradesh)

In the central region, Uttar Pradesh is the major producer with Kanpur and Agra as the two major producing centers. Uttar Pradesh is the second major state in India in terms of number of registered factories with 15 per cent of total factories in India. Footwear is the main product manufactured in Agra cluster. It has approximately 5000 units out of which approximately 60 units are fully mechanized, 150 units are semi-mechanized and remaining fall under the cottage and household category. “Also, it has an installed capacity of producing approximately 2,50,000–3,00,000 pairs of footwear per day. Approximately 35 per cent of the total population of Agra is dependent on the shoe trade industry, which provides employment to approximately six lakh people” (S.K. Basu, 2012).³
1.1.2.3 Kanpur Cluster (Uttar Pradesh)

Kanpur is a major production centre for producing Harness and Saddlery goods, accounting for more than 95 per cent of the total exports of saddlery items. This is the only centre in the country which manufactures harness leather, a major input for saddlery industry. “Jajmau area of Kanpur city is known as a major leather and leather product manufacturing and exporting cluster” (S.K. Basu, 2012).

1.1.2.4 Kolkata Cluster (West Bengal)

In the eastern region West Bengal is the only state which produces leather and leather products significantly where Kolkata is the major producing Centre. The main strength of Kolkata cluster is leather goods which include handbags, wallets, purses, pouches, fashion glove, industrial gloves, travel and luggage bags and all other small leather goods. “Kolkata account for 60 per cent of the total exports in leather goods sector” (S.K. Basu. 2012).

1.1.2.5 Mumbai Cluster (Maharashtra)

In the western region, Maharashtra is the major producing state for leather and leather products where Mumbai is the major producing Centre. Mumbai where most of the unorganized small scale industry units are scattered, is engaged in production of leather footwear, ladies sandals and leather goods (S.K. Basu, 2012).

1.1.2.6 Delhi Cluster

In the northern region the state of Punjab and national capital territory of Delhi are two main producing locations. Over 50 per cent of the country’s export of leather garments is produced in Delhi. Likewise over 55 per cent India’s total production of non-leather footwear is manufactured in Delhi. Apart from this, leather footwear, leather accessories are also manufactured in this cluster (S.K. Basu, 2012).
1.1.3 Broad Classification of MSME and Other Units

The Indian leather sector is dominated by micro, small and medium scale enterprises units. Nearly 70 per cent of the leather sector is comprised of small-scale firms, although there also exists a significant number of medium and large-sized firms in all segments of the industry (Kumar Gautam and Ranja Sengupta, 2011). The distribution of the MSME and other and percentage of leather products, mentioned by Report of Working Group (Twelfth Five-year plan period -2012-17) is as under:

Table 1.2

<table>
<thead>
<tr>
<th></th>
<th>Large Units</th>
<th>Medium Units</th>
<th>Small Units</th>
<th>Micro Units</th>
<th>Merchant Units</th>
<th>Total</th>
<th>per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished Leather</td>
<td>30</td>
<td>49</td>
<td>309</td>
<td>24.94</td>
<td>68</td>
<td>11.90</td>
<td>151</td>
</tr>
<tr>
<td>Leather Footwear</td>
<td>38</td>
<td>46</td>
<td>228</td>
<td>18.40</td>
<td>49</td>
<td>8.58</td>
<td>81</td>
</tr>
<tr>
<td>Non-leather Footwear</td>
<td>04</td>
<td>02</td>
<td>34</td>
<td>2.75</td>
<td>13</td>
<td>2.28</td>
<td>17</td>
</tr>
<tr>
<td>Footwear Components</td>
<td>29</td>
<td>32</td>
<td>182</td>
<td>14.68</td>
<td>28</td>
<td>4.90</td>
<td>22</td>
</tr>
<tr>
<td>Leather Goods</td>
<td>14</td>
<td>13</td>
<td>242</td>
<td>19.54</td>
<td>259</td>
<td>45.53</td>
<td>210</td>
</tr>
<tr>
<td>Leather Garments</td>
<td>08</td>
<td>08</td>
<td>132</td>
<td>10.66</td>
<td>49</td>
<td>8.58</td>
<td>72</td>
</tr>
<tr>
<td>Leather Glove</td>
<td>04</td>
<td>03</td>
<td>38</td>
<td>3.06</td>
<td>36</td>
<td>6.30</td>
<td>24</td>
</tr>
<tr>
<td>Saddlery and Harness</td>
<td>03</td>
<td>09</td>
<td>74</td>
<td>5.98</td>
<td>69</td>
<td>12.08</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>130</td>
<td>162</td>
<td>1239</td>
<td>45.70</td>
<td>571</td>
<td>21.10</td>
<td>603</td>
</tr>
</tbody>
</table>

Note: Multiple units of a single company are counted as one. But if they produce different products they figure in each of the production categories.


Website: planningcommission.nic.in/aboutus/committee/wrkgrp12/wg_leath020 3.pdf

As per planning commission Working Group Report/12th Five-year Plan/Leather Industry mentioned, categorical size of leather units and types of leather product as: 130 large scale units (five per cent), 162 medium scale units (six per cent), 571 micro scale units (21.10 per cent), 1239 small scale units (45.70 per cent) and 603 merchant units (22.20 per cent) are busy in manufacturing of finished leather, leather footwear, footwear components, leather goods and leather garments, Leather Glove, Saddlery and Harness.
1.2 Global Leather Trade Scenario

Global import of leather and leather products has seen constant growth over the past few years. Growing at a compounded annual growth rate (CAGR) of 8.77 per cent, "the imports have increased from US$ 77.31 billion in 2000 to US$ 137.96 billion in 2010" (CLE, Film on the Leather Industry, Jan 2013)⁶, "The main reason for this dramatic rise in global trade was increased consumption of leather products in rich developed countries like USA, Europe, Australia and Japan" (IL and FS 2011)¹.

At present, 15 industrialized countries account for about 85 per cent of the global import of leather and leather products from primarily 15 developing countries, many of which are in Asia (Economic Service Group, Final Report - 2010)⁷. This is shown below in Table.

Table No.1.3

Global Leather Trade Scenario - Major Players 2010 (World Import- US$ 137.96 billion)

<table>
<thead>
<tr>
<th>Country</th>
<th>2000 Share (per cent)</th>
<th>2010 Share (per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>17.77</td>
<td>29.9</td>
</tr>
<tr>
<td>Italy</td>
<td>15.89</td>
<td>12.86</td>
</tr>
<tr>
<td>Hong-Kong</td>
<td>3.19</td>
<td>7.51</td>
</tr>
<tr>
<td>Vietnam</td>
<td>1.67</td>
<td>3.76</td>
</tr>
<tr>
<td>Germany</td>
<td>NA</td>
<td>3.90</td>
</tr>
<tr>
<td>France</td>
<td>NA</td>
<td>3.66</td>
</tr>
<tr>
<td>Brazil</td>
<td>3.14</td>
<td>2.49</td>
</tr>
<tr>
<td>Belgium</td>
<td>NA</td>
<td>2.90</td>
</tr>
<tr>
<td>India</td>
<td>2.54</td>
<td>2.79</td>
</tr>
<tr>
<td>Indonesia</td>
<td>2.49</td>
<td>2.03</td>
</tr>
<tr>
<td>Romania</td>
<td>1.09</td>
<td>1.23</td>
</tr>
<tr>
<td>Thailand</td>
<td>NA</td>
<td>1.05</td>
</tr>
<tr>
<td>Taiwan</td>
<td>1.97</td>
<td>0.81</td>
</tr>
</tbody>
</table>

Sources:
1) PPT Made by Council for Leather Export⁶.
http://nmcc.nic.in/pdf/Leather_03July2010.pdf

Table 1.3 shows, China maintaining the first position with 30 per cent of share in Global leather imports and it is followed by Italy with 12.86 per cent, Hong-Kong with 7.5 per cent, 3.9 per cent with Germany and 2.79 per cent of India’s share in Global leather imports. “In 1980, the leather exports of China was US 0.61 billion as against India’s USD 0.50 billion” (itasonleather.org).

Till the late 1980s, India’s world shares in leather manufacture and footwear were either equal to or greater than that of China. But then it started declining with China’s share making steady progress. By the year 2002, China’s share has risen to 18 per cent with India’s share at two per cent that was even lower than the 1980-level. “Note that Leather is broad category of non-traditional export items in which India had significant comparative advantage during the 1970s and early 1980s. But it seems that India were content with the initial advantage, without really strengthening our strength further” (Rajat Acharya -2006).
Figure No.1.1 and 1.2 represent percentage share of countries in global leather imports between the year 2000 and 2010. In the year 2000 China’s shares in global leather import were 17.77 per cent, while India’s shares were 2.54 per cent. In 2010 China shares in global leather imports were gone up to 29.9 per cent and at the same time India’s share was only 2.79 per cent in global leather imports.

1.2.1 The Characteristic of the Global Leather Trade

Here the interdependence of developed countries and developing countries in terms of exports and imports, production base, trade growth and domination of China is discussed.

- **Leather consumption of developed countries depends on developing countries**

In many industrialized countries, around 80 per cent of domestic leather goods consumption depends on import of leather goods from developing countries (Dr. M. Thamaraikannan and C. Sentottuvel, June 2012). Fifteen developing countries export 85 per cent of world's leather products to developed countries.

- **Developing countries’ leather production depends on raw material imports from developed countries**

To meet developed countries’ growing demand for leather, many developing countries depend on the import of raw materials from industrialized nation (Dr. M. Thamaraikannan and C. Sentottuvel, June 2012).

- **Positive annual growth**

Over the last ten years (USD 77.31 billion in 2000 and 137.96 US billion dollars in 2010) the global leather trade has grown by about 17.6 per cent at a simple average annual growth rate of 1.76 per cent (CLE PPT January 2013).

- **Domination of China’s Leather Industry**

The share of India in global import of leather and leather product is hovering at about three per cent for last ten years (2000-2010) and China especially has
taken a stride and now its share in global trade is about 30 per cent (CLE PPT January 2013).!

• **Production base of leather has been shifted from developed to developing countries**

On account of rising labour cost and environmental concerns since late 1970s and through 1980s many manufacturing units were closed in developed countries and manufacturing and resourcing base shifted to developing countries (Dr. M. Thamaraikannan and C. Sentottuvel, June 2012) due to having favorable factor condition like cheap labour (IL and FS-2011). India is one of the developing countries having most favorable conditions in the world. The global scenario of leather industry provides opportunity for India for increasing its market share on account of its favorable factor conditions. In this regard, the features of Indian leather industry are discussed below.

1.3 **Features of Indian Leather Industry**

The features of Indian leather industry must be taken into consideration to fully comprehend the employment generation, changing pattern of export, growing share in global trade, largest livestock, strong production base, domination by MSME units, and supports to allied industry which are discussed under.

• **Changing Pattern of Exported Leather**

Export started changing from the year 1991 onwards with only finished leather being exported and export of raw on semi-finished leather being banned. At the same time, as incentive to the exporters, the import duties on capital goods have been reduced therefore the industry ranked 8th in the export trade in terms of foreign exchange earning of the country (USD 5908 million in 2014) (Indo-Italian Chamber of Commerce and Industry, 2009).

• **Growing Share in Global Leather Trade**

Indian leather industry had 2.92 per cent share in global leather trade in 2000 and it went up to 3.03 per cent in 2011 (Report of Working Group on Leather and Leather Products, 12th Five-Year Plan Period), and Export from leather industry
constituted about four per cent of India’s total exports and it has achieved compounded average growth rate of 6.43 per cent during 2005-2010 (IL and FS-2011).

- **Largest Livestock Holding Country**

  India is the largest livestock holding country (Keshab Das, 2012); as it is endowed with 21 per cent of world cattle and buffalo population and 11 per cent of world goat and sheep production (CLE PPT-2013). In spite of advantages like huge population of cattle, abundant availability of skilled and cheap manpower (IL and FS-2011), these invaluable resources are not fully utilized.

- **Strong Production Base**

  Indian leather industry has annual production capacity of about US $ 7.5 billion, and having own raw material source of two billion sq. ft. of finished leather (S.K. Basu, 2012). India is the second largest producer of leather garment with an annual production capacity of 16 million pieces and the third largest exporter and the fifth largest global exporter of leather goods and accessories including saddler and harness with an annual production capacity of 63 million pieces of leather articles, 52 million pairs of industrial gloves and 12.50 million pieces of harness and saddler items (CLE PPT-2013).

- **Dominance of Micro and Small Scale Units**

  Nearly 70 per cent production takes place in small and medium enterprises; about 42000 units are registered under Small Scale Industry (SSI) (CLE PPT-2013). According to 89th Report of Rajyasabha on Development of Leather Industry (June, 2009) about 94 per cent of the units producing leather and leather products are in the Small and Medium Enterprises (SME) sector.

- **Employment Generation**

  The employment generated by the leather sector at present is - tanning and finishing employing 1,25,000, full shoe employing 1,75,000, shoe uppers employing 75,000; chappals and sandals employing 4,50,000 and leather goods and garments employing 1,50,000 persons. Further, in the field of flaying, curing and carcass recovery, 8,00,000 persons are engaged on a part-time basis (89th Report of Rajyasabha on Development of Leather Industry, June 2009). Thus,
totally about 2.5 million workforce is engaged in rural and semi-urban leather industry (S.K. Basu, 2012).  

- **Supports to Allied Industry**

Leather industry is supported by allied industries like leather chemicals and finishing auxiliaries. The main consumer of these industries is leather industry.

**1.4 Case Study of Maharashtra and Dharavi Leather Industry**

"The leather industry in Western India is primarily located in the state of Maharashtra. Leather cluster at Andheri-East (Dharavi) in Mumbai, Kolhapur and Bhivandi are mainly engaged in the production of leather shoe, sandal and leather goods. Maharashtra accounted for 32 per cent of the country's production capacity of the leather sandals and 15 per cent of leather goods. Production in this cluster is highly seasonal with lean season in the period June to August, a result of Monsoon. Currently, there are no formal courses that train people for jobs in the footwear industry" (Report of Working Group on Leather and Leather Products, 12th Five-Year Plan Period).  

One of the leather cluster in Maharashtra is located in Dharavi - Asia's largest slum which is a bustling business Centre, with all kinds of industries thriving in the settlement. It is one of the oldest cottage industries consisting of approximately 5000 manufacturing units, (Prof. Dr. Barbara Dipplehofer-stiem and P.D Dr. Heiko Schrader), 10-12 tanners and 100-120 traders which produce good quality shoes, saddles, bags and oil jars (Mrs. Anamika Singh). It provides jobs to over 10,000 people (Pauline Gardiner Barber). Also export leather products from Dharavi comprise of about 17 per cent of leather goods exports every year (Sibal Kar and Sujata Marjia).  

**1.4.1 Current Scenario of Leather Industry at Dharavi Mumbai**

Today, Dharavi accounts for a huge chunk of Maharashtra's leather sector. Many households in Dharavi supplement their income by taking up piece work in the leather industry, which provides employment to an estimated 10,000 people in Dharavi alone. Estimated of the daily turnover of Dharavi can only be guesstimate, rough back-of-the envelope calculation by Dharavi at least Rs.5 crore a day (Aneerudha Paul and Sheela Patel, November 2010). Much of the
production here is unregistered with any authority. The leather industry utilizes the byproducts of slaughterhouses and transforms the raw material into various types of leather and manufactured end products.

Leather industry at Dharavi is spread three different segments namely tanning, manufacturing and trading are discussed below.

1.4.1.1 Tanneries

Tannery is an important segment of the Dharavi's leather industry. Citing pollution fears and other factors, the successive governments shut down the tanneries. Today, raw hides and skins are salted in the slum and sent for processing to tanneries in Kanpur, Kolkata and Chennai. The processed leather is sent back to Dharavi for being made into attractive products, which are also exported. "In the sixties there were about 55 to 60 tanneries. Presently there are about 10-12 tanneries which are operational" (Mrs. Anamika Singh).

1.4.1.2 Leather Manufacturers

The Leather manufacturing segment occupies a significant place in the Dharavi's leather industry. Here manufacturers procure raw material and converts it into various finished leather goods such as leather garments, leather goods, leather footwear, sandal etc. "Presently there are 30 large leather goods manufacturers, as well as houses over 5000 small scale leather manufacturers" (each unit employs between 2-20 employees) (Prof. Dr. Barbara Dipplehofer-stiem and P.D Dr. Heiko Schrader). According to Pauline Gardiner Barber, "Dharavi's leather accessories industry consisting about 35 large scale firms, about 5000 small scale leather manufacturers" which are producing leather goods.

1.4.1.3 Traders

Traders are another important segment of the Dharavi's leather industry. They procure finished goods from manufacturers and sell them in the local, national and international markets. Recently there are "about 120 small and medium scale traders operating in a totally unorganized fashion, of these only 30-35 traders are registered" (Anamika Singh-2007).
1.4.1.4 Supported Agencies and Schemes to Leather Industry at Dharavi

There are some agencies and schemes to leather industry at Dharavi, for the upliftment of social economic and commercial status of the workforce busy in leather sector. The agencies and schemes are: (i) Leather Industries Development Corporation (LIDC), it was established on 1st May 1974, with the objective of ensuring the overall development of the leather industry in Maharashtra; (ii) Leather Goods Manufacturers Association (LIGMA); (iii) Dharavi Entire Leather Goods Traders’ Association (DELTa). The association was flagged off in 2005 with the objective of bringing the entire trader class under one umbrella; (iv) Maharashtra Small Scale Industries Development Corporation (MSSIDC) none of the Dharavi’s leather producer was registered as SSI units; (v) Council for Leather Exports, a non-profit company set up in July 1984 under the Indian Companies Act, 1956 (Mrs. Anamika Singh, 2007, p. 83)12.

1.5 Importance of Topic

Leather industry at Dharavi facing several problems, according to the Report of Working Group on Leather and Leather Products, Twelfth five-year plan period (2012-17)4 highlighted problems as: there are no formal courses that train people for jobs in the footwear industry. Design is another weak area in this cluster where as it is extremely critical given the kind of shoes that is manufactured here, especially for the export market. So it is essential to study problems of micro and medium scale leather manufacturers and traders located at Dharavi and provide recommendations/suggestions which can be used to have effectively solved the problems of leather industry at Dharavi and continuously appreciate the dynamics of change so as to have competitive edge in the survival and growth of leather industry in Dharavi, Mumbai.

1.6 Need of the Study

The present study focus on the leather units registration status, sources of inputs, pattern of production, nature of workers, cost of production, demand of branded and non-branded leather, leather exports and import, credit facilities, willingness to shift from Dharavi to another area. It helps us to understand the problems of
leather industry at Dharavi. This study is necessary for proper evaluation of the problems of leather industry. It is worth to mention that proper investigation into micro and medium scale leather manufacturers and traders would throw light on the problems of leather industry. It will help to judge the problems related to leather industry. Here the thrust is on problems of leather industry.

1.7 Period of the Study

In the 21st century, several landmark measures were initiated by the Government of India to develop leather industry. According to the ‘Special Report of Council for Leather Export’ published in Laghu Udyog Samachar (April-May, 2011), A Monthly Journal for Micro, Small & Medium Enterprises (ISSN 0970-7999), “first decade of this century witnessed the recognition of the leather sector as a “Focus Sector” in the Foreign Trade Policy (2002-07 Exim policy) 2004-09 and 2009-14, implementation of the Indian Leather Development Programme (ILDP) in the Xth plan and XIth Plan and the derelegation of the leather sector”. The long term planning have also led to the establishment of world class institutions like the Central Leather Research Institute, Footwear Design and Development Institute, MSME – Development Institutes and Central Footwear Training Institutes at various centers, which are rendering yeoman service in the area of skill development (Laghu Udyog Samachar, April-May, 2011).

During 2001 to 2010, the leather industry at Dharavi (Mumbai) has undergone plenty of changes in production process, employment opportunity, export, sales of branded and non-branded product etc. Therefore, researcher would like to examine all these changes during 2001 to 2010. But as the researcher is submitting the thesis 2016-17, all the updates are incorporate in the thesis.

1.8 Objectives of the Study

The following are the main objectives of the study:

1.8.1 To examine the characteristics of leather industry located at Dharavi in terms of occupation, categorical size, composition of leather products, turnover and availability of inputs from different places.

1.8.2 To study the branded and non-branded leather products demand, price, sales, and level of competition they are facing with each other.
1.8.3 To explore the composition and direction of export-import and foreign exchange and its impact on workers earnings at Dharavi.

1.8.4 To know workers skills, numbers, wages, how much operating cost spent on workers, welfare scheme adopted for them.

1.8.5 To study the various policy initiatives taken by government to develop leather industry at Dharavi.

1.9 Hypotheses of the Study

Following hypotheses are considered for the present study:

1.9.1 There is no association between occupation and size of leather units.

1.9.2 There is no relationship between size of leather units and economic condition.

1.9.3 'The brand of the leather products production, demand, price, sales, and competition has no association with occupation of leather units'.

1.9.4 There is no association between export-import, composition, foreign exchange, spending on workers, and size of leather units.

1.9.5 There is no association between workers skills, strength, wages, operating cost, welfare schemes for workers and occupation of leather units.

1.9.6 'There is no association between registration status, work place and occupation of leather units'.

1.9.7 There is no association between availability of infrastructure, awareness, importance of AAEPLCZ and size of leather units.

1.9.8 There is no association between sustain types of policy reforms, interface of government schemes and size of leather units.

1.9.9 There is no association between availability of credit, reasons for difficulties in getting credit and size of leather units.

1.10 Scope of the Study

This study has primarily focused on problems of leather industry at Dharavi; data on various issues have been obtained in the primary survey of leather units. Examination of problems related to leather industry at Dharavi through the Status of leather units, categorical size, source of raw material, cost of raw material in local, national and international market, sources of credits, turnover,
export and import of goods, exports earning, composition and direction of exports and number of workers, types of workers, welfare schemes for workers has been analyzed. Willingness of this industry to shift from Dharavi to Ambernath Leather Complex Zone, reasons for their unwillingness to shift from Dharavi to Ambernath has also been explained. Demand of branded and non-branded leather products, comparative sales of branded and non-branded leather have been analyzed. Type of policy reforms for leather industry at Dharavi is covered in this study. The study will be helpful for the policy makers to frame suitable policies for micro and medium scale leather manufacturer and traders located at Dharavi. This study will also be of great use to the leather units to take appropriate decision.

1.11 Limitations of the Study /

The area of the study is restricted to Dharavi slum and therefore, researcher faced considerable difficulties during the survey. Researcher could not able to find proper information about labour, and child labour.

Due to illegal operation of manufacturing and tanning work, secondary data was not available with any organization. Whatever information was available in various reports, books, articles and website that is only projected. The samples for study were selected based on projected information.

This study is confirmed to problems of micro and medium scale leather manufacturers, and leather traders only. Though all three sectors caters to local, national and international market, the researcher restricted to study the problems related to outer infrastructure, availability of inputs, exports and imports, branded and non-branded leather products, willingness to shift to Ambernath area, Dharavi redevelopment projects, credit, welfare scheme for labourers.

Due to time and financial constraints, researcher has restricted up to sample size limited to 512 it was about 10 per cent of the universe of the study.

As Dharavi is vast geographical expanse, the researcher collected sample by adopting random and convenient sampling method.

Since the study is carried out within the Dharavi area, the finding is also drawn accordingly. Hence the finding related to the problems of leather industry cannot be generalized.
1.12 Research Method

The present study was based on exploratory method. To investigate problems of leather industry in Dharavi area, the data were collected by using quantitative technique. In this empirical study the primary data was collected through field survey.

1.13 Research Methodology

The present study is based on field survey. Primary data is collected from conducting personal interview of micro and medium scale leather manufacturer, tanners, and traders from Dharavi. The questionnaires are filled by the same manufacturers, tanners and traders who are involved in leather manufacturing tanning and trading industry since 2001. But as the researcher is submitting the thesis in 2016-17, all the updates are incorporated in the thesis. Non-probability method, as convenience sample method is used for collecting primary data from leather industry from Dharavi. After analyzing the statistical data the emphasizing problems of leather industry are found out. The statistical package for social science software is used for analyzing the data. Different statistical methods and tools such as Chi-square test were used for two types of random variables and they yield two types of data: numerical and categorical. It is used to investigate whether distributions of categorical variables differ from one another. Fisher exact test also used for two nominal variables to compare proportions of one variable are different depending on the value of the other variable. A percentage method is used for simple comparisons, and charts and graphs are also used for presentation of various tabulations.

Primary Data: Primary data was collected directly from the owners of micro and medium scale leather manufacturers, traders and tanners from Dharavi. The data is collected by conducting personal interview from leather manufacturers, traders and tanners from the same area. Registration status, annual turnover, input sources, branded leather (prices, demand, sales, and competition face by branded leather products) workers types, salary, number of workers, export and imports of leather, problems related infrastructure, policies, and Dharavi's
redevelopment policy and its impact on leather units and willingness to shift to Ambernath, all this data is collected through personal interview and other sources.

**Secondary Data:** Secondary data was collected from the annual reports of CLE, National and International journals, articles, government reports, Working group reports, books, websites, film show, economic survey, council for leather export news letters, CLE websites, and NGOs etc.

**Sample of the Study**

A total sample of 512 micro and medium scale manufacturing (10 per cent), tanning (10 per cent) and trading (10 per cent) units were taken for the survey. Out of 512 units there were 500 owners/entrepreneurs of manufacturing units, 10 traders and two tanners of micro and medium scale leather units.

**Procedure**

The contact with leather manufacturers, traders and tanners was established through a known person who himself had been involved in this industry. This increased the confidence and comfort level of respondents. The appointments were taken and researcher collected data from them at their convenience and at their work place.

**1.1.4 Sources of Data**

In this present study primary data has been used as well as secondary data from various National and International Journals, articles, planning commission working groups reports on leather and leather products 2012, socio economic barrier in adoption of improved technology in SSI sector 2002, boosting India's manufacturing exports 2012 and evolving ICT platform for a traditional 2005 etc. Report of national skill Development Corporation on human resource and skill requirement in the leather and leather good sector 2008, report of Indian leather sector network on scoping and sustainability analysis 2002, NMCC report on enhancing competitiveness of India's manufacturing industry 2009. Books, websites, film show, ppt of CLE 2014 economic survey 2011 onwards, council for leather export newsletters of CLE 2001 to 2015, CLE websites, and NGOs etc.
1.15 Chapter Scheme ✓

The present thesis comprises of five chapters.

1.15.1 Introduction and Research methodology

First chapter which deals with introduction and research methodology, global leather trade scenario, features of Indian leather industry, background of the study, importance of study, need of study, scope of study, objectives of the study and hypothesis, sources of data, limitation of the study, research method, research methodology and chapter schemes.

1.15.2 Review of Literature

Second chapter is based on the selected review of literature, like government reports, economic survey, bulletin, journals, working group report, articles, CLE reports, CLE News latter, News-paper, website, planning commission report.

1.15.3 Analysis of Data

The present chapter is based on primary data which is collected from micro and medium scale manufacturing and trading units from Dharavi. The data is collected by conducting personal interview with leather manufacturer and traders. The result of primary data is highlighted with testing hypothesis.

1.15.4 Discussion and Conclusion

Chapter fourth is based on findings of the study based on previous chapter. The result of the study has discussed.

1.15.5 Findings and Recommendations

The present chapter which deals with future of leather industry, brief summary of present study, major finding of the study, recommendations, and suggestions for further study.
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