CHAPTER 4

DISCUSSION &

CONCLUSION
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<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Page. No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>INTRODUCTION</td>
<td>128</td>
</tr>
<tr>
<td>4.2</td>
<td>OCCUPATION AND SIZE OF LEATHER UNITS AT DHARAVI</td>
<td>128-129</td>
</tr>
<tr>
<td>4.3</td>
<td>ECONOMIC CONDITION OF LEATHER UNITS AT DHARAVI</td>
<td>129-132</td>
</tr>
<tr>
<td>4.4</td>
<td>BRANDED AND NON-BRANDED LEATHER PRODUCTS</td>
<td>132-137</td>
</tr>
<tr>
<td>4.5</td>
<td>COMPOSITION AND DIRECTION OF EXPORT AND IMPORT</td>
<td>137-140</td>
</tr>
<tr>
<td>4.6</td>
<td>TYPES OF WORKERS, STRENGTH AND ECONOMICS CONDITION:</td>
<td>140-143</td>
</tr>
<tr>
<td>4.7</td>
<td>VARIOUS POLICY INITIATIVES TAKEN BY GOVERNMENT TO DEVELOP LEATHER INDUSTRY AT DHARAVI:</td>
<td>143-150</td>
</tr>
<tr>
<td>4.8</td>
<td>CONCLUSION</td>
<td>150-151</td>
</tr>
</tbody>
</table>
CHAPTER 4
DISCUSSION AND CONCLUSION

4.1 Introduction
In this chapter, an attempt is made to present the findings of the study based on previous chapter. The results of the study has discussed below.

On the basis of collected, stabilized and analyzed data from the respondents, the researcher has reached to the following findings. Findings are categorized on the basis of Structural analysis and Chi-square statistical test.

Structural analysis (Table 3.2 to 3.4) of the overall sample shows that majority of the participants were male (99.4 per cent) in the age group of 19-40 years (60.2 per cent) and HSC pass (73.8 per cent).

During the survey, it is observed that the 99.4 per cent leather unit owners at Dharavi are male and those women (wife of owner) are equally working there. They are not the owners or co-owner of the units. Hence the conclusion can be drawn that the male dominated culture still prevails in leather industry.

Chi-square statistical test results shows association between categorical size and occupation as two independent variables and Occupation, size of leather units, economic condition of leather units, Branded and non-branded leather products, Composition and direction of export and import, types of workers, strength and economic condition, various policy initiatives taken by government to develop leather industry at Dharavi as dependent variables.

4.2 Occupation and Size of Leather Units at Dharavi
To see the information about occupation and the size of leather units, the hypothesis stated was:
‘There is no association between occupation of leather units and categorical size of leather units’.

Analysis through Chi-square showed that there was a significant association (p = 0.000) between occupation and categorical size of leather units. It revealed that around 98 per cent micro units and 88.1 per cent medium units were engaged in manufacturing works. At the same time only 1.9 per cent micro units
and 11.9 per cent medium units were busy in trading. This indicates that leather industry at Dharavi is dominated by manufacturing activity than trading. Migrants from various parts of India come to Dharavi for manufactured leather articles and sell it to nearby their workplace. Market for leather goods closer to Dharavi is easily available. Therefore, majority of leather units located in Dharavi are manufacturers.

4.3 Economic Condition of Leather Units at Dharavi

Economic condition of leather units is determined by annual turnover of leather units, availability of inputs and cost of inputs in different market places such as local, national and international market.

The hypothesis was:

There is no association between size of leather units (IV) and economic condition of leather units (DV).

The results of chi-square test about economic condition and size of leather units are as follows:

- **Annual turnover of micro and medium scale leather units**

Analysis of turnover of micro and medium size of leather units through chi-square showed significant (p = 0.000) association between annual turnover and size of leather units.

Result clearly reveals that 76.7 per cent micro units and 46.3 per cent medium scale leather units have an annual turnover of less than five lakhs. This clearly explains the lack of resources among the producers for expansion. This also helps to prove our hypothesis that low turnover is responsible for small size of leather units and have inability to compete in international market.

This is one of the problems faced by leather units at Dharavi. Dharavi is known to be biggest slum in Asia. The turnover of leather units is an important part of leather industry, because the socio-economic status of entrepreneur as well as of workers depends upon income of these units.
• **Availability of inputs for micro and medium scale leather units**

Successfully and efficiently operation of any business firm depends upon availability of inputs nearby business and cost of inputs in different market places.

Analysis of availability of inputs for micro and medium size of leather units through chi-square reveals \((p = 0.061)\) that there is no significant association between lack of supply of inputs for micro and medium scale leather units. It shows that 92.1 per cent micro units and 86.6 per cent medium scales leather units have got enough supply of inputs. Whereas 7.9 per cent micro units and 13.4 per cent medium scale units were not having enough supply of inputs in the market. It indicates that 90.6 per cent of both micro and medium scale leather units did not have problems with the availability of raw material and could easily procure it from the local market. In a city like Mumbai availability of raw material would not be a problem for the leather units and Dharavi is centrally located.

• **Cost of inputs in local market for micro and medium scale leather units**

Examining of cost of inputs in local market and size of leather units through chi-square showed \((p = 0.037)\) significant association between cost of inputs in local market for micro and medium scale leather units.

The present study observed that 83.6 per cent micro units and 75.4 per cent medium units have got “cheaper” inputs from local market. 15.1 per cent micro units and 19.4 per cent medium units felt that the cost of inputs in local market is “costly”.

0.3 per cent micro units and 0.7 per cent medium units felt the cost of inputs in local market is “too costly”.

About 1.1 per cent micro units and 4.5 per cent medium units had no idea of cost of inputs in the local market.

From the above analysis it can be seen 81.4 per cent of both micro and medium scale leather units have got ‘cheaper’ inputs from local market. The notable thing is that cost of inputs in local market is affordable for macro and medium
scale manufacturing units, due to availability of slaughter houses nearby Dharavi's leather units.

- **Cost of inputs in national market for micro and medium scale leather units**

Analysis of cost of inputs in national market for micro and medium scale leather units through chi-square indicates (p = 0.012) significant association between cost of inputs in national market for micro and medium scale leather units.

16.6 per cent micro units reported that cost of inputs in national market is “cheaper” while 27.6 per cent medium units reported it to be cheaper in national market.

31.7 per cent micro units and 35.1 per cent medium units found inputs in the national market to be “costly”.

And 1.9 per cent micro units and 0.7 per cent medium units felt the cost of leather inputs in national market to be “too costly”.

About 49.7 per cent micro units and 36.6 per cent medium units were unaware about cost of leather inputs in the national market.

The study reveals that 32.6 per cent of both micro and medium units have got “costly” inputs in national market because transportation cost raises the cost of inputs in national market.

What is surprising from the findings of the survey is that 46.3 per cent of both micro and medium units have no idea about the cost of inputs in the national market. This is in spite of the fact that Dharavi is situated in Mumbai where information about prices is easily comparable.

The main reason for this ignorance is due to the fact that 18 per cent of leather manufacturers and traders are illiterate and 73.8 per cent have education up to HSC only this can explain the inefficiency of the producers and their in competitiveness in world market.
• **Cost of inputs in international market for micro and medium scale leather units**

Testing of cost of inputs in international market for micro and medium scale leather units through chi-square showed (p = 0.005) significant association between cost of inputs in international market for micro and medium scale leather units.

The survey showed that 10.1 per cent micro units and 17.2 per cent medium scale units felt that cost of inputs is “too costly” in international market. Remaining leather units did not buy inputs from international market.

Findings of the survey also revealed that 88 per cent of both micro and medium units have no idea about the cost of inputs in the international market.

Availability of supply of inputs is not a problem and that raw material could early be procured from the local market, and have ‘cheaper’ inputs than national and international market. In a city like Mumbai, availability of raw material would not be a problem for the leather units and Dharavi is centrally located.

**4.4 Branded and Non-branded Leather Products**

The hypothesis was as follows:

‘The brand of the leather product (DV), production (DV), demand (DV), price (DV), sales (DV), and competition (DV) has no association with occupation of leather units (IV)’.

The results of chi-square test about production, demand, prices, sales, level of competition, of branded and non-branded leather products, and occupation of leather units are as follows:

• **Production of branded and non-branded leather products**

Results of production of branded and non-branded leather products of manufacturing and trading leather units through chi-square shows that (p = 0.000) significant association with production of branded and non-branded leather products and occupation of leather units (manufacturing and trading leather units).
The data showed that 90.4 per cent manufacturing units and 60.9 per cent trading units do not deal in branded goods.

Only 9.6 per cent of manufacturing units and 39.1 per cent of trading leather units were dealing with branded leather goods.

Totally 11 per cent of leather units in Dharavi produced branded leather products and 89 per cent leather units produced non-branded leather and sell to trader who brand them and charge higher prices, but the manufacturers at Dharavi get a very low price for the goods. One of the causes for non-branded leather products is most of leather units at Dharavi are operating from home, hence do not have information and technical as well as professional training supports to brand their products.

- **Demand of branded leather products**

Examining of demand of branded leather products of manufacturing and trading leather units through chi-square test indicates that \( p = 0.000 \) significant association between demand of branded leather products and occupation of leather units.

The present study indicates that 3.5 per cent manufacturing units felt that their products have “low demand” in the market. 4.7 per cent manufacturing units and 17.4 per cent trading units reported that they did not experience any change in demand due to branded leather products. 1.4 per cent manufacturing units and 21.7 per cent trading units felt that their demand for branded products was more in the market.

It revealed that 2.3 per cent of all leather units felt that branding of leather products increased the demand. Remaining leather units had absolutely no idea about the difference between branded and non-branded leather goods and the demand for branded goods. The main reason was that owners of leather units had very low level of education and information. They have not tried branding their products and benefiting from the value addition which takes place due to branding.
• **Demand of Non-branded leather products**

Analysis of demand of non-branded leather products and occupation of leather units through chi-square shows \( p = 0.000 \) significant association between demand for non-branded leather products and occupation of leather units.

64 per cent manufacturing units and 47.8 per cent trading units had “less” demand for their products as compared to branded leather products.

26.6 per cent manufacturing units and 13 per cent trading units felt that non-branded leather products have more demand as compared to branded leather products.

The result shows that the 63.3 per cent of all leather units felt that non-branded leather products had lower demand than branded leather products. They are not in a position to compete with branded leather products. Creating brand in the market is one of the concerned areas of leather units which are located at Dharavi.

• **Difference between price of branded and non-branded leather product**

It was hypothesized that there is no association between prices of branded and non-branded leather products produced by occupation of leather units (manufacturing and trading).

Chi-square test indicated significant association \( p = 0.015 \) between prices of branded and non-branded leather products by occupation of leather units (manufacturing and trading).

1.8 per cent manufacturing units and 4.3 per cent trading units reported that branded leather products charge five per cent higher prices than non-branded leather products.

28.4 per cent manufacturing units and 8.7 per cent trading units reported that branded leather products charge 6-10 per cent higher prices than non-branded leather products.

28.2 per cent manufacturing units and 13 per cent trading units reported that branded leather products charge 11-15 per cent more prices for branded leather products than non-branded leather products.
10 per cent manufacturing units and 8.7 per cent trading units reported that branded leather products charge 16 to 20 per cent more price for branded leather products than non-branded leather products.

8.8 per cent manufacturing units and 13 per cent trading units reported that branded leather products charge 21-25 per cent more for branded leather products than non-branded leather products.

22.7 per cent manufacturing units and 52.2 per cent trading units experienced that there is more than 25 per cent differences in prices of branded leather products than non-branded leather products.

From the above results, it can be deduced that 76 per cent of both leather units stated that there is up to 25 per cent differences in the prices of branded and non-branded leather products. It means branded leather products prices are 25 per cent higher than non-branded leather products. This indicates that though the prices of branded leather products are higher, people still prefer to buy branded leather products more rather than non branded leather products. This may be due to their confidence in the quality of branded products rather than non branded products.

- **Branded leather products and sales**

It was hypothesized that there is no association between sale of branded leather products and occupation of leather units.

Chi-square test showed significant association (p = 0.000) between sales of branded leather products and occupation of leather units.

14.3 per cent manufacturing units and 56.5 per cent trading units indicated that branded leather products sales was higher than non-branded leather products.

16.2 per cent of all leather units indicated that the sale of their branded leather products was higher than non branded leather products.

83.8 per cent of all leather units reported that branded leather products have no influence on sales.

Only 0.6 per cent manufacturing units felt that a sale of branded leather products was 10 per cent higher than non branded leather products.
5.3 per cent manufacturing units and 8.7 per cent trading units reported that the sale of branded leather products was higher by 11 to 20 per cent than non-branded leather products.

4.7 per cent manufacturing units and 4.3 per cent trading units indicated that sale of branded leather products was higher by 21 to 30 per cent than non-branded leather products.

1.6 per cent manufacturing units and 4.3 per cent trading units reported that sale of branded products was higher by 31 to 40 per cent than non-branded leather products.

2.5 per cent manufacturing units and 39.1 per cent trading units stated that sale of branded leather products was higher by more than 50 per cent than non-branded leather products.

85.3 per cent manufacturing units and 43.5 per cent trading units felt that branded leather products would not affect their sales. The reason being that these 83.8 per cent leather units (both manufacturing and trading) are not producing and selling branded products.

The present study shows that 11 per cent of both manufacturing and trading leather units have dealing with branded leather products, thus their sales has been increased from 10 - 50 per cent.

- **Level of competition faced by non-branded leather products**

Result of level of competition faced by non-branded leather products with branded leather products and occupation of leather units showed that there is significant association ($p = 0.008$) between competition faced by manufacturing and trading units with branded leather products in the market.

It reveals that 36.8 per cent manufacturing units and 8.7 per cent trading units indicated that they faced intense competition in the market with branded leather products.

53.2 per cent manufacturing units and 69.6 per cent medium units reported that they faced average competition with branded leather products.

5.1 per cent manufacturing units and 17.4 per cent trading units said that they faced low level of competition with branded leather products.
Totally 53.9 per cent leather units (both manufacturing and trading) reported that the level of competition in a market is average and 35.5 per cent units felt the level of competition is intense.

The reason can be that branded products are mostly produced for and sold in national and international market and therefore, the local market does not feel threatened by branded products. In other words, it can be said that consumers in other countries are more conscious of brand than local Indian consumers. Local Indian consumers have faith on non branded products also as they are manufactured locally.

4.5 Composition and Direction of Export and Import

The hypothesis was:
‘There is no association between export, import, composition, foreign exchange, earning of workers, and size of leather units’.

The following are the results of chi-square test about import, import composition, per centage of imports to total purchased, leather export, export composition, foreign exchange, earning of workers, and size of leather units.

- **Leather Imports**

It was found that there is no significant association (p = 0.185) between imports of leather products and categorical size of leather units.

The present study showed that 8.7 per cent micro units and 12.7 per cent medium units are individually importing leather products. Remaining 91.3 per cent micro units and 87.3 per cent medium units were not involved in importing leather products.

90.2 per cent of both micro and medium scale leather units are not importing. It reflects Dharavi’s leather units do not depend upon imports of leather products.

- **Composition of leather imports**

Result also showed that there is no significant association (p = 0.471) between composition of leather products imports and categorical size of leather units.

It reveals that 8.5 per cent micro scale leather units and 12.7 per cent medium scale units were importing ‘finished leather’. Only 0.3 per cent micro scale leather units were importing skins.
It indicates that 90.2 per cent of both micro and medium enterprises were not importing any kind of leather products. Only 9.8 per cent micro and medium scale units were importing two components such as skins and finished leather. The reason for these results can be that Dharavi’s leather industry has enough supply of raw materials from local market.

- **Percentage of imports to total purchased raw material and leather goods**

The examination of percentages of imports to total purchased raw material and leather goods and size of leather units showed significant association (p = 0.007) between percentages of imports to total purchased raw material and leather goods for both micro and medium scale leather units.

It reveals that 7.4 per cent micro units and 5.9 per cent medium scale units spent only 10 per cent on import of total purchase of raw material and leather goods.

Only 1.3 per cent micro units and 6.8 per cent medium scale leather units spent 11-25 per cent on import of total purchase of raw material and leather goods.

It shows medium size units spent more amount on imports than micro units.

Result of survey shows that 9.8 per cent of all leather units have spent up to 25 per cent of their total purchased on imports, remaining 90.2 per cent leather units were not importing leather products. It reveals that Dharavi’s leather units are not spending much amount on imports.

- **Leather exports**

Result of leather exports and size of leather units showed significant association (p = 0.000) between categorical size of leather units and exports of leather products.

Results shows that 0.8 per cent micro unit and 9.7 per cent medium units were exporting leather products, and 99.2 per cent micro units and 90.3 per cent medium units were not exporting leather products from Dharavi.

It reveals that only 9.7 per cent medium scale leather units and 0.8 per cent micro scale leather units export leather across the world. The reason for these results can be that medium scale leather producers are maintaining international
standards to meet the demand of international market and they have better exports awareness than micro scale units.

- **Composition of Leather Product Export**

The composition of leather products export consists of hides and skins, footwear and footwear components, leather garments, leather gloves, leather saddlery goods, leather travel bags, finished leather etc.

The analysis of composition of leather products and size of leather units through chi-square showed significant association ($p = 0.000$) between categorical size of leather units and composition of leather export.

The present study of Dharavi's leather industry reveals that only 9.7 per cent medium scale leather units and 0.8 per cent of micro units export finished leather. The reason for this can be that most of the European countries have very strict norms about the quality of leather products, environmental protection and child labour and most of leather units in Dharavi are unable to adhere to these norms. Most of these Dharavi leather units are already black listed by European leather markets.

- **Foreign exchange**

The association between foreign exchange and size of leather units shows significant association ($p = 0.000$) between categorical size of leather units and foreign exchange to their total sales.

Only 0.3 per cent micro units and 0.7 per cent medium scale units were earning 10 per cent of foreign exchange of their total sales.

0.3 per cent micro scale units and 3.7 per cent medium scale units were earning 11-25 per cent of foreign exchange of their total sales.

0.3 per cent micro scale units and 5.3 per cent medium scale units were earning 26-50 per cent of foreign exchange of their total sales.

It shows that about nine per cent medium scale leather units earn 11 to 50 per cent of foreign exchange of their total sales. But very few micro units were participating in foreign trade; thus their earning is too less as compared to medium scale leather units for the same reasons as mentioned above.
• **Earnings of workers**

The association between earning of workers and size of leather units showed that there was a significant association \((p = 0.000)\) between workers’ earnings and the size of leather units earning foreign exchange.

Only 2.1 percent micro units and 11.9 percent medium scale leather unit said that export of leather units have impact on workers’ earnings. Remaining 97.9 percent micro units and 88.1 percent medium scale leather units did not agree with this statement.

More medium scale firms were exporting leather products and their workers were getting benefits of that in their salaries.

**4.6 Types of Workers, Strength and Economics Condition**

The hypothesis was:

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

• **Types of workers**

Finding indicated a significant association \((p = 0.029)\) between types of workers and occupation of leather units.

The analysis of present data indicated that 42.7 per cent manufacturing units and 21.7 per cent trading units had appointed unskilled workers, and 34.2 per cent manufacturing units and 60.9 per cent trading units had employed skillful workers for manufacturing and trading activities. 23.1 per cent manufacturing units and 17.4 per cent trading units had hired both types of workers.

From the above analysis, it is revealed that trading units appoint more skilled workers (60.9 per cent) than manufacturing units, and manufacturing units appoint more unskilled workers (42.7 per cent). There can be various reasons for this:

1. Workers come to this industry for learning leather arts,
2. Some of them join leather manufacturing out of compulsion as they don’t get job anywhere else.
3. Manufacturing leather units are mostly part of cottage industry and most of these unskilled workers are their family members who are learning the skill on the job itself.

4. Trading units have more of skilled workers because they require skilled manpower for professional activities such as marketing, packing, advertising, communication skills and so on.

- **Number of workers**

The association between number of workers appointed by manufacturing and trading leather units and occupation of leather units was found to be significant (\( p = 0.000 \)).

It could be seen from the outcome that 29.4 per cent manufacturing units and 13 per cent trading units had not appointed any worker for manufacturing and trading of leather products as they had used their own family members for these activities. It means these units were home based, and run by family members. It is their family business and all family members including male, female and children were involved in leather manufacturing and trading activities.

64.6 per cent manufacturing units and 56.6 per cent trading units had appointed 10 workers in each unit. 5.3 per cent manufacturing units and 30.4 per cent trading units appointed workers between 11 to 25 in each unit. Only 0.6 per cent manufacturing units were provided job to 26 to 50 workers in each units.

On an average only 64.3 per cent of both trading and manufacturing leather units had appointed up to 10 workers in each unit. On the basis of these results, one can deduce that leather industry at Dharavi is labour intensive.

- **Per month salary to workers**

There was a significant association (\( p = 0.000 \)) between per month salary of the workers and occupation of leather units (manufacturing and trading leather units).

The notable thing is that 61.6 per cent manufacturing leather units were paid up to Rs.5000/- per month salary to workers, 21.7 per cent trading units were paying Rs.10,000/- to 15000/- per month salary to their workers. It means trading units paid higher salary to workers than manufacturing units.
During the survey of Dharavi's leather units, one of the surprising observations was that most of the migrant labourers working in these units were from West Bengal, Orissa, U.P. and Bihar. They were hired on yearly basis contract rather than monthly basis salary. These monetary packages were not uniform for all the workers. The package depended on the basis of workers' types of skills. For example unskilled workers' packages ranged between Rs.30000/- to Rs.60000/- and skillful workers' packages ranged between Rs.50000/- to Rs.80000/-. These migrant workers live in extremely pathetic conditions (mostly in the leather unit itself) and some of them are child laborers. However, the amount decided upon is paid to them even before they start working in the leather unit.

- **Operating cost of workers**

Results through chi-square showed significant association ($p = 0.022$) between operating cost of workers and occupation of leather units.

45 per cent of all leather units (manufacturing and trading) stated that they are incurring five per cent of total operating cost on their workers.

25.4 per cent of all leather units (manufacturing and trading) spent between 6-25 per cent of total operating cost on workers. Most of the trading leather units were spending more amounts on workers than manufacturing units.

One of the reasons can be trading units required more skilled workers than manufacturing units.

- **Welfare scheme for workers**

The examination of welfare schemes for workers and occupation of leather units did not show significant association ($p = 0.759$) between welfare schemes adopted for workers by manufacturing and trading leather units.

Only 0.4 per cent of manufacturing units had insured their workers and remaining 99.6 per cent leather units had not implemented any welfare scheme for their workers.

One of the reasons for these results can be that 90 per cent leather units are not registered with any government agencies and they were part of cottage industry and therefore, it was not mandatory for them to implement any of the welfare schemes. Since they were part of the cottage industry, most of their workers
were their own family members and whatever was needed by the family members was provided by the family in social setting.

4.7 Various Policy Initiatives Taken by Government to Develop Leather Industry at Dharavi

Government policies can play an important role to develop small, micro and medium scale leather units. To understand role of government policies to develop leather industry in Dharavi, the following information was collected from Dharavi about registration status of manufacturing and trading leather units, division between area of work and residential area of manufacturing and trading units, availability of infrastructure such as road, space, warehouse, power etc. Awareness and importance of AAEPLCZ, willingness to shift from Dharavi to Ambarnath, sustain policies and programs, types of policy reforms, interface of government schemes, availability of credit facilities, and reason for difficulties in getting loan from financial institutions. The following hypotheses are considered to test association between the above mentioned variables.

4.7.1 Registration Status and Work Place of Manufacturing and Trading Units

The hypothesis was:
‘There is no association between registration status (DV) and occupation of leather units (IV)’.

The findings of study through chi-square about registration status, division of work place and occupation of leather units are discussed below:

- Registration status

Analysis of registration status of leather units and occupation of leather units through chi-square showed significant association (p = 0.000) between registration status and occupation of leather units (manufacturing and trading leather units).

Only 8.2 per cent manufacturing units and 60.9 per cent trading leather units were registered with government agencies. 91.8 per cent manufacturing units and 39.1 per cent trading leather units were not registered with any of
government agencies. It clearly indicates that most of manufacturing leather units at Dharavi is not registered.

Dharavi is very congested and overcrowded slum area, thus managing business firms in this area is very difficult for the firms. Since leather units are part of cottage industry and most of them are home based units. They find it difficult to adhere to strict government conditions for registering. Some of these government conditions are environment protection norms, no child labor, sufficient space for work, implementation of proper wages, infrastructure and so on. These home based leather units have serious health, ventilation and hygienic problems in this area.

- **Division between area of work and residence area**

The survey revealed that only 3.1 per cent manufacturing units and 17.4 per cent trading units reported that they have different residential area and work place at Dharavi. 96.9 per cent manufacturing units and 82.6 per cent trading units were working from home only, so there was no demarcation between residence and work place.

The result shows that 96.3 per cent of total leather units (manufacturing and trading leather units) operate from their own homes. These results are as per the expectations as Dharavi is over-crowded area and it is extremely difficult to have different place for residence and work.

### 4.7.2 Infrastructure, Awareness and Importance of AAEPLCZ and Willingness to Shift from Dharavi

The hypothesis was:

‘There is no association between availability of infrastructure, awareness of government schemes, willingness to shift from Dharavi, importance of AAEPLCZ and size of leather units’.

- **Availability of infrastructure**

There was a significant association (p = 0.000) between infrastructure available and micro and medium scale leather units.

37.3 per cent micro units and 17.2 per cent medium leather units reported that they have sufficient infrastructure in Dharavi. 62.7 per cent micro units and
82.8 per cent medium units felt that there is not sufficient infrastructure available in Dharavi.

The data indicated that 68 per cent of total leather units (both micro and medium scale leather units) do not have infrastructure facilities in Dharavi. There is also great difference between availability of infrastructure for micro and medium scale units. Since most of the leather units in Dharavi area were not operating legally, the policy makers have difficulties to frame appropriate policies to provide infrastructure for leather units.

The data further indicated that infrastructure that needed special attention and maintenance in Dharavi was as follows:

**Roads:** About 5.1 per cent micro units and 2.7 per cent medium units reported that they do not have proper roads to transport leather products. The place is very congested and crowded.

**Power:** Power is one of the important infrastructure components for business units. 31.4 per cent micro units and 17 per cent medium units were very much concerned about power supply of electricity; per units power rates were very high and unaffordable for leather units.

**Warehouse:** It is another important infrastructure for production units, about 94.1 per cent micro units and 88.4 per cent medium units did not have warehouses facilities to store the products.

**Space:** During the survey of leather units, 92.4 per cent micro units and 92.9 per cent medium units reported that they faced the problem of space. Most of the manufacturing and trading units were carrying out their business activities from home.

Overall it was found that around 92 per cent leather units had problems with storage facilities and space for business and about 26.6 per cent leather units had electricity problems.

- **Awareness about AAEPLCZ**

Analysis of association between awareness about projected Additional Ambernath Export Promotion Leather Complex Zone (AAEPLCZ) and size of leather units was not found to be significant \( p = 0.765 \).
12.4 per cent micro units and 13.4 per cent medium units were aware about projected Additional Ambernath Export Promotion Leather Complex Zone. 87.6 per cent micro units and 86.6 per cent medium units were not aware about the projected Additional Ambernath Export Promotion Leather Complex Zone. This indicated that majority of leather units (87.3 per cent) were not aware about projected ‘Additional Ambernath Export Promotion Leather Complex Zone’.

Some of the reasons for lack of awareness can be that they did not have high educational qualification to access information and they were located in slum area.

- **Importance of AAEPLCZ**

There was a significant association between (p = 0.009) size of leather units and their realization of the importance of ‘Additional Ambernath Export Promotion Leather Complex Zone’. Why it is important for leather units is defined by following factors:

**Increasing Productivity:** 1.1 per cent micro units and 0.7 per cent medium units felt that due to Additional Ambernath Export Promotion Leather Complex Zone, productivity can increase.

**Getting enough space for units:** 1.9 per cent micro units and 0.7 per cent medium units reported that leather units will get sufficient space.

**Increase exports:** Only three per cent of medium units felt that due to Additional Ambernath Export Promotion Leather Complex Zone, exports can increase.

**Other:** 8.5 per cent micro units and 5.2 per cent medium units felt that there are other important elements in Additional Ambernath Export Promotion Leather Complex Zone, such as marketing, availability of raw material, extension of size of market, availability of skilled workers, and pollution control will help in expansion of leather units.

**None of the above:** Those units which were unaware about Additional Ambernath Export Promotion Leather Complex Zone answered as none of the above.
About nine per cent of total micro units felt that ‘Additional Ambernath Export Promotion Leather Complex Zone’ is important for them.

- **Willingness to shift from Dharavi to Ambernath (AAEPLCZ)**

Finding of willingness to shift from Dharavi to Ambernath (AAEPLCZ) and size of leather units indicated significant association \( p = 0.001 \) with size of leather units and willingness to shift from Dharavi to Ambernath.

18.3 per cent micro units and 6.7 per cent medium units were ready to shift from Dharavi to Ambernath, 81.7 per cent micro units and 93.3 per cent medium units were not interested to shift from Dharavi to Ambernath.

About 85 per cent of total leather units were not interested to shift from Dharavi to Ambernath.

Most probable reasons for this reluctance were reported as follows:

1. **It is far away from Dharavi:** 54.2 per cent micro units and 58.7 per cent medium units felt that Ambernath place is far away from Dharavi. Since most of these leather units are operating from home, shifting to Ambernath means that they will have to shift their home also. They were not ready to shift their homes from Dharavi to Ambernath.

2. **Transport is not convenient:** 68.2 per cent micro units and 72.2 per cent medium units were very much concerned about transportation of raw material and also finished products.

3. **Non-availability of market nearby production units:** Dharavi is a business hub; nearby Dharavi market is available for leather units. 63.3 per cent micro units and 49.2 per cent medium units felt that newly establishing Ambernath place does not have those types of market.

4. **Hike in transportation cost:** 46.8 per cent micro units and 42.9 per cent medium units were not interested to shift from Dharavi to Ambernath because Dharavi to Ambernath is around 80 km away. Transportation of Raw material from Dharavi area to Ambernath and transportation of finished goods from Ambernath to Dharavi would escalate their transportation cost and ultimately cost of production.

5. **Non-availability of raw material in or nearby Ambernath:** Location of business is determined by availability of raw material. 19.2 per cent micro
units and 15.1 per cent medium units felt that there is no raw material available in or nearby Ambernath.

6. Other Reasons: Most of these leather unit owners are illegally encroachers of land in Dharavi. If they shift from Dharavi to Amberbath, they will lose their occupation of Dharavi land. Since land in Dharavi has much more market value than land in Amberbath as well as it is very convenient to operate from centrally located Dharavi area that is why people do not want to shift from Dharavi to Ambernath. Only 1.6 per cent leather units were interested to shift from Dharavi to Ambernath.

4.7.3 Sustainable Policy Reforms and Interface of Government Schemes

The hypothesis was:
‘There is no association between sustain types of policy reforms, interface of government schemes and size of leather units’.

- Sustained policies and programs

Finding indicate that there was no significant association (p = 0.639) between the sustained policies and programs to develop micro and medium scale leather units at Dharavi.

About 97.1 per cent micro units and 96.3 per cent medium units felt that there was no sustained policy and programs to develop leather industry at Dharavi. Only 2.9 per cent micro units and 3.7 per cent medium units felt that there was sustained policy and programs to develop leather industry at Dharavi. About 97 per cent of total leather units felt that there are no sustained policies and programs to develop leather units at Dharavi.

The most plausible reason for this can be that most of these leather units are illegal and not registered with government agencies, so the policy makers do not have sufficient data to form policies.

However, some of the policy reforms implemented by the government are as follows:

1. Availability of raw material: 12.7 per cent micro scale units and 26.9 per cent medium scale units felt that not enough government efforts were made for them to get enough supply of raw material.
2. **Reduction tax duty on raw material**: According to 0.8 per cent micro units and three per cent medium units expressed that though tax duty on raw material has been reduced but more reduction is desired.

3. **Availability of finance**: 11.6 per cent micro units and 8.9 per cent medium units reported that cheap finance is available from different institutions due to the government efforts such as subsidized rate of interest, short term as well as long term loan etc. However, there is more that needs to be done.

4. **Marketing facility**: 7.9 per cent micro units and 6.7 per cent medium units have got benefit from government schemes for marketing facility such as reserved place for leather manufacturing, trading and tanning activities.

- **Interface of government schemes**

  There was a significant association \( p = 0.000 \) between interface of government schemes and the size of leather units.

  27.5 per cent micro units and 20.9 per cent medium units reported that they have easily available, applicable and accessible the schemes of government. And 72.5 per cent micro units and 79.1 per cent medium units had difficulty in accessing, and applying for various schemes. 74.2 per cent of total leather units reported that they do not have easily available, accessible and applicable government schemes; they encountered many difficulties in accessing all the facilities in this area, due to disorganized nature of leather industry.

**4.7.4 Credit Availability**

The hypothesis was:

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

- **Credit available**

  There was significant association \( p = 0.000 \) between credit available for micro and medium scale leather units.

  11.7 per cent micro units and nine per cent medium units were accessing credits from financial institutions. 88.3 per cent micro units and 91 per cent medium units did not get loan or credits facilities from financial institutions.
The data revealed that 89 per cent of leather units had no credit facility in Dharavi area. There can be many reasons for leather units not getting credit from financial institutions.

- **Reasons for difficulties in getting credit**

The following are the reasons for difficulties in getting credit from financial institutions:

1. **Lengthy process**: 14.6 per cent micro units and 17.9 per cent medium units felt that the procedures of getting loan were so lengthy.

2. **Not enough documents**: 20.6 per cent micro units and 32.8 per cent medium units were responded as; they do not have enough documents. Therefore, they have not got loan or credits from financial institutions.

3. **High rate of interest**: 15.6 per cent micro units and 22.4 per cent medium units felt that, the rate of interest charged by banks was very high.

4. **Unaware about loan facility**: 12.7 per cent micro units and 12.5 per cent medium units were unaware about loan facility.

5. **Banks are not providing loan**: 11.9 per cent micro units and six per cent medium units experienced that Banks were not providing loan to leather units because leather units are operating their business illegally.

**4.8 Conclusions**

On the basis of the findings, enlisted above, of the study entitled “Problems of Leather Industry at Dharavi: 2001-2010”, the researcher has reached to the conclusion that the problems of leather industry varies from work to work based on different criterias.

Most of the micro and medium scale leather units were not able to earn more than five lakhs annually. It is also obvious that leather industry in Dharavi does not have much exposure to international market and most of the leather units are catering to local markets.

In comparison to cost of inputs in different market places, local market supply cheaper inputs to leather industry than national and international market.

Units that are producing branded leather products had higher sales than those selling non-branded products, especially in international and national markets. However, there are very few units producing branded leather products.
The findings of the study also throw light on various issues related to export and import. First of all, it was revealed by the survey that number of units importing raw material or finished leather goods from other countries were far less than the number of units exporting leather goods to European markets. This has positive impact on leather industry in Dharavi market.

It was also found that leather units that are earning foreign exchange give higher salaries to their workers.

There was difference in the way workers are treated in manufacturing and trading leather units. It was found that manufacturing units were employing less than or up to 10 workers and paying them not more than Rs.5000/- per month or many of these manufacturing units were hiring unskilled migrant laborers on yearly contract and making them work in extremely inhumane conditions. On the other hand, trading units were employing more skilled workers and paying them better than manufacturing units.

It was also found that most of the leather units were illegal and not registered with any of the government agencies. Since they were part of cottage industry, there was no demarcation in their residential and work area and most of them were neither aware of AAEPLCZ nor they were willing to shift there.

Apart from this, majority leather units did not have easy access to any benefits of government policies, or policy reforms, and did not have easy access to credit facility from the banks.