CHAPTER-VIII

FINDINGS AND CONCLUSIONS

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FINDINGS AND CONCLUSIONS

The present study has been conducted to evaluate the role of entrepreneurship in leather goods industry of Uttar Pradesh with special reference to Kanpur & Agra. Leather goods manufacturing units are concentrated only in both of these cities although some of this work is also carried out in Faizabad, Saharanpur and few others cities but only to a negligible extent. Hence, the study of these two leather goods producing cities is sufficient to reach at a conclusion regarding the whole of the Uttar Pradesh. The main objectives of the study have been to understand the socio-economic background of entrepreneurs, important motivational factors, the quality of their performance & its determinants besides various problems confronting entrepreneurs in running their enterprises effectively, efficiently & profitably. Some suggestions have also been advanced so as to facilitate the formulation of a definite policy regarding leather goods industry of Uttar Pradesh by the appropriate concerned govt. As we are now in the process of concluding our thesis, we must present a resume of the discussion we have had so far.

Only the units/organizations established from 1st Jan. 1980 to 31st Dec. 1981 were taken as a sample for study. During the course of study it was observed that about 90% of the existing firms were launched after the year of 1950 where as rest 10% were formed prior to it. Total 300 units (200 in. Kanpur & 100
in Agra) were contacted but only 200 entrepreneurs (120 in Kanpur & 80 in Agra) forwarded the positive responses and rest 100 owners declined to yield any sort of information. Out of 120 units in Kanpur, 36 are most successful, 65 marginally successful and 19 are unsuccessful whereas in Agra 20 entrepreneurs registered significant positive growth, 43 units showed insignificant positive growth and 17 entrepreneurs were unsuccessful. The % age of most successful entrepreneurs i.e. 30 in Kanpur is more than Agra where it is 25, whereas the % age of marginal entrepreneurs in both the cities is more or less same. Unsuccessful entrepreneurs in Agra are more than in Kanpur.

The reason for such a difference, as was observed by researcher, is that entrepreneurs & people in Kanpur are more experienced & educated as leather goods work had started there much earlier than it came to Agra. Moreover, the availability of more educational & other technical institutes has further added to the success of business & development of entrepreneurship in Kanpur in the field of leather goods. The entrepreneurs too in Agra faced more problems than in Kanpur, as was disclosed by the business houses themselves during the course of study & research. Govt. facilities also in Kanpur are more than provided in Agra. All these factors together contributed to the success of entrepreneurs & entrepreneurship in Kanpur as compared to Agra.

As far as organizational structure & growth pattern is concerned, type of unite has got a direct bearing on their performance as is clearly visible from table -3 and 4 of Vth
chapter. Units established under one man ownership showed better performance in both the cities followed by family partnership and partnership, the reason being that the owners & family members perform their duties with more loyalty & responsibility as the business belongs to them personally. Moreover, they have got more interest in it as they themselves will be directly effected by profit & losses. Performance of private ltd. companies & public ltd. companies has not been good perhaps because of the cottage & small scale nature of this particular industry in U.P. Another reason as observed by researcher during "on the spot survey" is that most of the facilities & amenities provided by govt. are meant exclusively for small scale entrepreneurs & not for big business houses & thus Pvt. & public Ltd.Co. are at a receiving end.

The most prevalent form of ownership of the units under investigation, in Kanpur & Agra is sole proprietorship & family partnership followed by partnership. 28% units are under sole trading form 22.50% under family partnership, 20% under partnership where as Pvt. Ltd. companies and public Ltd. companies are only 16.5% and 13% respectively in both the cities of Kanpur & Agra in U.P.

As is observed by the researcher during the course of study that occupational background of the entrepreneurs has an extraordinary role to playsofar as their performance in leather goods industry in U.P. is concerned. The entrepreneurs whose occupational background is either private service or other business have been most successful & account for about 40%
techniques of handling & managing the business affairs. The most unsuccessful owners are those who were either govt. servants or farmers. The reason being that they have been unaware of the different complexities involved in the business. More or less similar are the instances in Kanpur & elsewhere.

Table - 7 opens that highly successful entrepreneurs are those whose educational background is graduation in various disciplines followed by those who have post graduation degrees to their credit. Secondary and senior secondary passed entrepreneurs are found neither in the most successful nor marginally successful categories. They account for about 32% and 26% in the unsuccessful category respectively. Entrepreneurs having professional qualification like, Doctors, Engineers, chartered & cost accountant, lawyers and MBAs are seldom found in the first two categories in Kanpur as well as in Agra rather they are more in the last category in Kanpur than Agra. The reason is perhaps that secondary & senior secondary courses could not enable a person to meet the challenges of the day. Professional qualification also could not develop a specific skill required for business success & hence they are lesser successful. Graduates & postgraduates are the only persons who managed their leather goods units in Kanpur & Agra both, effectively, efficiently & profitably as they have got general awareness regarding all the problems & their solutions.
Moreover, all the faculties of their mind are completely developed.

Geographic origin too plays a dominant role as far as entrepreneurial development in leather goods units in Uttar Pradesh is concerned. The owners of units hailing from urban areas are relatively more successful as compared to those who have rural background. The main reason seems to be the consciousness of urban life & awareness of markets etc. to them. Sub urban, rural and those belonging to places other than Kanpur & Agra Distts. are not as much familiar and acquainted with different techniques as urban people are, and therefore, their performance is quite poor. The Urban & sub-urban people/entrepreneurs dominate the both most successful & marginally successful categories whereas unsuccessful category is dominated by rural & others.

Social background and castes affiliations do have an influence over the performance of entrepreneurs. There have been a number of studies to prove this, conducted by researchers in India & abroad as well. It is further proved in the study carried out by me in the leather goods industry in Uttar Pradesh. According to table -11 and 12, the Vaishya community among Hindus is the only one whose entrepreneurial performance is highest & most successful followed by Muslims who are number two winners. Vaishya & Mulims both accounts for about 64% in the most successful category and 66% in the marginally successful category, the other castes like chhattriya, Brahmin, Shoodr, Sikhs & christiens are only 36% and 34% in I and II category respectively.

Age of an entrepreneur has a direct bearing on his performance. It is disclosed by the table 13 and 14 of the Vth
chapter. The entrepreneurs who led their organizations most successfully & profitably are in the age group of 41 to 50 followed by 31 to 40 whereas the owners who failed in their mission belong to the age group of 20 to 30. The reason is clear that efficient business running is a function of maturity in respect of age and experience as well. Mere enthusiasm does not yield the fruites. However, enthusiasm along with age and experience often result into miracle.

Past experiences as well as the present research show that the motivational factors have a direct bearing on the performance of the entrepreurs. The best performance has been on the part of those promoters who launched their businesses for the sake of the profit earning followed by those whose main objectives of establishing the enterprise was employment generation and social services rendering respectively. The owners who were motivated by the provision and extension of govt. services/facilities and some other factors, could not perform properly. However, the later categories' of entrepreneurs might be good as far as the social & human aspect of the business is concerned. The first category of entrepreneurs have been quite good on economic front (profit earning ) where as second & third categories' of entrepreneurs seem to have been good on social/ human front because of simple logic that they ( both categories) created their different units for two different objectives & hence performed accordingly.

The present research reveals that the investment level is directly proportionate to entrepreneurial performance in the
leather goods industry in Kanpur & Agra U.P. Lower the investment level, higher is the entrepreneurial performance or higher the investment level, worst is the performance. The cause for such a trend seems that in case of the bigger size of organizations, the control & loyalty goes on decreasing whereas in case of the smaller establishments, the entrepreneur himself is personally involved at various levels in different capacities ensuring integrity & secrecy in the business affairs and therefore, best performance is attained.

Table 19 and 20 open that entrepreneurial performance is also influenced by the location of the organization. The businessmen who established their units with in the industrial estate performed far better than those whose enterprises were found either in urban/ sub-urban or rural areas. The reason is simple that in case of the industrial estate, the govt. provides various facilities & amenities at a subsidized level. Moreover, the buyer too finds it easier to contact the producer at a particular place i.e. industrial estate & hence more purchases. Higher the turnover, better will be the prospects of profit.

In the past, it was a general belief that only the ward’s kith & kin of the successful businessmen’s become or carry their newly establishing organizations more satisfactorily whereas the rest of the promoters perform poorly. Such a belief is tested with the help of tables 21 & 22 & proved quite correct. Therefore, it is concluded that the parental occupation plays a crucial role in determining the entrepreneurial performance of businessmen in
leather goods industry of U.P. The entrepreneurs whose parents run the same business (leather goods) showed a very higher degree of performance followed by those whose parents were either in private job (same business) or other businesses.

Table 23 and 24 open that the education of the parents of the entrepreneur also determine the entrepreneurial performance in the leather goods industry of Uttar Pradesh. The logic behind such a trend is that the parents who are themselves educated and trained also try to educate & train their wards, Kiths and kin. And subsequently when they are wellversed in different matters and affairs, better performance is ensured and the credit goes to the parents & their education/ training.

An old and quite popular saying is "Finance is to business as the blood is to life". As the life on this planet is not possible with out adequate and timely supply of the blood. Likewise, effective and efficient running of the business is not possible with out sufficient and proper source of capital/ fund. The source of capital too plays a dominant role in the success of any business in general and leather goods in particular. Ample amount of fund can be raised at the desired time through relatives, friends and private commercial banks but at the same time it might not be yielding because of higher rates of interest. Raising of loans at the higher rate of interest is always risky and therefore, such sort of sources of loans should be tapped where the interest rates are lowest. Thus, the entrepreneurs who resort govt. banks and other financial institutions for loan raising, are more successful & profit earning. Table 25 and 26
reveal that the business houses who (nominal interest rates) raised loans from public, financial institutions or banks have succeeded in a better way than those who raised from private banks or relatives/friends (higher interest rates). The most successful entrepreneurs are those who raised loans neither from relatives/friends nor from any other source but used their own money.

Table 27 to 34 manifest that more is the sum spent by the entrepreneurs on the facilities such as education / training, health / nutrition, housing / civic amenities and research & development higher / better is the performance. The reason is quite simple to understand that more provision of various facilities and amenities to the employees causes higher satisfaction & moral boosting on their part bringing in turn higher productivity on their part. Higher productivity on the part of employees is directly proportionate to the better entrepreneurial performance. And thus, the entrepreneurs who spent more money / higher % age of their net profit on the above mentioned items (education, training, health, nutrition, housing, civic amenities and research and development) have performed exceptionally excellent. It is therefore, concluded that entrepreneurial performance is directly proportionately to funds allocation in (i) different facilities to employes & (ii) research & development.

Table 35 and 36 show that entrepreneurial performance is also linked with the channel of distribution adopted by the entrepreneurs. The most successful entrepreneurs are those who
employed no middlemen followed by those who voted for agent middlemen. The manufacturer who marketed the product themselves directly have been able to save a handsome amount of money because of non payment to wholesalers/retailers/agents. This act enabled the entrepreneurs to save & subsequently added to their profit margin drastically. Second category of successful entrepreneurs are those who employed agent middlemen rather than merchant one. The agent middlemen are the nominally paid employees of the owner whereas merchant middlemen are those who purchase the goods at quite a margin & sell again to customer/consumer. And therefore, the profit of merchant middlemen is borned out of the pocket of the entrepreneur which ultimately brings down his profit substantially.

Table 37 and 38 reveal that entrepreneurial performance is also effected by the nature of the market covered by the entrepreneur. The best performance has been on the part of those who covered foreign markets or exported the product to the forerigin countries followed by those who sold at the . The worst performance are those who sold their goods locally the reason is evident that international foreign for flung supply of product fetches higher proce & subsequently yields more profit to the entrepreneur & therefore, they become most successful entrepreneurs.

Table 39 and 40 indicate that entrepreneurial performance is also influenced by the system method of payment of wages and salaries to the wordforce. In other words, wages & salaries administration has a direct bearing on the performance of the
entrepreneurs. Survey conducted by the researcher himself opens that the 3 popular method of wages/ salaries payments are in practice, 1, Time based 2, Piece based and 3, both Time & piece based. Majority of the entrepreneurs are adopting the third method i.e. time & piece based, for paying to the labour followed by the piece based. The entrepreneurs resorting third system are more successful as compared to the owners resorting second & first method. The combination of time & piece seems to be somewhat rational & appropriate as the workes are paid according to the time passed & pices manufactured.

As a matter of fact, the performance of entrepreneurs is also directly linked with the sex apart from marital status.

Table 41 to 42 reveal that the male entreprenerus are more likely to be successful as compared to female in the leather goods industry of Uttar Pradesh. It is so becouse of the fact that male entrepreneurs can work harder than women/female even if there are adverse in circumstances and conditions to face. Nature too has made male somewhat rough, tough and physically as well as mentally sound as compared to female. Resistance power found in the male is also more than female & therfore, can work better. Thus, needless to say that male entrepreneurs are more successful than their counterpart among female/ women.

Table 43 and 44 show that marital status of the entrepreneurs also plays on important role in determining their performance. Unmarried entrepreneurs have shown better performance than married one. Although, the difference is not so much remarkable but still it is there. The logic behind such sort of
things seems to be the enthusiasm and courage found more in the unmarried entreprenerus whereas the married persons pass somewhat settled & easy lives & don't take more care about their businesses. Married persons/entrepreneurs have some other task also to undertake such as looking after wife & ensuring children's education etc. And therefore, don't devote as much time & efforts as the unmarried persons do.

Table 45 shows that the average gross profit ratio in the industry of U.P. as whole is 21.67% (Kanpur 22.74% and Agra 20.58%). The entrepreneurs of Kanpur have got an upper hand probably because of better educational & training facilities made available to them by the govt. The entrepreneurs of Agra have been at a receiving end due to firstly non availability of better education/training facilities & secondly the recent orders of the supreme court issued to enterpreneurs to install a very costly pollution control system /device to bring down /minimise the pollution causing innumerable losses to national monument "The Taj Mahal" built by Mughal emperor Shah Jahan in the sweet memory of his wife Mrs Mumtaz Jahan, on the bank of the Yamuna river & outskirt of the city. And if they (entrepreneurs) fail to comply with such instructins, closure of the units by apex court will be the next step.

Table 46 indicates that the units producing leather garments have got an upper hand followed by the organisations manufacturing footwear whereas the concerns making footwear components and other leather products/ goods could not make any substantial gain. The reason behind such a state of affairs seems
to be the fetching of higher prices of the leather garments and
footwear as these items are of mass consumption and fashion
respectively. And therefore, consumers (can) pay higher /standard
prices resulting into the better profit margin to the producers &
traders whereas footwear components and other leather products
don't carry that much weightage in the eyes of the customer /
consumer & thus, lesser profit margin to the entrepreneurs.
Another reason for low profit margin is the fact that these items
are produced at mass level by a majority of businesses houses. In
other words, supply is more than the demand & hence product does
not fetch the price it deserves resulting into low profit margin
to the producers whereas just contrary is true in case of leather
garments and footwear.

Table 47 and 48 also open the almost same facts as table 45
and 46 respectively. More specifically the net profit ratio in
Kanpur is quit higher (8.75%) than in Agra (7.47%) the reason and
logic seem to be the same as discussed earlier. The average net
profit ratio in Kanpur and Agra both, is 8.25%.

Table 48 clearly reveals that the net profit ratio in the
units producing leather garments and footwear is 10% and 9.62%
respectively whereas it is 8.86% in case of footwear components
and 8.54% in other leather products etc. The average net profit
ratio in all the four types of products is 9.22%. The logic behind
such sort of performance is the same as discusse in connectin
with the table 45 and 46.

Table 49 opens that return on assets ratio in Kanpur and
Agra is 24.49% and 22.54% respectively whereas the average in both
the cities is 23.65%. The entrepreneurs, managers and workforce has shown better efficiency in Kanpur and hence better performance as compared to Agra. It might be, most probably true because of govt. and its other allied agencies' initiatives & encouragement in the leather city (Kanpur). And all such sort of supports seem to be lacking in the Agra.

Table 50 indicates that the product/industry wise returns on assets ratio is as follows. Footwear 22.25%, footwear components 21.15%, leather garments 23.50% and other leather products is 21.95%. The organisation manufacturing leather garments have got highest return on assets ratio followed by footwear producing units. The entrepreneurs producing other leather products and footwear components have been managing at a low return on assets ratio.

The entrepreneurs producing leather garments have got an upper hand because these items are generally used by upper strata of society who can easily afford even the higher priced products in the domestic as well as foreign market giving an edge to the manufacturing/trading entrepreneurs. Footwear, since it is an item of mass consumption and therefore, producers are benefitted due to economy of large scale. The units dealing in footwear components as well as other leather products did not maintain a good return on assets ratio probably because of cut-throat competition and lesser demand respectively.

Table 51 shows that the units located at Kanpur have been performing more profitably as compared to the units located at Agra. The return on capital employed ratio is higher in case of
the former one and lower in case of the latter one. (Kanpur 46.98% and Agra 44.95%) Such a performance is the manifestation of the fact that Kanpur based entrepreneurs used their resources wisely & in a better and optimum way as compare to that of Agra's entrepreneurs who showed somewhat poor performance.

Table 52 depicts that the producers of the leather garments performed better followed by other leather products, producers (50.46% & 48.15%) Whereas the entrepreneurs producing footwear & footwear components could show only a week performance. The logic behind such a position is clear that leather garments are used by high class. Other leather products such as ladies purses, hand bags and saddlery etc. too are consume by higher income group persons who also buy it on higher prices resulting into the good margin to dealers/ producers/ entreprenuers. The footwear and footwear components are the items of the consumption of a common men and hence priced reasonably in the natinal as well as inter national market.

Table 53 reveals that the current ratio in the leather goods producing units at Kanpur is 1.6:1 whereas it is 1.1:1 at Agra. The average at both the cities is 1.3:1. The industry / items wise current ratio in both the cities is as follows:

Footwear producing units 1.7:1, Footwear components 1.1:1, Leather garments 1.9:1, Other leather products 1.5:1

After having an analysis of the table 53 and 54, it can easily be concluded that the entrepreneurs of Kanpur are financially well off as compare to that of Agra. Moreover, their
(former) units are more liquid than latter one.

The entrepreneurs producing leather garments and footwear at both the cities of Uttar Pradesh (Kanpur & Agra) have got higher current ratio as compared to the units manufacturing footwear components and other leather products. The logic behind such sort of performance seems to be the more facilities and amenities provided by govt. to Kanpur's residents than Agra. Another reason is probably that this industry is an aged old in case of Kanpur and hence, the entrepreneurs have got more expertise.

The producers of leather garments and footwear at both the cities have an upper hand as compare to the producers of footwear components and other leather products because first two items are of mass consumption and peculiar /fashionable nature respectively whereas it is not so in case of the latter two products.

Quick or acid test ratio as far as is concerned, its also better in Kanpur than Agra (Kanpur .98:1 Agra .70:1) Table 55.

Table 56 reveals that the entrepreneurs dealing in leather garments and footwear are better performer (.95:1 and .90:1 respectively) than the entrepreneurs dealing in other leather products and leather footwear components (.87:1 and .67:1) The average quick or acid test ratio stands at .83:1 in all the units producing different items. The organisations producing leather garments have got highest/ best quick ratio because of more demand & less supply scenario and a bigger amount of capital employed.

Table 57 opens that debt equity ratio position too is
better in Kanpur (1.25:1) than Agra (1.6:1).

Table 58 shows the debt equity scenario keeping in view the individual product/item production. It is obviously clear that the units producing leather garments and footwear have least chances of troubles or they are quite comfortable as compared to the entrepreneurs manufacturing footwear components and other leather products etc. Cause for such a trend is the same as discussed earlier that Kanpur is a declared leather city in U.P. and thus, govt. attaches more importance to it resulting into the all out gains to business.

Debt to total capital employed ratio is ascertained with the help of the table 59 and 60. In this regard also, the Kanpur's entrepreneurs are far ahead of their counterparts at Agra. And the producers/dealers in leather garments and footwear are better managers/performers than their counterparts producing footwear components and other leather products in both the cities of Uttar Pradesh.

After having gone through all the facts, figures, data and statistics available to the researcher in the form of tables from 45 to 60. it can easily be concluded that the entrepreneurs dealing/producing leather goods at Kanpur are well off as compared to their counterparts at Agra. The rationales behind such sort of performance is firstly that the leather work is quite older & established in Kanpur than Agra. Secondly, the establishment/presence of council for leather export and other govt. agencies/offices related with the occupation at Kanpur, is an added advantage to the business class. Thirdly, the raw
material i.e finish leather used for manufacturing the various leather goods is easily made available because of the presence of large number of tanneries. And these tanneries are not found in Agra & hence entrepreneurs are there at a receiving end.

Fourthly, recent supreme court order to deal strictly with polluting leather goods industrial units at Agra has been a source of frustration to entrepreneurs. Resulting into the poor performance on their part. Fifthly, there are a large number of educational / professional institutions imparting best of education & training to the future / present potential entrepreneurs & raising their productivity. Sixthly, the declaration of Kanpur as the "leather city" by govt. has boosted the morale of entrepreneurs. Seventhly, new & new schemes & incentives given by central as well as state govt.s to the entrepreneurs had become a source of inspiration to them causing an spurt in their productivity.

Eighthly, majority of the entrepreneurs are export oriented at Kanpur whereas it is lacking there in Agra. However, in recent years, the footwear & its components are being exported at a war level, this TAJ CITY also. Ninthly, entrepreneurs in large number undertake the production of a number/numerous leather items such as saddlery, leather garments & other leather products at Kanpur whereas in Agra only footwear & its components are produced. This gives an edge to the Kanpur's entrepreneurs over their counterpart in Agra. Skilled, cheaper & economical labour force availability in Kanpur is an added and plus point to the
entrepreneurs there whereas in Agra only unskilled semi skilled labour is found at a higher prices as it is quite nearer to Delhi & therfore, majority of the work force think to switch over to the national capital. Labour turnover also at Agra is much more than Kanpur.

These are the various factors which are giving an edge to the leather goods industry in kanpur whereas on the other hand, some factors are responsible for the slow growth of entrepreneurship & poor entrepreneurial performance in Agra.

After making a product / item wise analysis of the whole leather goods industry in U.P. it can easily be concluded that 1. The manufacturers of footwear & its different components seldom made / earned profit. Moreover, these entrepreneurs have often been at a receiving end. Whenever they earned good / handsome profit, it has been probably because of economy of large scale whereas whenever they incurred losses, the reason probably was demand & supply factor, in Kanpur as well as in Agra.

The entrepreneurs manufacturing leather garments and other leather products such as saddlery etc. have always been performing exceptionally excellent. It has been possible most probably due to certain reasons. These reasons are discussed below.

(i) Leather garments & other leather products are produced only by selected entrepreneurs. And they get the benefit of "almost monopoly" & thus determine the prices of the product themselves according to their own convenience and sweet will.

(ii) Almost all the entrepreneurs producing such items undertake
export to the foreign countries & hence selling at a quite higher prices which subsequently result into good profit to them.

(iii) In the ordinary course of circumstances, such items are often used by higher strata of society who conveniently purchase at a price suitable to the seller as this section has got abundance of funds available to them. It gives an edge to the producers of leather goods (leather garments & other leather products).

(iv) Such products are basically fashionable one and customer often pay higher price for the product used in fashion and as a mark of standard of living & prestige.

(v) These products are in great demand in U.S.A Canada, Europe, C.I.S, Australia & other highly developed & industrialised countries where the purchasing power of the customer /consumer is highest in the world & therfore, it ultimately benefits the domestic entrepreneurs.

RECOMMENDATIONS

Leather industry is not only one of the oldest industry but is one of the most important sector in the economy of Uttar Pradesh. Right from the collection of raw-hides and skins to leathr processing and product making, the activities are widely dispersed throughout the state though concentration is only in Kanpur/Agra and about 2.5 lakh people are getting employment in this industry.

With a large number of skilled manpower, a long tradition in leather and leather product manufacturing, a very strong rawmateial base and the opportunities for growth, this industry is
certainly one of the most promising industry for Uttar Pradesh.

With the opening up and liberalisation in the economies the
Global Competitiveness" has become a key word. The leather
industry in particular has got an international character and
therefore it is necessary to view this industry from a global
perspective. A careful watch on the developments worldover and
proper planning to grab the opportunities thrown open for
countries like India is necessary. This planning should also be
able to help the industry in preparing and meeting the challenges
of the twenty first century.

Uttar Pradesh, though a very important state in India for
the manufacture of leather and leather products, has yet not
realised its full potential.

Uttar Pradesh has all resources and potential for a very
rapid growth in this sector and during the 9th plan the state
should gain an impressive share in total production and exports of
leather and leather products from India.

Following are some of the recommendations observed by researcher
during the field work:
1. The leather industry deserves priority in the Industrial
Development of the state. This industry provides employment to a
large number of people mostly belonging to the weaker sections of
the society. This industry is also one of the most promising
industrial sector in the state in particular and country in
general.
2. Apart from meeting the requirements of domestic market for
leather and leather products, this industry is an important export
oriented industry also. The global developments open very good
opportunity for development and export enhancement from countries
like India. The 9th plan should aim for U.P. to achieve an impressive share in total export of leather and leather products from India. The present share of U.P. of 14% in the total export of leather & leather product from India is not commensurate with the resources & potential this state possesses. This share is proposed to be raised to 25% by the end of 9th five year plan.

3. A comprehensive plan is needed for this sector to grow and contribute to the economic development of the state ensuring prosperity to the masses.

One of the major problems in planning and implementing development programmes in leather industry in the state is the lack of reliable data which need to be strengthened. The researcher honestly & humbly recommends that surveys feasibility studies etc. should first be taken up. There is a very good scope for developing components, machine and machine parts, auxiliaries grinders industries etc. in the state.; A strong data base will be necessary in order that project profiles based on correct assessment of the requirements in terms of quality and quantity to motivate and to attract entrepreneurs from all over the world in general & country in particular for investment in leather and allied industries.

4. There are a number of agencies and government departments who are directly or indirectly involved in the development of leather industries, and programmes and policies adopted by these organisations have an effect on leather industry. Leather Development Council was formed to ensure interaction, co-
ordination and co-operation among these organisations. This council under the chairmanship of the industries minister will certainly be able to evolve suitable support mechanism by way of government policy and implementation of co-ordinated programmes for the leather industry in the state.

5. Directorate of industries has remained the focal point for coordinating various programmes for the leather industry. The researcher very strongly recommends strengthening of the leather section in the directorate of industries which have technically qualified staff also.

A co-ordination committee under the chairmanship of commissioner and director of industries should be formed. All programmes of various departments and agencies must be discussed and ratified by this committee. Proper co-ordination among various agencies/ departments is most important work of the government.

6. The state government agencies and institutions must be strengthened. Leather Development and Marketing Corporation was created as specialised organisation to plan and implement programmes for the all round development of leather industry. This corporation must be supported to start and continue sustainable activities for leather industry.

7. Technical training institutions of the state government have not been able to keep pace with the technological developments and ever increasing qualitative demands and requirements of the industry. Even programmes like National Leather Development Programme (NLDP) and Leather Technology Mission (LTM) have not taken due care of these institutions. The institutions need to be
updated with modern workshops, laboratories and suitable qualified staff. The staff of these institutions should get trainings and refresher programme in national institutions like CLRI, FFDI, NIFT and PTDC. Industries' active involvement and participation should also be ensured.

More of the training facilities like FFDI's sub centre at Kanpur and Agra need to be created.

8. Development of leather complexes having found to be the most useful and effective tool for catalysing the all round development of leather industry which traditionally has developed and grown in clusters. Inter dependancy among the different related industries is a major reason for this. And therefore, a timely & proper effort should immediately be taken in this respect.

9. A major strength of U.P. Leather Industry has been its large population of traditionally skilled workers. The skill of these workers can be put to better use and with certain inputs like training & education, supply of standardised components and materials they can produce quality products. A comprehensive programme which takes care of these inputs and ensures marketing of the products will be of immense benefit to these artisans, the industry, the state and to the country & countrymen.

10. The supply of raw material for leather industry will be a crucial and limiting factor in the growth of this industry. A large gap has been projected between the requirements and the supply. Augmentation and upgradation of quality of raw material is necessary. Wastage of raw material due to non recovery or deterioratin due to delayed collection can just not be allowed.
Suitable policy is necessary that can benefit the artisans and also ensure complete exploitation of animal by-products.

11. Most of the tanneries are old tanneries. Though over a period of time these have adopted modern techniques and occasionally added sophisticated machineries but in order to really modernise, a number of inputs are required. The challenge of environmental protection necessitates adopting newer, cleaner and low waste technologies as is the case in European, American & South East Asian countries like U.S.A., U.K, Germany, France, Canada, S. Korea, Brazil & Italy etc. The benefits of modernisation are multifold. A close co-operation between technology institutions, the industry, financial institutions and the government is called for.

12. A high product quality will have to be ensured in order to develop a better image and establishing faith and reliability in the minds of the buyers. Footwear has been identified an extreme focus item for export growth. Establishment of modern footwear testing laboratories will help the producers in quality management and control.

13. The global developments in leather industry open up bright opportunities for this industry in India. At the same time environmental protection is a great challenge. Initiatives have already been taken by the government and the industry. Future growth of this industry will depend upon how effectively this challenge is met. Here again the responsibility is to be shared among the industry and the government.

14. Concerted efforts will be neede for expanding and developing the markets. The importance of specialised fairs and exhibitions
has been growing. Country specific plans and strategies will have to be developed. Efforts should be made for the identification of U.P. Leather Industry as a reliable and potential producer state in India. Participation in national and international fairs by delegations comprising industry people and the government agencies involved in this effort are recommended. For developing and establishing brand names, the government should also assist the entrepreneurs.

15. Lack of trained personnel in machine maintenance and dependance on imported machineries is a major problem. Machine manufacturing capability need to be developed, establishment of prototype training and development centres may catalyse this process.

The leather Industry possesses a bright future. The unique characteristics of this industry that are likely to keep this industry growing and contribute its remaining a very dynamic sector are briefly discussed below.

Worldwide, leather and leather products industry has been one of the oldest. Though it is a mature and old industry, its uniqueness lies in the fact that it is still growing in contrast to the general trend for old and mature industries to be on the decline or contradicting.

The various markets for leather and leather products develop and mature in different countries depending upon the stage of economic development and the standard of living of the people. In the face of maturing market in one country, markets develop in others resulting in the shifting of the market focus. This contributes to the overall growth of the leather and leather
products industry.
The supply of raw material resources, mainly raw hides & skins, the process of tanning and the production of finished leather and marketing of leather products are all subject to global forces of demand and supply, labour availability, technology and environmental concerns. Today raw hides and skins are exported to countries where sophisticated tanneries operate, semi-finished leather is also being sent to factories which has sophisticated finishing processes and equipment for production of finished leather and finished leather is then supplied to various units across the globe for manufacture of footwear and other leather goods. This development has given an international character to the entire leather and leather products industry.

More than 50% of the leather produced is consumed in the production of the footwear—an integral part of human attire. The per capita consumption of footwear is rising especially in developing and newly industrialised countries. By the year 2000 it is projected that global consumption of leather footwear will increase to 4670 million pairs and 5,500 million pairs by 2010. Leather garments has the second share in the total leather products and the consumption of leather garments is projected to increase 84 million pieces by year 2000 and 118 million pieces by 2010.

Most of the products of leather are design and fashion oriented. Design and fashion play a dominant role in the making of the product. This value creation through appropriate designs and through new trends in fashion is a major feature of the leather
products industry. This keeps the industry dynamic and growing. Occasionally newer uses of leather create additional potential for value addition such as upholstery for furniture and cars.

During the last 25-30 years, products made of substitute materials have tended to flood the market. The impact of the substitute materials has been to make leather products more attractive and valuable in the perception of users. This is a unique instance where substitute material instead of replacing the leather product in the market serves to increase the perceived value of the same and move it to the upper end of the price spectrum.

As economic development and prosperity increase in different countries, leather consumption also increases.

The increasing trend in the use of leather goods is therefore, directly proportionate to increase in the per capita income. The statistics predicts/suggests that with in few years the income of the masses will get a boost as a result of globalisation of industrialisation. And hence, this drastic increase in the income of the people will cause an immediate spurt in the use of leather goods in India and abroad. Thus, it can easily be concluded in the last that a very very bright future awaits the leather goods industry of U.P. (India).