

## **India's leather industry: Production and export**

**Dr. Tanweer Akhtar**

Associate Professor, Department of Commerce, Halim Muslim PG College, Kanpur, Uttar Pradesh, India

### **Abstract**

Leather industry of India has been important because the earning capacity of foreign exchange. Leather industry, beyond fulfilling the national need, has been a major component in India's export list. It is providing component and finish leather to the developed world and leather products to the most of the region. This paper tries to recollect the story of leather making from the mandis and tanneries.

**Keywords:** leather industry, production, export

### **Introduction**

Leather is pliable material formed from animal hides and skin. In the leather Industry "Hide" refers to the skin or a full grown large animal such as cow or Horse "skin" refers to that of a smaller or immature animal such as sheep or calf. Leather in animal hide or skin that has been converted by chemical treatment and processing known as tanning to a stable and non-putrescible state.

The principal hides and skins used in manufacture of leather sheep and lamb skins cattle hides, goat and kidskins and calf skins. These types represent more than 90% of the world production of leather.

### **Historical Background**

The production and use of leather is identified with the earliest artifacts and recorded history of every known culture. Egypt carving dating to 3000 B. C. depict leather dressers at work. Leather articles in British museum includes shoes, Sandals and other products of 21st dynasty and earlier. The literature and history of classic Greece contain abundant evidence of tanning as a flourishing art and trade.

### **Contribution of Slaughter House in Leather Field**

There is some misunderstanding in the minds of the average person as to whether slaughter houses are essential. We cannot avoid all slaughter houses as they are the sources of foodstuffs as well as other by products such as glands, bones, end guts, horns and hooves, blood, liver and bile, hides and skins. We do not actually slaughter more than 1.8 million cow and buffalo, 40 million goats and 16 million sheep annually in India, about 3000 organised slaughter houses for meat production, besides these, besides there, there are countless unorganised slaughter houses. The percentage of cattle slaughtered is less than 1.0 compared to the cattle population. In the case of goat and sheep the percentage slaughtered is about 45 to 50. Slaughter houses had played a very important role in supply of raw hides and skins. Generally primary leather collectors contact Butchers for purchasing of hides and skins. Hides and skins of slaughter houses are more fresh than field recovered hides and skin. There is no ban on slaughter of cow in Bihar, Kerala, West Bengal and Kashmir, so some Hides of cow are recovered in these states.

### **Marketing of Raw Hides and Skins**

One of the most vital areas which needs proper attention but has not hitherto been seriously given attention to is the marketing of raw hides and skins. The age old unorganized system of marketing still persists since the Leather industry came into existence. The trade in raw hides and skins is a highly individualistic one and is monopolized by a few commission agents or whole sole dealers who increase the price of the raw hides and skins at their own will. They practically control the whole trade. The primary producers are very poor and fresh hides and skins being highly perishable commodity they cannot hold the stock, but to offer the stock at meager price to the agents. There is a good number of middlemen Village Collectors, small dealers, large dealers or 'Beqparis', commission agents or arhatdar and raw hides and skins pass to Tanneries or tanning industries through these middlemen. In some places the hides are sold in the weekly markets or hats for example Chauri-Chaura (Gorakhpur) Naugarh (Sridathnagar) Klabang (Bihar). Hides and skins are also sent to the principal hide markets those of Calcutta, Bombay, Kanpur and Madras, if they are purchased directly by the exporters on their agents and by some large tanneries.

The prices of hides and skins in the open market are regulated by several factors. The most important being (1) Supply (11) Quality and (111) Demand. Prices of raw stock eventually goes up several times of those received by the primary producers and because of ignorance and indifference the quality of the raw hides and skins goes down.

### **Leather Industry**

**An Overview:** The leather Industry is one of the oldest traditional industries in India which is mainly concentrated in the small scale and village sectors and remains export oriented. The Indian leather and Leather products Industry apart from being one of the major foreign exchange earners for the country provides employment to millions of people both directly and indirectly. India passes the world's largest livestock. Its contribution to the world total livestock being about 13% despite possessing comparable supply stock the growth of this industry has been very erratic both from the point of view of availability of hides and skins and also the earnings from them.

The leather industry is scattered all over the country with maximum of concentration in Tamilnadu specially in tanning and finishing sheep and goats skins followed by the Calcutte specializing in tanning and finishing cow hides and skin and Kanpur specialising in sole leather and saddler leather from buffalo hide (Koppany 2000) [5].

The existing capacity of leather is data for over 60% of them and intaning of hides and akins in country while. and Met engel together for around 25% and reining 158 Is in various other mall centres. Out of total 900 end neries only 65 units have been registered with Dire otorate General or Bontent Development (Dom) and these units employ the latest technology, machinery and equipment.

### **Role of Leather Industry in Indian Economy**

Leather industry has been playing a very vital role in Indian economy. It is not only providing valuable foreign exchange to the nation but at the time it also contributes substantially to the employment and then helping the nation in eradicating chronic unemployment problem.

The leather industry mostly comes under small and cottage industries and one of the most important feature of these industries is that these industries consume leas capital and generate more employment, because of this fact in verious five years plans emphasis have been given to develop small scale Industries in urban and rural areas. In order to achieve the objective of providing employment to masses and there by removing regional imbalances (Duraivalan 1970).

So this industry has come to play an important role in the economic development of this country, it offers a new procedure of industrialisation best suited to the economic condition of developing economy. Every country try to maximise its expart in order to earn valuable foreign exchange In this regard leather is one of the most important item through the export of which the Indian leather industry has been earning a good mount of foreign exchange for the country (Bharat 1970).

The export of leather and leather goods from India has increased by more than 1400% in the 40 years after independence. The leather and leather goods exported from Indie during 1987-88, surpassing the target of Rs.1000 crores fixed by the Government of India. The Indian leather industry has achieved an export of Rs.1244. 88 crores in value for the year 1987-88 according to provisional estimate by the council for leather exports. This is an increase of 34% over the previous year export of Rs. 930.77 crores in value.

The world wide recession in the leather market has already started showing signs of Improvement and the trend for leather export during coming years appears to be favourable. India with little care and afford could emerged as a potential exporter of semifinished leather finished leather and of leather goods.

### **Foot Wear**

Footwear constitutes one of the most dynamic sectors of the Indian leather industry. It require huge quantity or finished leather for manufacturing shoes and chappals. It is a labour intensive product and includes such items as closed shoes chappal, sandals and shoes uppers, growing affluence, surging population and greater urbanisation have provided a great stimulus for the development of leather foot wear industry in the country. (1) Capacity and production in the early 1990s were 15 units manufacturing leather footwear in

the organised sector. These units have an installed capacity of 252.69 lakh pairs and their production is placed at 81.5 lakh pairs in 1986-87. Besides nearly 800 small scale and 1.5 lakh cottage sector units are engaged in the manufacture of a variety of leather foot wear production of these units is estimated at 225 Lakh pairs. Although manufacturing units are scattered ell over the country major production centres are Agra, Kanpur, Bombay, Calcutta, Madras & Delhi.

In general, Agra specialises in the manufacture of closed shoes, Kanpur in Chappals, Calcutta and Medres in shoes upper and Bombay and Delhi in Sandels. with a view to promoting and developing leather industry products including foot wear, there exist a number of corporations in various states together with a central level agency called the Bharat Leather corporation with headquarters in Delhi.

2) Exports of foot wear: Accounting for 34.5 percent of the all India exports of the leather and leather product. The foreign exchange earnings of leather footwear and components increased from Rs. 34.6 crores in 1976-77 to Rs. 321.1 crores in 1986-87.

The Principal items of footwear exported from India include ordinary leather shoes, ammunition boots, industrial shoes, slippers, sandals and chappals, details of major markets for footwear and components during 1986-87, are as follows

### **World Demand**

World demand for Leather footwear is estimated at US \$ 11 billion of this, nearly 40 percent is accounted for by the US, 13% by West Germany 17 percent each by the UK and France and 3 percent by the Netherlands. Major suppliers of leather footwear include Italy, Spain, Brazil and Yugoslavia. India's shore in World exports is less then one percent. Exploitation of the huge overseas demand for leather footwear and components requires removal of various impediments facing Indian industry and strengthening marketing effort (CLC 2000).

### **Scope for Exfort of Footwear**

Leather footwear with established brands have a ready market in the U.S. and Western countries realizing this fact, a few organized and smell scale manufacturing units in India heve entered into production and marketing tie-ups for selected items of foot wear and components with certain recognized companies engaged in manufacturing and selling of leather goods in the U.K., the U.S. and Balgium with a view to generating greater exports of leather foot wear and components from India, a large number of units in the country should enter into such arrangements.

The outlook for exports of Leather footwear and components from India is very promoising. In fact this is one of the very few items which has a bright future. Such a prospect is supported by a number of reasons. One it is a labour intensive. Two, India has a large cattle population which provides the basic raw material for leather footwear industry. Three the production base for the industry is very strong. Four, the overseas demand for leather foot wear is rising fast. And, lastly, the govt. of India has a pragmatic policy for both production and export development of leather footwear from the country. Details of some of the specific items which offer scope for export are as follows -

A Ladies chappels: Upper calf skin / Suede leather with decorative materials, gold/ silver prints, imitation jewels textile brocade. Lining -calf / skin leather Insolepillow (rubber foam) setting leather board covered with sane upper

leather with gold/ silver prints et toe / heels. Sole-leather, micro, rubber neolite.

### Exports or Finished Leather

#### Export Scenario

Leather Industry in India, from the very beginning is exported. India exports her leather products to different parts of the world. But it is worth mentioning that a major part of our leather products goes to eight countries namely FRC, U.S.A. U.K., France, Japan, U.S.S.R. Italy and CDR.

At present, Indian leather marketed abroad can be broadly classified into five categories e.g. finished leather, semi-finished leather, Leather footwear, foot wear components, leather goods and manufacturers. The last category includes common leather accessories such as handbags, belts, wallets and garments. Among this array of leather and leather products exported finished leather constitutes the largest share of 39 percent, followed by footwear components at 26%. Foot wear component basically comprise shoes uppers. There is a persistent demand for finished leather because of the shortage of good low priced leather around the world.

A major portion of leather exports flows into Europe. Europe is currently experiencing a surge in the demand for consumer products including leather. Exports of leather and leather products have recorded steep rise in recent years. The actual value of exports have far exceeded the plan target. Provisions] value of exports during 1987-88 is placed Rs. 1249 crores Rs. 245 crores more than the revised target of 100 crores for this year and higher by Rs. 530 crores over the plan target of Rs. 715 crores.

Total exports of leather and leather products have risen nearly eight fold between 1974-75 and 1988 from Rs. 167 crores to 1245 crores. The changes in the composition of exports has been even more striking. As much as 65% of the aggregate exports was accounted for by sent finished and chrome tanned leather in 1974-75 and balance amount was shared by finished leather and leather goods. By 1986-87 while the share of semi-finished and chrome turned leather dwindled to 5.7 percent of the overall exports of Rs. 931 crores, that of finished leather rose to 43.1 percent. Leathers goods contributed a dominant proportion of 51.0 %. Share of finished leather.

In 1985-86 Leather goods exports had totaled Rs. 325 crores, a little less than half of the overall exports of leather and leather products in that year. of this, exports of footwear components amounted to Rs. 190.4 crores, forming 58.5% of in leather goods exports.

As there is a growing realisation of the need for polishing up exports of finished leather products and their contribution in the country over the export growth several pragmatic measures have been outlined. The present share of exports from the leather sector in the country's total exports is still insignificant. It was 5.3 percentages in 1977-78, which rose to 8.5 percentage in 1979-80. This proportion has improved in recent years and was 7.9 % in 1987-88. Understandably the share has to be raised to at least 10% in the next three years.

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