

Leather & Footwear: Consolidated Issue Summary

S.No.	Areas	Issues
1	Scalability	Unorganized industry structure, being a major hindrance for low-price mass production and hence Indian Leather & Footwear manufacturers lose out on huge orders placed by the US, EU clients.
		Lack of backward Linkages with limited availability of key components and machinery impacting scales of production
		Inability to attract large FDI in part due to the erstwhile restrictions and reservations and partly due to operating constraints such as rigid labour market and relatively poor infrastructure. Lack of FDI backed with fragmented nature of sector is an impediment for large scale production
		Decline in animal husbandry leading to availability issues for high grade leather for leather footwear, apparel & goods industry. Further, availability of cow leather is an issue because of religious sentiments, hence impacting production.
		Decline in new labour force(unskilled or semi-skilled) entering the industry
2	Cost Efficiency	Increasing demand supply gap between leather because of declining animal husbandry, leading to increase in prices
		Dependence on imports for critical non-leather components like PU sole, insole board, steel toe caps, metal fittings etc. This leads to increase in raw-material cost
		Cost pressures on tanneries due to mandatory effluent treatment plant. This results in increasing cost of finished leather
3	Productivity Optimization	Lack of backward Linkages with limited availability of key components & machinery.
		Lack of awareness on government schemes & subsidies within MSME's
		Issues in adhering to the external legislative requirements in EU & US markets like Minimum specified chemical limits (REACH standard), testing and certification requirement etc. ; making Indian firms less competitive in quality conscious markets
		Inadequate testing & certifying agencies in India is an impediment for Indian firms to conform to global quality norms
		Non-acceptance of goods by the buyer because of quality issues, or unfair trade practices leading to blocking of working capital of Indian firms
3	Quality Excellence	Hand cutting & knife de-skinning being employed in most of the abattoirs leading to quality issues with leather
		Lack of skilled people in the areas of dyeing , tailors, cutters & skilled master
		Inadequate testing & certifying agencies in India.
		Lack of investments in Research & design development
		Lack of awareness on quality norms and standards
5	Sustainability	Lack of awareness and knowledge about REACH standards
		Absence of proper industry for recycling of solid effluent
		Limited value addition in industry because of lack of investments in R&D and D&D
		Inadequate Common Effluent Treatment Plants for tanneries
		Inadequacy in the primary treatment done at the tanneries and no monitoring system to measure the TDS level in the affluent