



STUDY OF PROBLEMS AND PROSPECTS OF LEATHER INDUSTRIES

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ABSTRACT

Exports, expansion, and new jobs are all on the horizon for India's leather sector. More than 2.5 million individuals are employed in some way by the sector. Workers with low to moderate levels of education make up around half of the labor force, while the other half does not, and women make up a third of the labor force. Business-friendly policies and strategic activities are required for the developing Indian market. Young Indians hope for a country with cutting-edge amenities and growth on par with the rest of the world. This study has a sample size of 528 people. The reason for this inquiry is to learn more about the company's offerings. The production of leather goods is gradually moving from industrialized to developing countries. The "Made in India" project is a positive policy shift by the Modi administration. The "Make in India" initiative seeks to boost the Indian economy by encouraging companies all over the world to set up shop there and contribute to the country's Gross Domestic Product (GDP).

KEYWORDS Leather, Challenges, Industry, Manufacturing

DOI Number: [10.48047/nq.2021.19.6.NQ21084](https://doi.org/10.48047/nq.2021.19.6.NQ21084)

NeuroQuantology2021;19(6): 178-184

INTRODUCTION

One of India's first industrial sectors, the leather and leather products industry has been producing goods for both the local and foreign markets since the middle of the nineteenth century. The industry exports 46% of its output, placing it eighth on India's list of major export generating sectors, with an annual contribution of almost Rs. 10,000 crores (or around 4% of export profits). The industry is responsible for 2.5% of the \$387,200,000,000 in worldwide leather commerce. Around 15% of all footwear, clothing, leather items, and accessories purchased in Europe are outsourced from India, while 10% of all worldwide supply is derived from the country. Over 2.5 million people are actively employed in the leather sector, which generates yearly revenue of Rs. 25,000 crores. The industry also has deep ties to the social order, particularly via the institutions of caste and community. This means that even today, many business owners and employees are from traditional leatherworking castes (which are

often lower on the caste scale) and the Muslim faith. Around 40% of India's leather exports come from Tamil Nadu, while the state accounts for 70% of India's total leather product production.

Exports, expansion, and new jobs are all on the horizon for India's leather sector. The sector provides jobs to over 2.5 million individuals worldwide. Around half of the workforce consists of high- and low-skilled workers, and women make up a third of the labor force. Business-friendly policies and strategic activities are required for the developing Indian market. Young Indians hope for a country with cutting-edge amenities and growth on par with the rest of the world. The Indian government, in order to achieve economic growth on global levels, must set clear and attainable objectives that may be accomplished by methodical planning and execution. The new course that the Modi administration has set for the Indian economy marks the beginning of an era of inclusive growth in which the dreams of every



Indian citizen may be realized. In spite of India's boundless potential, the government faces significant social and economic obstacles. Many strategic moves and policy measures have been made by the government, with widespread approval from businesses and citizens alike.

One of the Modi government's most promising policy initiatives is the "Made in India" project. The "Made in India" initiative seeks to boost the Indian economy by encouraging companies all over the world to set up shop there and contribute to the country's Gross Domestic Product (GDP). The government's "Made in India" strategy aims to maximize development; thus it has been trying to reduce red tape, simplify bureaucratic procedures, enhance infrastructure, welcome more foreign direct investment (FDI), and, most crucially, boost the country's human resources, position itself as a reliable partner to the private sector. These efforts have the potential to realize the "ease-of-doing" business concept and provide solutions to the leather industry's issues.

Leather is a unique product linking common villages with high societies and traditional practices with emerging technologies. Leather and leather manufacturers are an important and secure source for export trade and foreign-exchange earnings for many developing countries. It is a high-priority industrial sector for Bangladesh, and footwear exports, a field of intense focus. Only a few decades since Independence, Bangladesh has made significant gains from the leather trade, moving from an exporter's status of 90% plus raw hides and skins to that of an exporter and mainly leather product manufacturer. This sector however, has no systematic work. This study seeks to resolve the research gap by trying to understand the current situation, challenges and prospects of Bangladesh's leather industry.

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eISSN1303-5150

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LITERATURE REVIEW

Md. Abdul Moktadir et.al (2020) The idea of a circular economy (CE) is a relatively new but rapidly growing corporate movement with far-reaching implications for reducing waste and pollution. Research of CE procedures within the leather sector, however, has been limited. To assist with this matter, this paper provides a decision support framework for evaluating the risks to CE procedures in the leather industry. The best worst method is used as a substitute for other decision-making tools throughout the assessment process. According to the results, the most significant factor is the absence of government funding. This suggests that a lack of financial resources is a significant barrier to expanding the use of CE practices. The findings might be useful for leather industry management and regulators as they work to apply CE standards, which is necessary for the industry's long-term growth and sustainability.

Zareesha Sheikh et,al (2020) This article uses first-hand data to analyze the effects of the most important factors influencing Pakistan's leather products export performance. The province of Sindh's exporters and merchants were used as sample frames. Korangi Industrial Area is where most of Karachi's leather is made and exported from. Out of the entire number of

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leather exporters, 51 were randomly chosen to serve as a representative sample. Pakistan is losing market share to regional competitors in the leather industry because of higher production costs and a lower proportion of the worldwide market due to a lack of technical advancement, research and development, skilled personnel, and lower quality standards.

Dr D S Yadav et.al (2018) The leather footwear industry is ripe with potential for India's Made in India initiative. Investors have been encouraged to produce on a big scale due to the availability of trained labor in this industry. Made in India recognizes this business as having the potential to increase annual revenue from the present \$12 billion to \$27 billion by the year 2020. Over six million employment might be created in this industry. The leather footwear business in India is one of the largest in the world. The primary goal of this study is to examine the advantages and disadvantages of Made in India, as well as the many elements impacting leather footwear exports, the government's measures to promote development in this sector, and the industry's rising trends. It also discusses the many difficulties encountered by the business sector. A conceptual framework will be grasped using the available secondary data and reports. These findings will aid in identifying the industry's breadth, problem areas, and potential roadblocks to growth, which will ultimately benefit our economy.

Shailja Singh (2018) India's leather sector is one of the country's most lucrative, bringing in almost US \$12 billion in export earnings each year. The industry's significant export profits give it a key role in the Indian economy. India's leather business faces the same internal and external forces that determine the performance of any other sector, both domestically and abroad. This article makes an effort, based on secondary data, to analyze the influence of key variables and factors on the leather and leather products export performance. This paper uses SWOC Analysis and the PORTERS FIVE FORCE Model to analyze the competitive advantages and disadvantages of the Indian leather industry in the Kanpur and Unnao districts of Uttar Pradesh, India, two of the country's most

well-known centers for the production and export of leather goods.

Dr. Shilpa Goel (2014) The Foreign Trade Policy 2004-09 identified leather and leather items as a thrust sector for export promotion because of their strong export potential and capacity to generate employment. The country's government and business are well aware of the difficulties involved, but they also have access to the resources and knowledge they need to succeed. Previous efforts to restructure the industry, update tanneries, encourage the use of shared effluent treatment facilities, and create leather complexes have not met with success. Our responses to the international challenges of trade liberalization and environmental norms, as well as the domestic environmental compliance obligations, have been piecemeal and delayed. In reality, we haven't been that proactive in our reactions. To accomplish dynamic efficiency improvements, We need a proactive approach that can adapt quickly and easily to changing circumstances at home and abroad. This research focuses on the potential role that leather exports may play in the expansion of the Indian economy, as well as the future demand for leather and leather items in foreign markets.

CHALLENGES OF THE LEATHER INDUSTRY

- The leather industry is still in its early stages because of the religious importance of particular animals.
- Businesses are hesitant to spend money on research and development, infrastructure, or training for their employees.
- Businesses don't care about adding value to their products through strong branding and competitive advantages.
- Other challenges that limit the export expansion of the Indian leather sector include effluent control, non-tariff obstacles, quality demands, and the expense of compliance to different standards.
- Environmental concerns related to leather processing, including tanning.

Leather Industry, Environmental Issues and Sustainable Solutions



The leather business has been labeled as one of the most polluting in the economy. At various points in the process, it produces both solid waste and industrial sewage. Tannery waste includes chromium and other toxic substances which constitute a severe danger to the health and environment. The waste can cause gill damage, respiratory issues, infections, infertility, and birth defects in fish when dumped into water systems. Moreover, it has been linked to several deadly forms of cancer. For the leather industry to last, outdated processing techniques must be rethought. Sustainability is achieved when environmental, social, and economic goals are all met simultaneously. Wastewater treatment systems must be connected to tanning facilities. By making leather manufacturing environmentally sustainable by 2020, the Indian leather sector may meet its stated goal of USD 27 billion, thanks to a revolutionary "Waterless chrome tanning technology" developed by the Council for Scientific and Industrial Research (CSIR). As far as I'm aware, this is the first strategy of its kind to reduce chromium contamination.

Major Initiatives to Boost the Leather Sector

- The Indian Footwear, Leather, and Accessories Development Project, a central sector initiative, is now being implemented for the years 2017–18 through 2019–20.
- Starting on November 2, 2018, the interest equalization rate for pre-shipment and post-shipment Rupee export loan granted to Micro, Small, and Medium Businesses units was raised from 3% to 5%.
- Leather, Footwear, and Accessory Sector supplementary employment incentive program.

- Sub-scheme to promote Indian-made leather, footwear, and accessories.
- Reduction in the GST rates.
- Duty Free Import of Inputs.

METHODS

Research Design

The current study is an exploratory investigation of the issues that the city of Mumbai is now facing.

Data Source: As was noted above, a survey was used to collect the information. The research questions can be better answered by the survey method. For a closer look at Dharavi's challenges and opportunities, as well as to compare and contrast the varied comments gathered from residents, the researcher conducted extensive fieldwork.

Primary data: Primary data is the raw information that was gathered specifically for the study at hand. The data is gathered via the use of surveys, in-depth interviews with experts and regular people, and speculative methods.

Secondary data: One of the most important parts of this study's methodology is the use of secondary data. To compile this information, we scoured company annual reports, economist and bank reports, government and financial institution websites, academic publications, and newspapers. The following are the sources from which we compiled this information.

Sample Size

The sample size for this research study is 528 respondents.

DATA ANALYSIS

Analysis of the Respondents Regarding the Nature of Products Manufacture by Enterprise

The purpose of the preceding inquiry is to learn more about the specific goods produced by the company. There are seven main groups to which the data gathered belongs. The following table provides access to the secret data:

Table no. 1 The opinion of the respondents regarding the Nature of products manufactures by enterprise

Sr No	Type of product	Yes	No	Total
1	Shoes	160 (30.30%)	368 (69.69%)	528 (100%)
2	Bag	416 (78.78%)	112 (21.22%)	528 (100%)
3	Belt	136 (25.75%)	392 (74.25%)	528 (100%)
4	Jacket	224 (42.42%)	304 (57.58%)	528 (100%)
5	Ladies purse	96 (18.18%)	432 (81.82%)	528 (100%)
6	Gents wallet	216 (40.90%)	312 (59.1%)	528 (100%)
7	Other accessories	296 (56.06%)	232 (43.94%)	528 (100%)

1. Shoes: 160 (or 30.30%) of the 528 respondents own a business where shoes are produced.

2. Bag: In a survey with 528 participants, 78.78% (or 416 people) said their company produced Bags, while 21.22% (or 112 people) said they didn't.

3. Belt: 392 respondents (74.25 percent) say their company does not produce belts, while 136 (25.75 percent) say they do.

4. Jacket: Out of a total of 528 respondents, 224 (42.42%) make Jackets and 304 (57.58%) do not.

5. Ladies Purse: Just 96 out of 528 respondents (18.18%) say they make ladies' purses for a living; the remainder 432 (81.82%) say they don't.

6. Gents Wallet: 312 (59.1 percent) of respondents do not make Gents Wallets, whereas 216 (40.90 percent) make them for their businesses.

7. Other Accessories: Out of a total of 528 responders, 296 (56.06%) make additional accessories, while the remaining 232 (43.94%) make them for other businesses. You may see the data in a bar chart style down below:

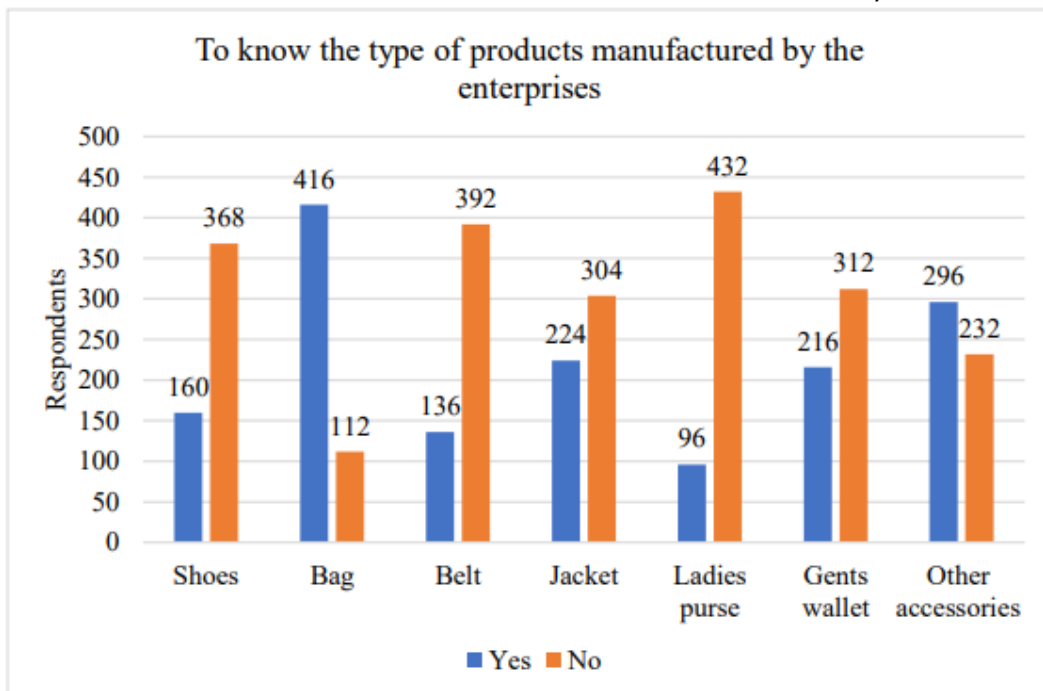


Figure no. 1 To know the type of products manufactured by the enterprise.

CONCLUSION

India is now the ideal place to invest to help advance leather R&D due to the country's vast potential, large market for leather goods, and ready supply of relevant resources and trained personnel. Production centers in the leather industry are now being moved from developed to emerging nations. Because of this, India might expect a rise in FDI (foreign direct investment). Raw hides and skins on the market vary in quality. Since there isn't enough of the high-quality raw material, manufacturers can't make leather goods that can compete with established brands.

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