

India looks for positive export momentum

Ahead of the 2019 India International Leather Fair (IILF) in Chennai, leaders of the Indian leather industry said they were targeting export growth of 8-10% over the next two years. Aided by the government support package unveiled ahead of last year's show, it appears progress is being made.

The Indian leather industry, with an overall annual turnover of just over \$17.7 billion, brought in export revenue of more than \$5.74 billion in the most recent financial year, which ran from April 2017-March 2018.

Speaking at the India International Leather Fair in Chennai, the chairman of the country's Council for Leather Exports (CLE), Aqeel Ahmed, commented that with India projecting economic growth of between 7.3% and 7.8% and China expecting a slowdown in growth, there is a great opportunity. The continuing trade dispute between China and the US could also offer opportunities.

This year's IILF, its 34th, took place over three days at the start of February and saw over 450 companies exhibiting, including 129 from outside of India. More than 20 countries were represented, with China, Germany, France, Italy and Brazil setting up their own pavilions to allow their companies to connect with existing Indian customers and to generate new business leads. The event counted in excess of 15,000 visitors.

With the aim of highlighting the export expertise of India's leather entrepreneurs, the exhibition showcased their achievements, their latest technology and innovations in the area of sustainability. This final point was reflected in the theme of the fair, which was 'Greening the Leather'. A special

theme pavilion was set up by CLE, the India Trade Promotion Organisation (ITPO) and the Central Leather Research Institute (CLRI). Various national government initiatives were also displayed including 'Make in India', 'Digital India' and 'Skill India'.

Ahead of the exhibition, Mr Ahmed offered an update on the new goods and sales tax (GST) that was brought in last year. With regards to the leather industry, under this system the tax on luxury goods is 28%, on footwear is 18% and on leathers goods is 12%. Sanjay Leekah, vice chairman of CLE, claimed that India is on the threshold of growth and that with the support of the government is has the potential to increase its work with premium brands.

Exports to international markets

Exports of leather, leather products and footwear grew by more than 1.6% during fiscal 2017-18, bucking the negative trend of the past two years. The European Union remains the main export destination, representing 55% of the total. The US takes a share of 15%, with the rest of the world responsible for the remaining 30%. The news was less positive for the April-November 2019 period when looked at

The Chennai Convention Centre opened its doors from February 1-3 for the 34th annual India International Leather Fair.
CREDIT: WTP



Aqeel Ahmed, CLE Chairman, speaking at the inauguration of the fourth Designers Fair. CREDIT: WTP

in dollar terms (-1.96%), but when considered in terms of Rupees it shows growth of 5.77%.

Market promotion

Throughout 2018-2019, CLE is carrying out a range of promotional activities to target countries that will allow it to penetrate global markets. So far, 11 marketing events covering Chile, Peru, Italy, Vietnam, the US, Germany and Australia have taken place, with the rest scheduled for February and March. It has also proposed buyer-seller meets and participation in global trade fairs covering both traditional and potential markets. Africa is a specific target, with attempts to impact this market initiated with a visit last

July to Ethiopia and Rwanda.

Investment update

The fair also presented the opportunity to provide an update on the progress of the Indian Footwear, Leather and Accessories Development Programme (IFLADP), announced in 2018, which comes with proposed government investment of Rs 2,600 crore (around \$400 million at the time of its unveiling). It consists of various sub-schemes that aim to develop the infrastructure of the leather sector, attract and facilitate additional investments, and increase production via employment generation. It is projected to generate over 300,000 new jobs over a three-year period.


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The Human Resource Development (HRD) scheme has moved on, with the task of delivering the training having been assigned to various institutions and private businesses. It aims to train over 400,000 unemployed people and upgrade the skills of 75,000 existing workers.

The Integrated Development of Leather Sector (IDLS) Scheme has also made progress. It hopes to incentivise 1,000 units within the leather, footwear and accessories and components sector. A Centralised Project Monitoring system with an online portal has been developed and hosted. Five hundred units have registered and 128 applications have been received. These units are hoping to secure grants and subsidies to boost investment and job creation.

The Mega Leather, Footwear and Accessories Cluster scheme had already identified and approved the establishment of a mega cluster in the Nellore district of Andhra Pradesh. The Special Purpose Vehicle (SPV) formed by the state government is currently implementing this green-field project, having acquired 537 acres. Approval in principle has been granted for a mega leather cluster within the Calcutta Leather Complex, with a leather area of more than 96 acres already earmarked. Further proposals to set up clusters in Haryana, Uttar Pradesh and Jammu & Kashmir have been submitted by the respective governments of these states.

The Environmental Issues Scheme, which offers funding of 70% of the cost of upgrading common effluent treatment plants (CETPs) is ongoing. Eleven CETPs have already been

approved in the Tamil Nadu state, with proposals for five others currently being analysed by the CLRI.

Raw Materials Sourcing Meet returns

Alongside IILF 2019, CLE again organised the Raw Materials Sourcing Meet. First held last year, it aims to increase raw material availability for the Indian leather sector. Even though India has around 20% of the world's population of cattle and buffalo and 11% of its sheep and goat population, there is still a need for raw material.

Mr Ahmed pointed out that the specifications of many customers of India's leather industry cannot be met by domestic raw material alone. More than 30 raw material suppliers from 14 countries came together in the comfort of a Chennai hotel on February 1 to take part in one-to-one meetings with Indian importers.

Fourth Designers Fair

Another side event held was the fourth designers fair, which took place over the three days. It brought together more than 40 Indian and overseas designers and design institutions. This fair showcases a wide range of leather products and footwear. Building on the success of the previous three years, the 2019 event saw 40% more exhibitors. If previous years are replicated, the generation of more half a million dollars-worth of business can be expected. Overseas exhibitors came from the US, Brazil, the Philippines, Italy, Portugal, Russia and Turkey. 🌐

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