

**GOVERNMENT OF INDIA  
MINISTRY OF COMMERCE & INDUSTRY  
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE  
RAJYA SABHA**

**UNSTARRED QUESTION NO. 1818.  
TO BE ANSWERED ON FRIDAY, THE 04<sup>TH</sup> AUGUST, 2023.**

**CHALLENGES IN FOOTWEAR AND LEATHER SECTOR**

**1818. Shri Syed Nasir Hussain:  
Dr. Ameer Yajnik:  
Smt. Phulo Devi Netam:**

Will the Minister of **Commerce and Industry** be pleased to state:

- (a) whether Government is aware of the serious challenges in the footwear and leather sector due to the Quality Control Order, 2022, if so, the details thereof;
- (b) the details of the contribution of the footwear and leather sector to the exports of the country in the last three years, year-wise;
- (c) whether Free Trade Agreements (FTA) signed by Government with various countries have benefitted the footwear and leather sector so far, if so, the details thereof; and
- (d) the steps taken by Government to promote the indigenous footwear and leather sector in the country?

**ANSWER**

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY  
(SHRI SOM PARKASH)**

- (a):** Sir, to curb cheaper imports and compulsory use of Standard Mark for certain categories of footwear, the Central Government (DPIIT) issued the following three Quality Control Orders (QCOs) for footwear and leather sector after consultation with Bureau of Indian Standards(BIS) and other stakeholders, including the Industry Associations:
- i. Footwear made from Leather and other material (Quality Control) Order, 2020, implemented w.e.f. 1.7.2023 -11 items.
  - ii. Footwear made from all Rubber & all Polymeric material and its components (Quality Control) Order 2020 - implemented w.e.f 1.7.2023 - 13 items.
  - iii. Personal Protective Equipment Footwear ( Quality Control) Order 2020, implemented w.e.f. 01.01.2022 - 3 items.

The Central Government has conducted regular review meetings with Bureau of Indian Standards(BIS) and industry stakeholders for getting their suggestions and to ensure smooth implementation of QCOs.

Manufacturers have been given relaxation in the creation of testing facility by allowing outsourcing of majority of the tests which are required to be carried out less frequently. Limited number of tests are needed to be performed in-house, for which the manufacturer needs to create facility. Provision also exists for sharing of test facilities, and cluster based test facilities.

Council for Leather Exports(CLE) & BIS have also been creating awareness amongst the manufacturers of Footwear across India through its Branch offices by way of industry meets; participation in conferences and seminars organized by various industry associations. In addition, through Public Call facility, the doubts and queries of the footwear manufacturers are also being addressed on daily basis.

- (b): The year-wise details of export of footwear and leather sector in the last three years are:

**Exports of Indian Footwear & Leather Sector (Million USD)**

<b>Product</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
Finished Leather	378.23	456.10	430.93
Leather Footwear	1485.64	2047.08	2377.23
Footwear Components	197.59	249.87	289.81
Leather Garments	295.59	342.38	353.07
Leather Goods	944.27	1287.06	1301.34
Saddlery & harness	186.18	276.10	222.17
<b>Total</b>	<b>3487.5</b>	<b>4658.59</b>	<b>4974.55</b>

Source: Directorate General of Commercial Intelligence & Statistics(DGCIS)

- (c): The FTAs have been able to provide greater market access to the sector and the exports data with countries/regions with which India has entered into FTAs is given below:

**(In Million USD)**

<b>Country</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>Trade Agreement</b>
UAE	80.05	105.48	123.87	India-UAE CEPA
Australia	74.95	91.23	94.01	India-Australia ECTA
Japan	45.69	64.60	77.88	India-Japan CEPA
ASEAN	143.01	161.27	175.01	India-ASEAN FTA
Korea Rep.	35.91	40.37	46.74	India-Korea CEPA

- (d): On 19<sup>th</sup> January 2022, Government has approved the continuation of Central Sector Scheme namely 'Indian Footwear and Leather Development Programme (IFLDP)', till 31.03.2026 or till further review, whichever is earlier. IFLDP comprises of 06 sub schemes and the details of these schemes are given in **Annexure**.

Leather and Footwear sector are eligible to avail benefits of export promotion schemes under the Foreign Trade Policy 2023 and other benefits provided under Market Access Initiatives Scheme (MAIS), Trade Infrastructure for Export Scheme (TIES), and Interest Equalisation Scheme etc.

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## ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (d) OF THE RAJYA SABHA USTARRED QUESTION NO. 1818 FOR ANSWER ON 04.08.2023.

### **Indian Footwear and Leather Development Programme (IFLDP)**

- i. **Sustainable Technology and Environmental Promotion (STEP):-** Assistance for each Common Effluent Treatment Plant(CETP) is provided @80% of the total project cost for Northeastern Areas with industry/beneficiary share to be 20% of the project cost and @ 70% of the total project cost for other areas with industry/beneficiary share to be 30% of the project cost with a limit of ₹ 200 crore.
- ii. **Integrated Development of Leather Sector (IDLS):-** Assistance is provided to the sectoral units for their modernization/capacity expansion/technology up-gradation @30% to Micro, Small and Medium Enterprise (MSME) units and 20% to other units. Financial assistance is provided for Northeastern Areas @40% of cost of plant & machinery to MSME units and 30% to other units. 5% additional grant is provided for domestic manufactured machinery.
- iii. **Establishment of Institutional Facilities (EIF):-** Assistance is provided for setting up of new infrastructure and upgradation of requisite infrastructure of existing campuses of Footwear Design and Development Institute (FDDI). This inter-alia includes setting up of International Testing Centre, Sports Complex, construction of girls hostel etc within the existing campuses of FDDI.
- iv. **Mega Leather Footwear and Accessories Cluster Development (MLFACD):-** The sub-scheme aims at world-class infrastructure and to integrate the production chain in a manner that it caters to the business needs of the leather and domestic footwear industry and export market. Graded assistance is provided @50% of the project cost (@70% of the project cost in North eastern areas), for land development, core infrastructure, social infrastructure, production facilities including ready to use sheds with plug and play facility, R&D support and export services excluding cost of land with maximum Government assistance being limited to ₹ 125 crore.
- v. **Brand Promotion of Indian Brands in Leather and Footwear Sector:-** The Government of India assistance is provided @ 50% of the total project cost subject to limit of ₹ 3 crore for each brand each year during the next three years to promote at least 10 Indian brands in the International Market. All Indian Manufacturers in the Footwear and Leather Sector including finished leather, leather goods, leather garments, saddlery, footwear and footwear components industries having cash profit for last 3 years and having minimum exports/domestic sales of Rs.50 crore per year are eligible under the sub-scheme.
- vi. **Development of Design Studios:-** This is a new sub-scheme introduced to catalyse the technological and design transformation of the sector. Assistance

is provided to develop 10 Indian design studios. The studios involve design innovation, promoting market and export linkages, facilitate buyer-seller meets, display designs to international buyers and work as interface for the tradefairs. Design Studios are provisioned for kind of 'one-stop- shop' providing a wide range of services: design, technical support, quality control etc.

Guidelines of these sub-schemes are available on DPIIT's website whose link is <https://dpiit.gov.in/indian-footwear-leather-and-accessories-development-program>. All sub-schemes have been on-boarded on National Single Window System (NSWS). Eligible entrepreneurs can submit application through NSWS online portal which is accessible at <https://www.nsws.gov.in/> -> "All schemes" -> Select "Indian Footwear and Leather Development Programme" -> Select the applicable sub-scheme".

The core objective of the IFLDP is to enable creation of world class infrastructure to cater to the exports and domestic market, facilitate additional investments into the industry via modernization, technology upgradation and capacity expansion, setting up of new units, address environmental concerns specific to the leather sector, promote Indian Brands, set up Design Studios in the country etc.

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