

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

LOK SABHA

**UNSTARRED QUESTION NO. 983.
TO BE ANSWERED ON WEDNESDAY, THE 08TH FEBRUARY, 2023.**

FOOTWEAR AND LEATHER SECTOR

**983. SHRI RAHUL RAMESH SHEWALE:
SHRI GIRISH BHALCHANDRA BAPAT:
SHRI CHANDRA SEKHAR SAHU:
DR. PRITAM GOPINATHRAO MUNDE:**

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:

वाणिज्य एवं उद्योग मंत्री

- (a) whether the Government has the potential to become a world leader in footwear and leather sector with the efforts of both Government and industry;
- (b) if so, the details thereof;
- (c) the details of the contribution of footwear and leather sector in the country's export during each of the last three years;
- (d) whether footwear and leather sector has so far been benefited from the FTAs being signed by the Government with various countries;
- (e) if so, the details thereof; and
- (f) the details of the steps taken by the Government and industry to boost footwear and leather sector of the country?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री सोम प्रकाश)

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

- (a) & (b):** Leather and Footwear sector occupies a very important place in the Indian economy on account of potential for creation of employment opportunities and favorable production and exports. This sector is known for its consistency in high export earnings. Indian footwear and leather sector is a major supplier of value added products in the global market. The sector aims to ensure optimum utilization of the emerging business opportunities and substantially enhance its exports in the coming years.
- (c):** The Leather and Footwear Sector has achieved export growth of 17.7% during April- December 2022 (USD 4252 Mn) compared to April-December 2021 (USD 3632 Mn). The export of leather and footwear sector product wise during the last three years is given below (in Million USD):-

PRODUCT	2019-20	2020-21	2021-22	% Change 2021-22
Finished Leather	525.16	378.23	456.10	20.59%
Leather Footwear	2085.46	1485.64	2047.08	37.80%
Footwear Components	262.16	197.59	249.87	26.46%
Leather Garments	430.10	295.59	342.38	15.84%
Leather Goods	1355.60	944.27	1287.06	36.30%
Saddlery & Harness	151.61	186.18	276.10	48.30%
Non-Leather Footwear	283.00	194.18	214.11	10.28%
Total	5093.09	3681.68	4872.70	32.35%

Source : DGCI &S

- (d) & (e):** The footwear and leather sector has been benefited from the FTAs and its export during 2021-22, particularly in emerging markets like UAE, Australia, Japan, ASEAN and Chile. Export of leather, leather products and footwear to many FTA countries have shown significant revival during 2021-22 and this growth trend is continuing in the current year also.
- (f):** Some of the key policy measures taken so far to promote Leather and Footwear Manufacturing in India are at **Annexure**.

Annexure referred to in Part (f) of the reply to the Lok Sabha Unstarred Question no. 983 to be answered on 08.02.2023

- i. The Central Sector Scheme 'Indian Footwear and Leather Development Programme (IFLDP)' is being implemented for overall development of Leather and Footwear Industry with an allocation of Rs.1700 crore (2021-26). The scheme aims at development of infrastructure for the leather and footwear sector, address environment concerns specific to the leather and footwear sector, facilitate additional investments, employment generation and increase in production. Indian Footwear and Leather Development Programme is being implemented with six sub-schemes as under:
- a. **Sustainable Technology and Environmental Promotion (outlay ₹ 500 crore) :-** 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.
 - b. **Integrated Development of Leather Sector (IDLS) (outlay ₹ 500 crore) :-** 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.
 - c. **Establishment of Institutional Facilities (outlay ₹ 200 crore):-** 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.
 - d. **Mega Leather Footwear and Accessories Cluster Development (MLFACD) (outlay ₹ 300 crore):-** 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 Northeastern 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.
 - e. **Brand Promotion of Indian Brands in Leather and Footwear Sector (outlay ₹ 100 crore):-** The Government of India assistance will be provided for 50% 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.

- f. **Development of Design Studios (outlay ₹ 100 crore)** :- This is a new sub-scheme introduced to catalyze the technological and design transformation of the sector. Assistance is provided to develop 10 Indian design studios. The studios will spur design innovation, promote market and export linkages, facilitate buyer-seller meets, display designs to international buyers and work as interface for the trade fairs. Design Studios will be kind of 'one-stop- shop' providing a wide range of services: design, technical support, quality control etc.
- ii. To incentivize domestic value addition under Make in India and Atma Nirbhar Bharat initiative, basic custom duty has been increased on the following:
- a. Zero to Ten Per cent on "wet blue chrome tanned leather, crust leather and finished leather of all kinds, including splits and sides" as they are domestically produced in good quantity and mostly by MSMEs.
 - b. 25 per cent to 35 per cent *on footwear* vide notification dated 02.02.2020 for 2020-21 (for 4 digit HSN code of 6401 to 6405)
 - c. 15 per cent to 20 per cent *on footwear component* vide notification dated 02.02.2020 for 2020-21 (for 4-digit HSN code of 6401 to 6405)\
- iii. DPIIT has issued Quality Control Orders (QCOs) for footwear and leather sector to curb cheaper imports and to boost Atma Nirbhar Bharat initiative, for certain categories of footwear:
- a. Footwear made from Leather and other materials (Quality Control) Order, 2022 dated: 03rd June, 2022 – 11 items to be implemented w.e.f. 1.7.2023.
 - b. Personal Protective Equipment Footwear (Quality Control) Order, 2020 dated: 04th December, 2020 – 3 items - implemented w.e.f. 1st January 2022.
 - c. Footwear made from all Rubber & all Polymeric material and its components (Quality Control) Order, 2022 dated: 03rd June, 2022 – 13 items to be implemented w.e.f. 1.7.2023.
- iv. Micro and small units have been exempted from the purview of QCO on Footwear made from Leather and other materials and Footwear made from all Rubber & all Polymeric material and its components.
- v. The Government of India has notified Anti-dumping duty of PU (Poly Urethane) material vide notification 20.05.2022 in order to protect the domestic industry.
- vi. Under Export Promotion Capital Goods Scheme (EPCG) of Foreign Trade Policy, Customs duty exemption is provided for import of capital goods for pre-production, production and post-production, subject to fulfillment of export obligation. Capital goods imported under EPCG Authorisation for physical exports are also exempted from Integrated Goods & Services Tax (IGST) and Compensation Cess.
- vii. Under Advance Authorization scheme, notified inputs are allowed duty free subject to quantity restrictions as per Standard Input Output Norms and fulfillment of specified export obligation.
- viii. Financial support is provided under Market Access Initiative Scheme for undertaking various export promotion activities both in the traditional markets of Europe and USA and also potential markets.
- ix. Financial support has been provided under Assistance to States for Infrastructure

Development of Exports (ASIDE)/ Trade Infrastructure for Export Scheme (TIES) scheme for undertaking various infrastructure and common utility facilities for the leather sector.

- x. The interest equalization on rupee export credit is being implemented for the period October 1, 2021 and ends on March 31, 2024 including certain tariff lines concerning footwear and leather sector.
