

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

**UNSTARRED QUESTION NO. 2746.
TO BE ANSWERED ON WEDNESDAY, THE 04TH DECEMBER, 2019.**

STATUS OF LEATHER INDUSTRY

2746. SHRI PRATAPRAO PATIL CHIKHLIKAR:

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

वाणिज्य एवं उद्योग मंत्री

- (a) whether the business turn-over of leather industry in the country is drastically declining and several leather industries are on the verge of closure;
- (b) if so, the details thereof;
- (c) if not, the reasons therefor; and
- (d) the details of the steps taken by the Government to promote leather industry during the last three years?

ANSWER

वाणिज्य एवं उद्योग मंत्री (श्री पीयूष गोयल)

**THE MINISTER OF COMMERCE & INDUSTRY
(SHRI PIYUSH GOYAL)**

(a) to (c): There is no drastic decline in business turnover of leather industry in the country.

(d): The following measures have been taken by the Government for promotion of leather industry in the past three years:—

1. Central sector scheme 'Indian Footwear, Leather & Accessories Development Programme' is under implementation for the period 2017-18 to 2019-20. The scheme aims at development of infrastructure for the leather sector, address environment concerns specific to the leather sector, facilitate additional investments, employment generation and increase in production. Details of the Indian Footwear, Leather & Accessories Development Programme are enclosed as Annexure.
2. As per inputs received from Department of Commerce, following steps have been taken for export promotion during last three years:

- i. Merchandise Exports from India Scheme (MEIS): 2% across the board enhancement of duty credit scrip under Merchandise Exports from India Scheme (MEIS) for shipments made from 1.11.2017. Accordingly, notified leather products and footwear are now getting 5% MEIS scrip while finished leather is getting 4% (some categories of finished leather are getting 5%).
- ii. Goods and Service Tax (GST) Rates for following leather industry related items have been reduced:-
 - a) Reduction of GST rate from 28% to 18% for leather products, leather garments, leather chemicals w.e.f. November 15, 2017
 - b) Reduction of GST rate from 12% to 5% for finished leather and composition leather w.e.f. November 15, 2017
 - c) Reduction of GST on job work for manufacturing leather goods and footwear from 18% to 5% w.e.f. January 25, 2018
 - d) Reduction of GST on Common Effluent Treatment Plants services from 18% to 12% w.e.f. January 25, 2018
 - e) 5% concessional GST extended to footwear having a retail sale price up to Rs. 1000 per pair w.e.f. 27th July 2018, which was earlier available for footwear with retail sale price upto Rs.500/-.
 - f) GST reduction on Slide Fasteners and Parts of Slide Fasteners (used as inputs) from 18% to 12% w.e.f. 27th July 2018.
- iii. Duty Free Import of Inputs: Enhancement of duty free limit (Basic Customs duty exemption) for import of critical import by manufacturer exporters of footwear and other leather products from 3% to 5% of Free on Board (FOB) value of exports in the previous year, as announced in Union Budget 2017-18.
- iv. Interest equalization rate was enhanced from 3% to 5% for Micro Small and Medium Enterprises units w.e.f. November 2, 2018 on pre-shipment and post-shipment rupee export credit.
- v. Removal of Animal Quarantine clearance for most of the categories of finished and crust leathers imported into India as notified vide Gazette Notification No. 5758 (E) dated 16th November 2018 issued by Department of Animal Husbandry, Dairying and Fisheries (DAHD&F).
- vi. In order to promote Green Tanning, the Union Budget 2017-18 announced the reduction of Basic Customs Duty on Vegetable Tanning Extracts namely Wattle extract [3201 20 00] and Myrobalan fruit extract [3201 90 20] from 7.5% to 2.5%,.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (d) OF THE LOK SABHA UNSTARRED QUESTION NO. 2746 FOR ANSWER ON 04.12.2019.

Indian Footwear, Leather & Accessories Development Programme

- a) Human Resource Development (HRD) sub-scheme: HRD sub-scheme provides assistance for Placement Linked Skill Development training to unemployed persons @ Rs. 15,000 per person, for skill up-gradation training to employed workers @ Rs. 5,000 per employee and for training of trainers @ Rs. 2 lakh per person.
- b) Integrated Development of Leather Sector (IDLS) sub-scheme: IDLS sub-scheme incentivizes investment and manufacturing including job creation by providing backend investment grant/subsidy @ 30% of the cost of new Plant and Machinery to Micro, Small & Medium Enterprises (MSMEs) and @ 20% of the cost of Plant and Machinery to other units for Modernization /technology upgradation in existing units and also for setting up of new units.
- c) Establishment of Institutional Facilities sub-scheme: The sub-scheme provides assistance to Footwear Design & Development Institute (FDDI) for upgradation of some of the existing campuses of FDDI into "Centres of Excellence" and establishing 3 new fully equipped skill centres alongside the upcoming Mega Leather Cluster.
- d) Mega Leather, Footwear and Accessories Cluster (MLFAC) sub-scheme: The MLFAC sub-scheme provides infrastructure support to the Leather, Footwear and Accessories Sector by establishment of Mega Leather, Footwear and Accessories Cluster. Graded assistance is provided upto 50% of the eligible project cost, excluding cost of land with maximum Government assistance being limited to Rs. 125 crore.
- e) Leather Technology, Innovation and Environmental Issues sub-scheme: Under this sub-scheme, assistance is provided for upgradation/installation of Common Effluent Treatment Plants (CETPs) @ 70% of the project cost. The sub-scheme also provides for support to national level sectoral industry council/ association and support for preparation of vision document for Leather Footwear and Accessories Sector.
- f) Promotion of Indian Brands in Leather, Footwear and Accessories Sector sub-scheme: Under this sub-scheme, the eligible units approved for Brand Promotion are assisted. The Government assistance is limited to 50% of total project cost subject to a limit of Rs.3 crore for each brand, each year for 3 years.
- g) Additional Employment Incentive for Leather, Footwear and Accessories Sector sub-scheme: Under this sub-scheme, employers' contribution of 3.67% to Employees' Provident Fund for all new employees in Leather, Footwear and Accessories sector, are provided for enrolling in EPFO for first 3 years of their employment.
