

LEATHER & FOOTWEAR SECTOR IN INDIA

Sector Highlights

- **\$12Bn:** Size of the domestic market in India; expected to reach \$18Bn in 2020
- Accounts for **13%** of the world's leather production of hides/skins.
 - India is endowed with **20% of the world's cattle and buffalo** and **11% of the world's goat and sheep population**, making India a strong base of raw material
- **2nd largest producer** of footwear and leather garments globally.
 - About **3Bn square feet** of leather is produced annually in India.
- **2nd largest exporter** of leather garments & **3rd largest** of saddlery & harness globally.
- **\$5.74Bn** export of footwear, leather and leather products from India (**2017-18**); major markets for Indian leather products include US, UK, Germany, Italy & France.
 - India is a sourcing point for global brands - India supplies to leading International brands like LV, Prada etc.
 - Leather & Footwear Exports are projected to grow at **~9%** in the next 7 years.
 - EU & USA are major markets for Indian footwear, but the industry has ventured into all other potential markets like Middle East, North Africa & South Asia.

Government Initiatives

- Leather products manufacturing is **allowed 100% FDI through automatic route.**
- Leather industry in India is de-licensed, facilitating expansion on modern lines with **state-of-the-art machinery and equipment.**
- Indian Footwear, Leather & Accessories Development Programme for 2017-20
- Central Government has approved a **special package for employment generation in the leather and footwear sector.**
- **Budget Updates:**
 - Level playing field for domestic producers – Customs duty on footwear (from 25% to 35%) and parts of footwear (from 15% to 20%) has been increased.

Success Story

- **Apache Footwear, Taiwan (Contract Manufacturing Unit for Adidas)**
 - Apache Footwear is the contract manufacturer for Adidas in India. The Apache facility is located in Nellore, a Special Economic Zone (SEZ) in Andhra Pradesh. It is spread over 300 acres and employs over 11,000 people.