



A ROADMAP FOR THE INDIAN FOOTWEAR INDUSTRY

**Presentation
by**

Mr.P.V.Gopalakrishna (Bachi)

**Convenor
Leather Footwear Panel**



Global Scenario

(Value in Million US\$)

Details	2005	2006	2007	2008	2009
World Import	41048.47	44680.73	48381.44	51403.41	42862.89
India's Export	807.81	974.33	1174.03	1244.48	1254.37
% Share of India	1.97%	2.18%	2.43%	2.42%	2.93%

Source: ITC, Geneva



Major Exporting Countries of Leather Footwear

(Value in Million US\$)

Countries	2005	2006	2007	2008	2009
China	8058.15	8769.20	9560.18	9809.16	8348.53
Italy	5931.77	6319.32	7488.62	7871.21	6213.64
Hong Kong	3736.17	3751.83	3730.94	3899.14	3053.31
Vietnam	1059.93	1438.67	2051.75	2408.42	NA
Germany	1664.03	1849.66	2041.93	2414.10	2005.83
Belgium	962.65	1424.45	1810.97	1968.50	1780.55
Spain	1488.78	1564.43	1746.66	1822.87	1639.62
India	1045.24	1236.91	1489.35	1534.32	1507.51
Portugal	1175.38	1210.33	1372.33	1456.49	1232.44
Netherlands	1040.36	1110.38	1208.57	1400.65	1313.95
Indonesia	905.96	1140.35	1151.35	1323.92	1170.82
Brazil	1479.55	1437.39	1386.49	1279.52	895.15
France	832.92	943.44	1081.29	1154.04	1020.73

Source: ITC, Geneva

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Major Importing Countries of Leather Footwear

(Value in Million US\$)

Countries	2005	2006	2007	2008	2009
USA	12115.27	12785.39	12373.90	11971.58	10049.16
Germany	3584.76	3788.09	3868.83	4190.18	3580.52
France	2911.24	3131.34	3474.80	3571.77	3282.79
Italy	2412.37	2730.29	3042.83	3197.15	2926.96
UK	3331.34	3352.79	3488.88	3383.30	2877.77
Hong Kong	3288.36	3327.61	3283.56	3422.58	2711.31
Netherlands	1149.43	1291.82	1460.42	1677.94	1522.89
Belgium	1129.57	1231.23	1530.76	1709.32	1485.40
Spain	1018.52	1196.47	1329.50	1604.20	1238.18
Russia	175.15	675.48	1384.16	1840.43	1223.83

Source: ITC, Geneva

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Pricing of Footwear among major Asian Countries

(Unit Value Per Pair) in US\$

Country	2003	2004	2005	2006	2007	2008	2009
China	6.75	6.49	6.61	6.76	6.83	7.46	7.68
Hong Kong	6.96	4.78	5.18	5.57	8.62	7.94	5.51
Vietnam	10.61	10.14	10.37	10.30	10.51	10.83	10.86
Indonesia	9.11	10.41	10.87	11.03	11.00	10.97	10.87
Thailand	11.31	11.38	11.67	12.46	12.08	13.18	12.43
Brazil	10.46	11.63	13.88	14.65	15.87	16.96	17.58
India	14.77	15.55	14.67	14.88	15.93	17.84	17.45

US Leather Industry Stats - 2010

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Major Markets

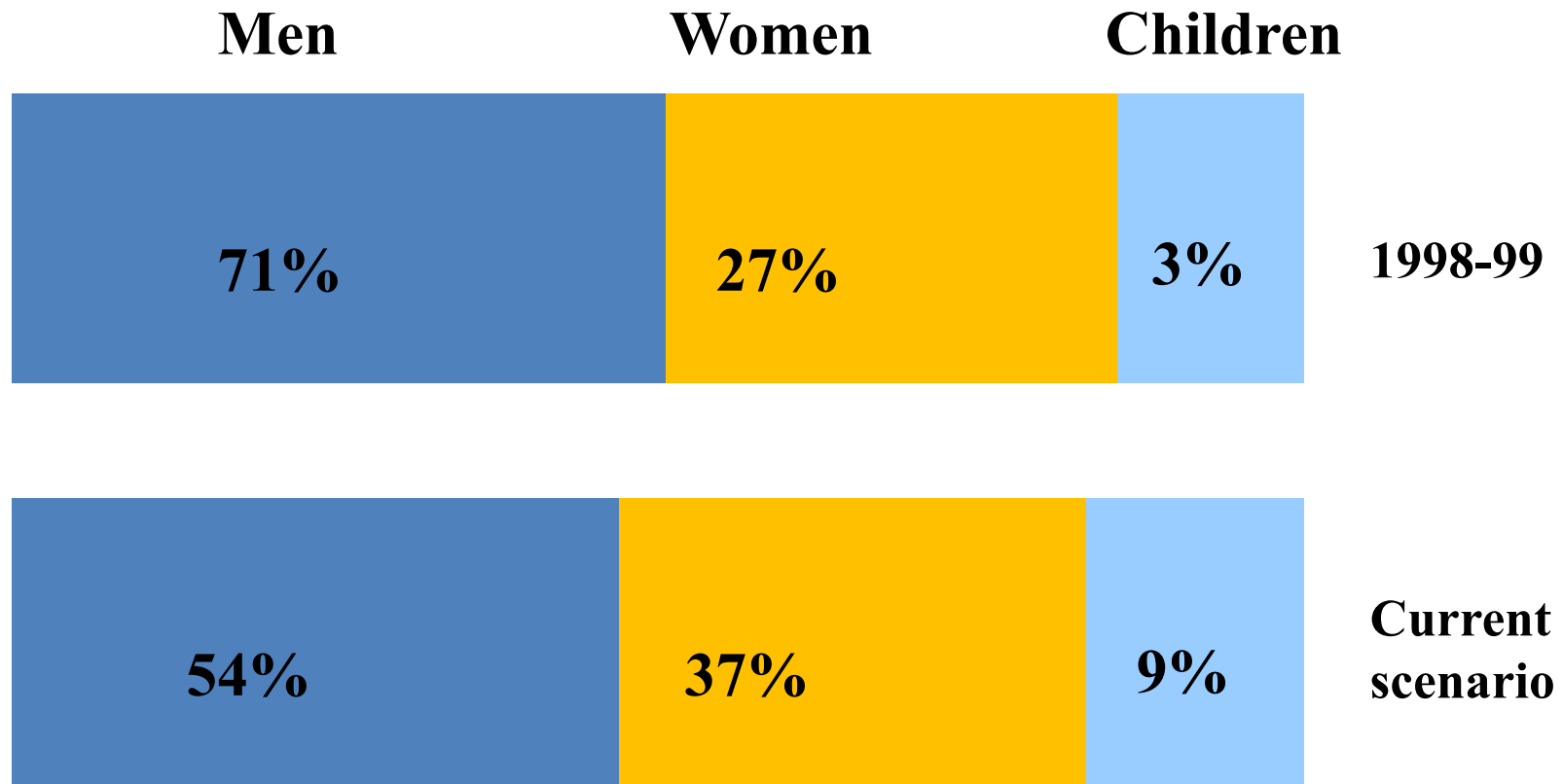
(Value in Million US\$)

Countries	2005-06	2006-07	2007-08	2008-09	2009-10	%
UK	164.18	190.23	216.33	220.84	270.92	21.60
Germany	140.87	176.75	204.18	185.48	182.59	14.56
Italy	91.11	136.50	169.42	164.67	170.35	13.58
France	56.94	75.78	87.26	97.88	124.15	9.90
USA	121.16	121.01	132.43	158.74	120.85	9.63

Source: DGCI& S



Footwear Product Mix



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Export Targets for Leather and Leather Products fixed by Department of Commerce, Govt. of India

(Value in Million US\$)

Product Category	2009-10 Actual Exports	2010-11	2011-12	2012-13	2013-14
Finished Leather	625.54	660	720	810	950
Footwear (Leather, Non-Leather and Components)	1507.51	1670	2150	3000	4600
Leather Garments	428.52	475	660	900	1050
Leather Goods	756.02	850	1200	1400	1680
Saddlery & Harness	83.39	95	120	190	220
Total Export	3400.98	3750	4850	6300	8500

Export of Footwear (leather, non-leather & components) is projected to grow at a CAGR of 32.16% from 2009-10 to 2013-14

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Opportunity

- India caters to just 2.93% of the worlds imports
- The increasing cost of manufacturing in other competing countries give us great advantages to capture a larger market share
- Our technological strengths, abundant man power and good raw material resources used cleverly will make us world leaders in this segment
- Given the ambitious targets the industry needs support and intervention in the following areas



Road map

Infrastructure

- **Clusters to be developed in areas where cost of real estate is reasonable and labour is available in large numbers**

(Traditional clusters are hindered by high cost of land and non availability of labour making expansion an unviable proposition)

- **The cluster development should be holistic in nature covering tanneries as well as component manufactures in the fold**

(This will provide logistic advantages as well as give more confidence for foreign investors)



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- **Training facilities and technical institutions as well as testing laboratories to be set up to feed manufacturing companies with continuous semi skilled/skilled man power**

(Basic health care, schools and connectivity by rail and road to be also considered for providing a conducive atmosphere for people and goods to move in and out freely)

- **Some common facility centers to be set up for high cost processes so that they can also be offered by smaller and medium scale manufacturers**
- **Strengthening infrastructure at ports to clear goods in and out to be addressed as customers lose confidence when delays occur due to these issues**

(This will also help in controlling some illegal movements of semi processed goods under the guise of finished products)

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Marketing & Promotion

- **Our share in the pie among the worlds largest importers is negligible. Our promotional activity should be focused, continuous and effective. At this time when CHINA has lost its sheen due to negative publicity we should capitalize to build lasting relationships**
- **CLE should be present in each of the top 5 importing countries. Such offices should have facilities to provide the following:**
 1. *In depth knowledge of the industry there*
 2. *Should engage in constant promotional activities*
 3. *Facilitate B2B events regularly*
 4. *Arrange customer visit for members*
 5. *Provide correct information and ease JV and FDI from these countries.*
 6. *Have product portfolio's and member capability matrix for customers to shorten and reduce costs and time to find suitable supply partners*



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7. *Provide warehousing facilities to members with such requirements*
 8. *Form tie-ups with technical and skill development institutes for quick and up to date technology transfers*
 9. *Collect financial data on companies to make sure that members are working with right partners*
 10. *Provide technically trained translation services.*
- **Important fairs and exhibitions to be identified and sufficient support to be extended to enable a good representation from our country**



Policy Intervention

- **Cost of land to be included within clusters in the IDLS scheme**
- **Service tax to be exempted on testing and designing costs from both Indian and Foreign providers**
- **To raise DFIS from 3% to 5% and allow procurement from domestic vendors under this scheme**
- **Products listed for the use of DFIS license to be increased to all items as per SION**
- **Ladies footwear to get higher benefit under FPS as this is the largest segment and such a measure will motivate capacity expansion in this segment.**
- **Footwear industry is first among all industries to employ a large number of people especially women with nil or negligible education. The industry works on low margins and also are subjected to the vagaries of Exchange fluctuation and volatile changes in input material costs. It provides the stepping stones for many poor families to afford basic amenities and educate**

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their offspring. A service that goes unacknowledged. We request to consider a lower amount of taxation to be given as a support measure.

- Domestic market is also a growing segment. Organized manufacturers find it difficult to compete with the unorganized sector due to excise duties, octroi etc to enable the organized sector to offer competitive pricing these rates need to be revised. Footwear is an essential item for daily life and should be treated as such**
- Children's shoes are exempted from taxes and duties even in developed countries such as UK. Request the authorities to look at the following a similar system so that school going children who grow fast can afford to buy shoes that fit them properly as parents make them wear either shoes too small or too big which cause long lasting problems**



Footwear panel members

Mr. N.Shafeeq Ahmed

Mr.Rakesh Suri

Mr.Irshad Ahmed

Mr.Liku Colombowala

With special thanks to

Padma Shri M.Rafeequ Ahmed

Shri Rajendra K Jalan

Shri Ali Ahmed Khan

Mr.P.V.Gopalakrishna (Bachi) - Convenor, Leather Footwear Panel



THANK YOU

Mr.P.V.Gopalakrishna (Bachi) - Convenor, Leather Footwear Panel