

Council for Leather Exports, India

Presents

**Indian Leather
&
Footwear Industry**



Presentation at

INDIAN DELEGATION TO TAIWAN

31st Aug to 2nd Sep 2006, **Taiwan.**

India over the years

India, predominantly associated with Spiritualism, Religion and Ayurveda is now increasingly identified with the talent potential, viz., IT, BPO, Business schools and Manufacturing.

Consecutive stable democratic governance facilitating all round economic growth rendered India as a country of choice for the investors and the business community.



Indian Leather Industry

A traditional leather exporting country. Status Changed from a country exporting finished Leather to finished products.

8th Largest earner of foreign exchange for the country. Exports during 2005-06 were close to 3 Billion.

Employs 2.5 million people – mostly women – has huge social impact.

Country has strength in raw material, trained manpower and technology.



Indian Leather Industry ... contd

There are more than 2300 member exporters in the Country, situated in clusters in Chennai, Kanpur, Kolkata, Agra, Noida and Mumbai.

90% of raw material for the tanneries are from within the country and only 10% are imported. Red Hair Sheep skins are known for it's premium quality.

24% of the exports are finished leathers (2005-06)

More than 80% of the colors selected in the MODEUROPE are from India.



Indian Leather Industrycontd

Leather exports has touched US \$ 606 million
In 2005-06.

Strong eco-sustainable tanning technology

World class institute for Research and Development
For leather development.

Presence of support industries like Leather chemicals and
Finishing auxiliaries are the strength of the industry.



Aiding the world to put its
best foot forward

INDIAN FOOTWEAR



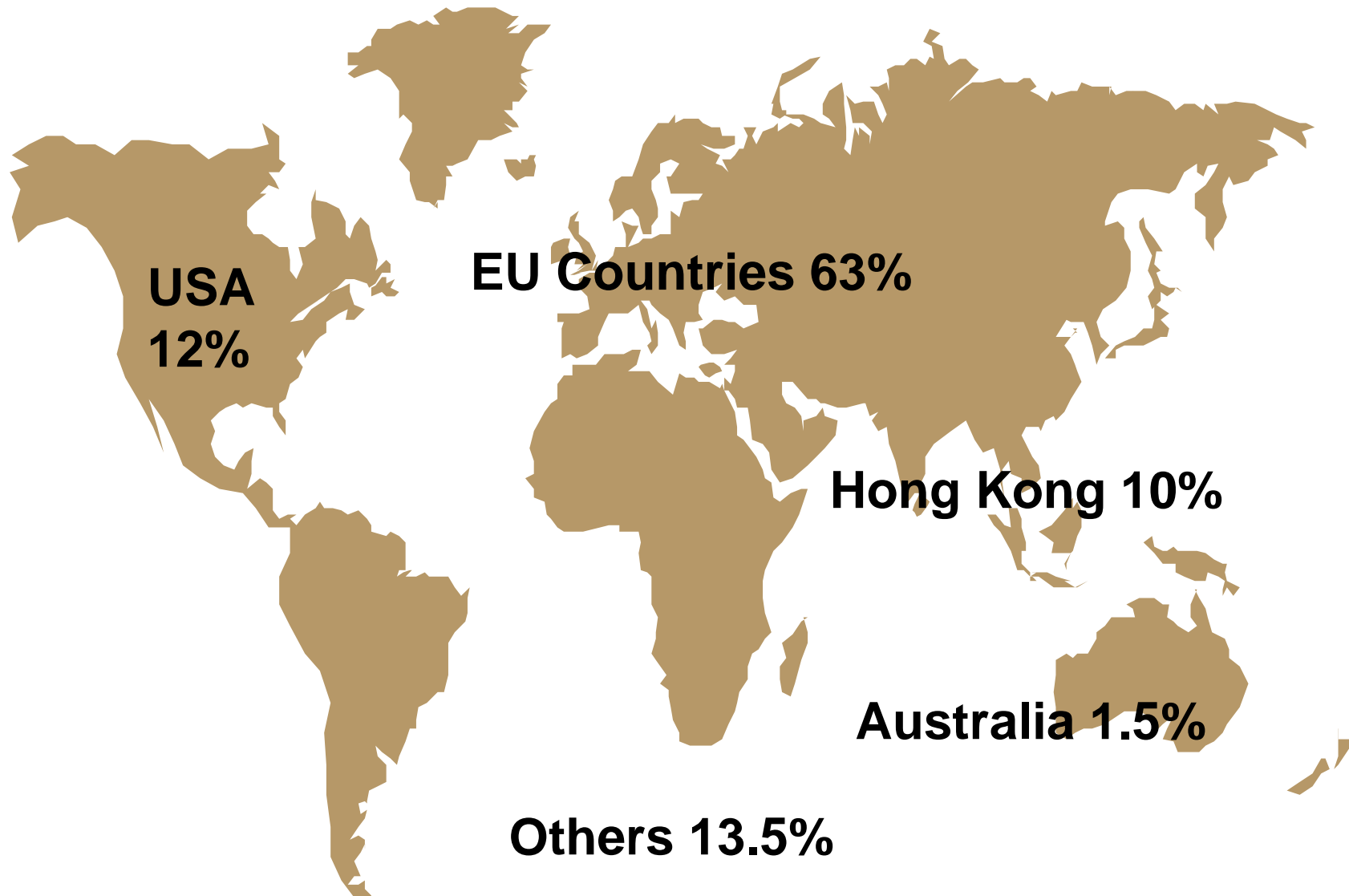
CLE INDIA

Indian Footwear Industry

- Second largest footwear producer after China
- 2.06 billion pairs produced in an year
- 16 % of the global production is produced in India
- Exported 92 Million Pairs (2004-05)
- Contract manufacturers supply to leading global brands
- 644 Member produces situated as clusters at Chennai, Ambur, Ranipet, Kanpur, Agra, Mumbai, Delhi and Karnal.



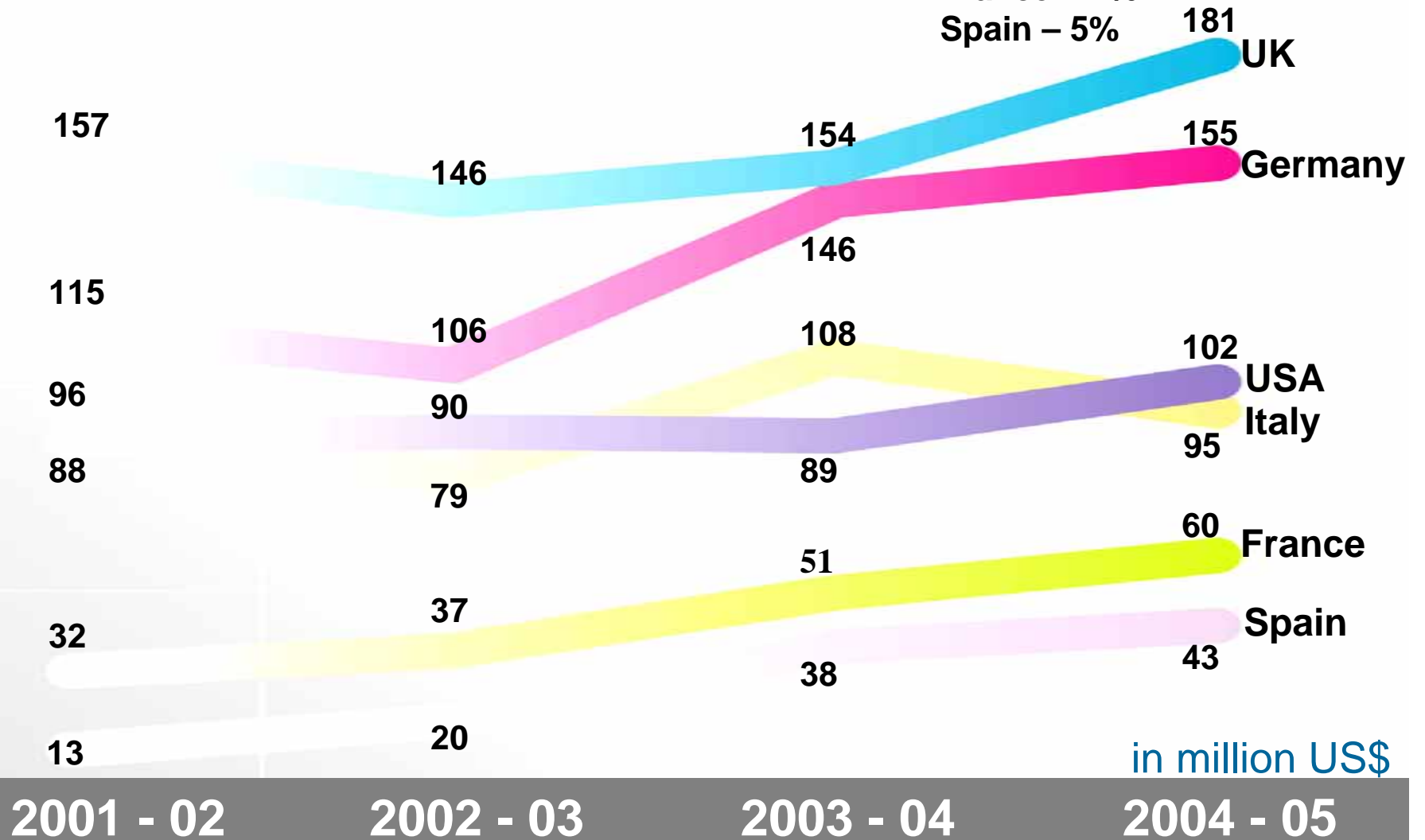
Major destination markets



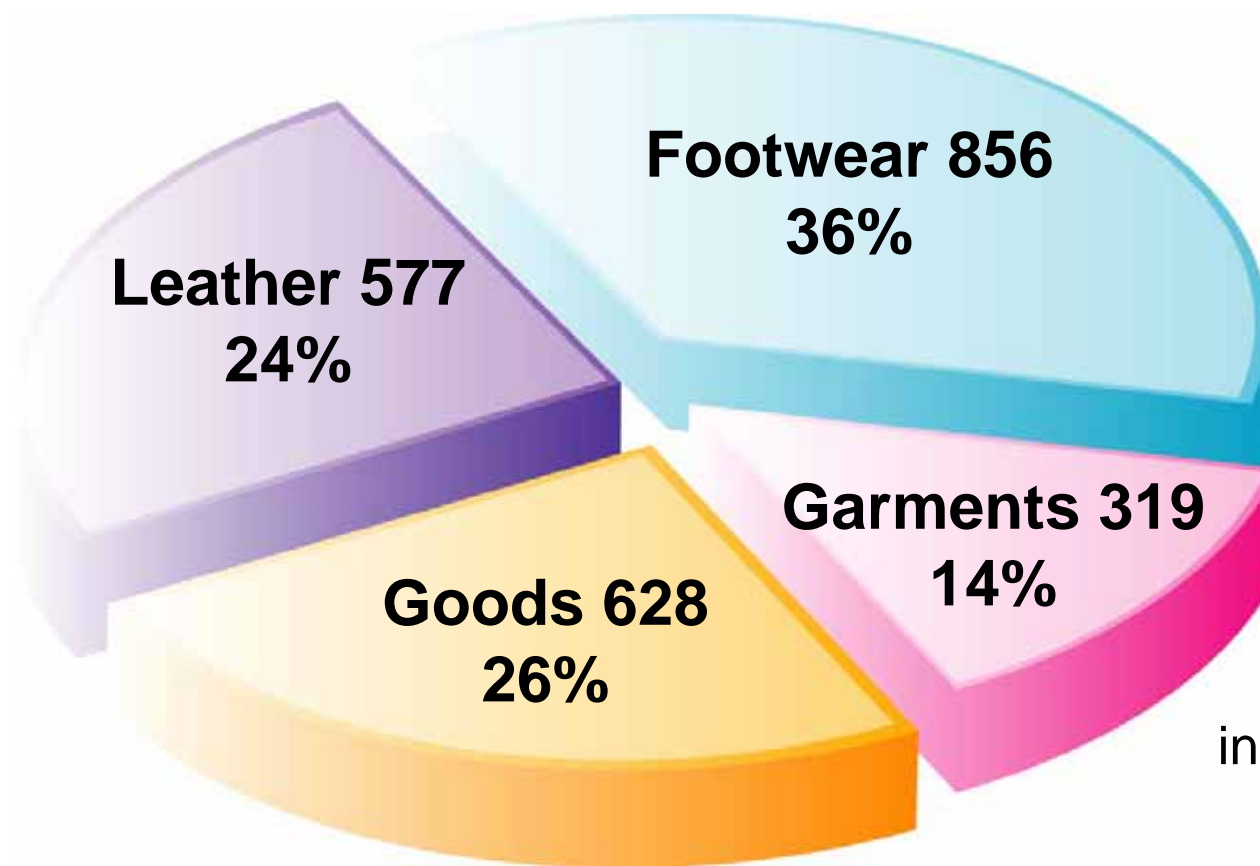
India's Export of Footwear

% share 2004-05

- UK - 21%
- Germany - 18%
- USA - 12%
- Italy - 11%
- France - 7%
- Spain - 5%



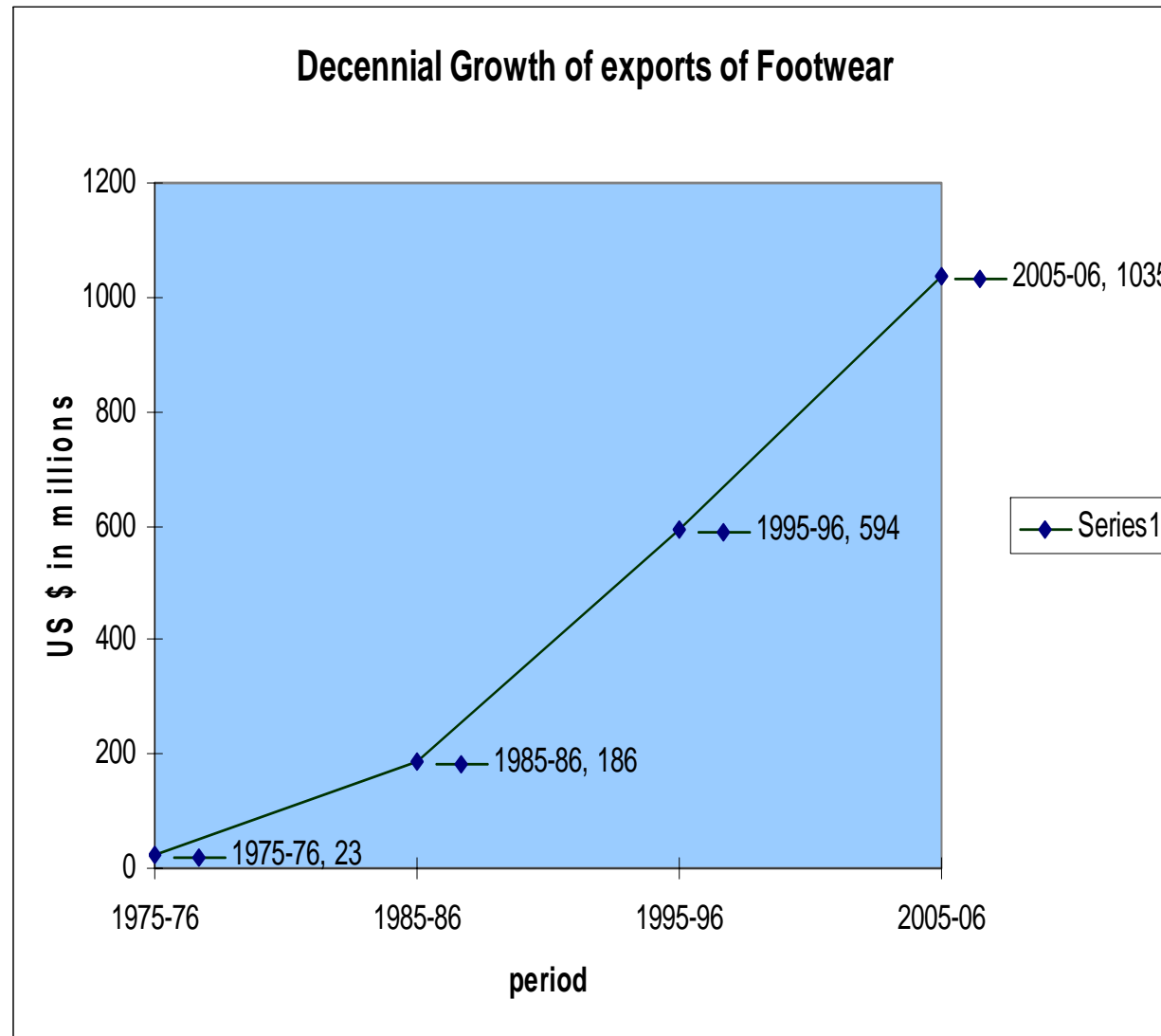
Product Segments Export performance (2004-05)



in million US\$



Footwear is
The engine of
Growth in
Exports of
Leather sector



Exports 2005-06 and target 2006-07

2005-06 US \$ 1035 millions (92 million pairs)

2006-07 US \$ 1200 millions (115 millions pairs)

2010-11 US \$ 4500 millions (400 million pairs)



After performing sector specific corrections, the probable growth rates that could be achieved – with interventions – looks as below;

	2004-05	%	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Leather	577.00	0.08	623.16	673.01	726.85	785.00	847.80	915.63
Footwear	855.61	0.32	1129.41	1490.81	1967.88	2597.60	3428.83	4526.05
Garments	318.73	0.04	331.48	344.74	358.53	372.87	387.78	403.30
Goods	449.69	0.08	485.67	524.52	566.48	611.80	660.75	713.61
Saddlery	59.64	0.21	72.17	87.32	105.66	127.85	154.70	187.19
Gloves	118.77	0.12	133.02	148.98	166.86	186.89	209.31	234.43
	2379.45							6980.20



Footwear Product Mix

Men

Women

Children



1998-99



2004-05



Global brands sourced from India



Acme

Clarks

ColeHann

Deichmann

Ecco

Elefanten

Florsheim

Gabor

Hasley

Hush Puppies

Double H

Justin

Marks & Spencer

Nautica

Nike

Nunn Bush

Reebok

Salamander

Stacy Adams

Tony Lama

Next

Bally



Global brands Currently sold in India

Aldo
Bally
Clarks
Ecco
Florsheim
Ferragamo
Hush Puppies
Lee cooper
Lloyd
Marks & Spencer
Nike
Nine West
New Balance
Reebok
Rockport
Stacy Adams





Why India for Footwear ?

- Raw material adequacy
- Best Tanning expertise
- Available skilled workforce
- Increasing capacity of the production units
- World class institutional support for designing & testing
- Changing product-mix in favor of comfort & Ladies shoes from men and formal shoes
- Exports to US has been increasing steadily in the recent past.



Labor availability

- Population between 15 to 59 yrs. is about 60%
- 9.1 % of the population unemployed
- Women comprise more than 50% in footwear industry.
- Work force understands English
- Adequate social security measures are in-built

Validated by low employee turnover of 4%







Labor cost & cost to the company

Monthly Wages

Unskilled USD 60 - 80

Skilled USD 90 – 120

Cost of the Social Security Measures;

Contributions as % of wages

15% - 17%

Cost to the Company

Unskilled USD 70 – 100

Skilled USD 110 – 140



Design Capabilities

Most of the exporters have their own design Laboratories. These are buttressed by the

**Central Leather Research Institute,
Footwear Design Development Institute,
National Design Center,
National Institute of Fashion Technology.**

Council for Leather exports also encourages young Designers by giving away awards and honorariums.



General Manufacturing Capabilities

- All types of constructions – (Cemented, Moccasins, Opanka, San Crispino, Side wall stitch and Goodyear Welted),
- In house manufacturing of components – Dies, Soles (leather and TR), Welts, Heels, Boxes, and Insoles are common today as compared to the past.



Government's Assistance for Infrastructure development

Government of India has several programmes to assist the Indian Leather Industry to develop, modernize and increase export of footwear in days to come.

Government is promoting a **Public- Private – Partnership** model for attracting foreign Direct Investments and Joint venture Partnerships.











) Projected Real Growth in GDP &
) Income per Capita: 2005-50 (% PA)

)))))	
)	)	GDP in)	GDP in)	GDP)	
)	)	US \$ terms)	domestic)	per capita)	
)	)	)	currency)	at PPPs	
)	)	)	or at PPPs	Working age	
)	)	)	)	population	
)	India)	7.6)	5.2)	4.3)	0.9
)	Indonesia)	7.3)	4.8)	4.2)	0.4
)	China)	6.3)	3.9)	3.8)	-0.4
)	Turkey)	5.6)	4.2)	3.4)	0.6
)	Brazil)	5.4)	3.9)	3.2)	0.5
)	Mexico)	4.8)	3.9)	3.3)	0.4
)	Russia)	4.6)	2.7)	3.3)	-1.1
)	S. Korea)	3.3)	2.4)	2.6)	-0.9
)	Canada)	2.6)	2.6)	1.9)	0.2
)	Australia)	2.6)	2.7)	2.0)	0.4
)	US)	2.4)	2.4)	1.8)	0.4
)	Spain)	2.3)	2.2)	2.2)	-0.7
)	UK)	1.9)	2.2)	2.0)	0.0
)	France)	1.9)	2.2)	2.1)	-0.3
)	Italy)	1.5)	1.6)	1.9)	-0.9
)	Germany)	1.5)	1.8)	1.9)	-0.5
)	Japan)	1.2)	1.6)	1.9)	-0.9

) Source: PricewaterhouseCoopers GDP growth estimates, working age growth from UN



Footwear & Footwear component parks

- One Footwear park under the Special Economic Zone in Chennai to house 25 production units with a capacity to produce 250,000 pairs a day is being set up near Chennai
- One Footwear component park – in Chennai with a capacity to house about 20 units each is coming up to tide over the footwear component supply demands.



Footwear components Joint Ventures

Mondial, Italy

Suolificio Malaspina, Italy

Fagus, Germany

**Lammertz Industrienadel GmbH,
Germany**

Texon UK Limited, UK

Zahonero Virgili SL, Spain

**Obrador Adhesives Internacional SL,
Spain**

Conceria Virginia, Italy

Top Fondi, Italy

Xie zhan Moulds, Dongguan, China



Council for Leather Exports



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Opportunity Potential !

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of choice for sourcing Footwear &
marketing branded Footwear in
India**

Thank you all for your time and patience

