A STUDY OF INTERNATIONAL MARKETING
OF
FINISHED LEATHER AND LEATHER MANUFACTURES
AT KANPUR CENTRE— A MANAGERIAL EVALUATION

DESSERTATION SUBMITTED FOR THE
PARTIAL FULFILMENT OF REQUIREMENTS
OF MBA COURSE.

UNDER THE SUPERVISION
OF
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(READER)

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DEPARTMENT OF BUSINESS ADMINISTRATION
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ACKNOWLEDGEMENT

First of all I pray to Almighty Allah who made me able to complete the dissertation on the topic "A Study of International Marketing of Finished Leather & Leather Manufactures at Kanpur Centre - A Managerial Evaluation".

Now I must admit at the very outset, that dissertation is a joint product having the contribution of many persons. Secondary data have been widely utilized. Facts are placed as it was found. Suggestions are given as they were desired by the exporters and other concerned persons. The only part played by me was that of a commentator and co-ordinator.

The main parts were played by M/S Foxwood (India) Ltd, Kanpur, Sadaf Enterprises, Kanpur, Coin International Kanpur, EPC for finished leather and leather manufactures (LEXPORT) Kanpur, Different Leather Associations and IIFT.

I am greatly indebted to Mr. S.W.H. Rizvi (Asstt. Lib IIFT), Br. Rafat (IIT Kanpur), Mr. Zia Chowdhry, Kanpur, Br. Ehtesham, Kanpur, Br. Bayer M. Khan, Aligarh, Secretary & Research Staff of LEXPORT and many other exporters.

My sincere thanks for my teachers, especially to Dr. Najmul Hasan (Reader, Deptt. of Business Administration, A.M.U.) who always encouraged me and whose valuable advices helped me very much.

My unending thanks are for my parents & different friends.

I further wish to thank Mr. Azizur Rahman & Mr. Ziaul Hasan for taking the pain of typing it.

May Almighty grant all of us his favour and guidance.

(Sayed Javed Ali)
Due to the complexities and peculiarities of IM/Export marketing, it needs special attention and assistance. No doubt sincere attempts have been made to study the opportunities available in the export but little attempts are made to see the export market through exporters eyes. This assignment has been taken to view the export world through its dwellers. It is an attempt to look from inside out. My view is that, there are no lack of opportunities in export marketing, even facilities are there, but we have not made much real progress due to our own fault. We have, ourselves, become "Limiting factor" in export market. It has been assidiously tried to locate the threat areas.

RESEARCH DESIGN:

(a) The main objectives of the present work may be enumerated as follows:

1. To make exporters familiar with the problems of IM.
2. To have an idea of over all leather trade & Industry.
3. To identify the weak and strong areas of leather export industry in Kanpur.
4. To assess the style of working of the experts firm in Kanpur.
5. To pin point their problem areas.
6. To judge whether exporters are well acquainted with government facilities and assistance.
7. To assess government's export policies.
8. To have direct access to the different studies made on the leather export.
9. To suggest measures to improve our leather export performance at micro(firms) and macro (governmental levels).
10. To explore the prospects in international markets.

(b) Five main methods were applied to undertake the present study. It includes:

1. Visits to institutes and government agencies like Indian Institute of Foreign Trade (IIFT), Delhi, Export Promotion Council for finished leather and leather manufacture (LEXPORT), Kanpur.
2. Meeting with opinion leaders like important persons of IIFT, LEXPORT, All India Leather Goods Association (Kanpur), All India Saddlery Exporters Association, Small Scale Industries, Tanners' Association etc.
3. Questionnaire method: I prepared a detailed questionnaire on the project and met with some of the leading Exporters of Kanpur. Their performance was made known to me by EPC Kanpur.
4. Interview with various persons of leather industry and trade.
5. Frequent utilization of secondary data available on the subject.

The measures adopted to achieve these objectives are quite valid because most of the concerned persons were expressing the same views and secondary data were verifying it to a large extent. My personal observation also helped me to reach the conclusions which have been drawn in the study.
Why this Assignment? Research Design.

India has the largest livestock population in the world and she has been a leading exporter of finished leather and leather manufacturers which give us valuable foreign exchange. But in recent years India’s leather export has declined or not shown much progress. It may be due to prevailing recession in the world market there may be other reasons also (which are described in forthcoming chapters).

International marketing is a much more complex subject as compared to domestic marketing because each country or area has its own peculiarities, fads, fashions, tariff and non-tariff barriers etc. According to Vern Terpstre, (International Marketing (IM), Holt, Rhinehart and Winston, in 1972), in IM, basic function the marketing mix (4 Ps : Product, Price, place, and Promotion) is more or less the same as that of Domestic marketing, but the implementation of the firm’s marketing programme can be very different. "The parameters that determine the nature of a firm’s marketing programme are likely to be different in each of the firm’s foreign market. One can easily imagine that the 'un-controllable factors i.e. nature of demand, competition, restrictions and distribution structures (Characteristics peculiar to each, national market), would not be the same in say USA, India, France & Brazil." Even controllable factors (4 Ps) may vary.
PLACE OF STUDY:

It is proper to mention here the reasons for the selection of Kanpur as a place of such study. Kanpur's share in the India's total leather export is about 25%. It has monopoly in the country for the production of sole leather and saddlery items, which are all exported. In addition to this, Export Promotion Council to finished leather and leather manufactures (LEXPOR) is situated in Kanpur. These and other factors have made this place quite suitable for such studies.

CHAPTERIZATION:

The dissertation is divided into three parts. Part I consists of background study, some aspects of chemical and machinery in chapter 2, government's current export import policy in chapter 3.

Part II is main part exclusively dealt with different aspects of leather exports. It includes a summary of existing facilities plus actual position of the surveyed leather Export market of Kanpur.

Part III Critically examined the export data country-wise and products-wise and try to explore the opportunities. It also includes summary of finding and recommendations.
BACKGROUND STUDY

INDIA'S FOREIGN TRADE: Since Independence our pattern of trade has considerably changed. Before 1947, the bulk of India's foreign trade was confined to UK and few commonwealth countries while exports were based on few primary commodities and raw materials, imports consisted mainly of manufactured articles. It was very limited in quantum, value and varieties. Changes, though initially very slow, were noticed after independence.

Exports, which had been more or less stagnant during the decade 1951-60, averaging a little over Rs.600 crores per annum, started increasing between 1961 and 1966. On March 31st, 1966, exports stood at about Rs.806 crores. There has been a tremendous all round growth in exports since then. In 1980-81, India's export was Rs.6710.64 crores. Import has also not been behind it. The following dates would give the better account of India's foreign trade.

TABLE No.1


<table>
<thead>
<tr>
<th>Years</th>
<th>Imports (including re-exports)</th>
<th>Exports</th>
<th>Balance of Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970-71</td>
<td>1634.20</td>
<td>1535-16</td>
<td>-99.04</td>
</tr>
<tr>
<td>1971-72</td>
<td>1824.54</td>
<td>1608-22</td>
<td>-216.32</td>
</tr>
<tr>
<td>1972-73</td>
<td>1867.44</td>
<td>1970-83</td>
<td>+103.39</td>
</tr>
<tr>
<td>1973-74</td>
<td>2955.37</td>
<td>2523.40</td>
<td>+413.97</td>
</tr>
<tr>
<td>1974-75</td>
<td>4518.78</td>
<td>3328.83</td>
<td>-1189.95</td>
</tr>
<tr>
<td>1975-76</td>
<td>5265.20</td>
<td>4042.25</td>
<td>-1222.95</td>
</tr>
</tbody>
</table>
Years | Imports | Exports | Balance of Trade, 
(including re-exports)
---|---|---|---
1976-77 | 5073.79 | 5142.25 | +68.45
1977-78 | 6025.29 | 5404.26 | -621.03
1978-79 | 6814.30 | 5726.26 | -1088.04
1979-80 | 9021.75 | 6458.76 | -2562.99
1980-81 (up-dated) | 12500.9 | 6710.84 | -5790.30
1980-81 (up to Dec. 80) | 8969.14 | 5014.55 | -3954.59
Revised | | | -4109.11
1981-82 (up to Dec. 81) | 9426.15 | 5317.04 | 3917.11
Provisional | | | -5500.00

@ figures are based on the press note, issued by Director General of Commercial Intelligence and Statistics, Calcutta for the month of December, 1981.

It may be noticed that our export growth in recent years has not been very encouraging. Actually, India is far behind when compared to the growth of world export. Since 1977-78 our export growth has been on an average, only about 6% or so. On the contrary, world export has increased even faster and consequently our share in world exports has almost continually declined.

(In Million US $)

<table>
<thead>
<tr>
<th>Year</th>
<th>World Export rate of growth</th>
<th>India's Annual rate of growth</th>
<th>Export %share of India's export to world Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>12.18 (Jan-Mar.)</td>
<td>2,026</td>
<td>-</td>
</tr>
<tr>
<td>1975</td>
<td>2,52</td>
<td>4,393</td>
<td>11.78</td>
</tr>
<tr>
<td>1976</td>
<td>13.68</td>
<td>5,526</td>
<td>25.79</td>
</tr>
<tr>
<td>1977</td>
<td>13.46</td>
<td>6,378</td>
<td>15.41</td>
</tr>
<tr>
<td>1978</td>
<td>15.50</td>
<td>6,614</td>
<td>3.70</td>
</tr>
<tr>
<td>1979</td>
<td>14.75</td>
<td>6,702</td>
<td>1.33</td>
</tr>
<tr>
<td>1980</td>
<td>19.49</td>
<td>1,578</td>
<td>-5.82</td>
</tr>
<tr>
<td>1981</td>
<td>19.25</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

SOURCE: Economic Trend.
The fact is that, that some smaller countries like South Korea, Taiwan, Singapore's exports far exceed those of India.

Another aspect of India's foreign trade is that; the broad pattern of regional distribution of exports and imports has been unchanged for many years. The regions in their decreasing order of their exports and imports with India are as follows:

1. European common Market (ECM) - 25% to 30% of India's Export and import are with them.
2. Economic & Social Commission of Asia and Pacific (ESCAP) countries. It include Japan, Korea, China, Singapore, Iran, Indonesia, Malaysia etc. - about 24%.
3. Middle East countries - Export is continuously rising (16 to 20%).
5. East European & Communist countries (EEC) 10-11% decreasing one.

Another feature is that; the exports have not only gone up, but also witnessed in increasing diversification in recent years. The increase has been well spread over a no. of commodities like tea, Coffee, cotton manufactures, chemicals, iron ore, engineering goods, finished leather and manufactures thereof, footwear etc. However, fluctuation was also there.
GROWTH OF FINISHED LEATHER & LEATHER MANUFACTURES INDUSTRY & TRADE

A Short History:

Finished leather, leather shoes and footwear, and leather goods industry was established in India since past 50 years. There were a few tanneries and shoe units who exported a portion of their production since their inception. However, such export was restricted mainly to foreign owned companies. During the world war II (W.W.II.), the England faced a severe shortage of leather. Thus it was "All for the want of Horse Shoe Nail" the Indian leather Industry owes its initial establishment and growth.

During this initial growth period finished leather was mainly a consumer item and not a fashion need like that of today.

After the end of W.W.II, there was a sudden recession in the leather trade. However demand picked-up very soon. During 1945-1950 leather was the 3rd largest foreign exchange earner for India but the value earned was mainly for semi-finished East India (E.I.) Tanned leather. The E.I. sector grew very strong and organised due to better earning through export and this sector always resisted the idea of making fully finished leather.

For the progress of leather industry, Central leather Research Institute (CLRI) was established in Madras after independence.
That fact is that, that some smaller countries like South Korea, Taiwan, Singapore's exports far exceed those of India.

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Between 1950-1970 there was very little progress in the export of fully finished leather, inspite of same incentive by Government.

During the above period tremendous progress in leather technology was achieved by Europe and U.S.A. Sophisticated machineries, chemicals dyes and finished were innovated. But India remain far behind.

During 1960-1970, in India there was a shift from the traditional E.I. leather towards Wet pickled skins and later to Wet Chrome tanned hides and skins because the tanneries in U.S.A. and other developed countries faced stringent anti-pollution measures. It was natural that the unwanted Wet process was transferred to poorer countries where treatment of tannery effluent was unthinkable.

So due to lack of foresight, low investment and easy money in E.I. leather, little was done for the growth of leather Industry. It resulted in stagnation during the period.

The real impetus came in 1970 Efforts were made for the formulation of national policy for the development of finished leather and leather manufactures. It was the Seetharamaih Committee which done its home work well in 1972. Several measure were adopted to increase the export of finished leather and leather goods. Government clamped down on export duty of 7% ad-valorem (now 10%) for the semi-finished leather, it announced
a export duty cut of 25% on the export of finished leather. Increasing restrictions and bans were imposed on the export of hides and skins.

One of the recommendations of the Seetharaman Committee implied that (only) 25% of 1972 E.I. export level be made available for export. This was more in the context of ICT (International Council of Tanners) Doctrine which envisages that all member countries of ICT (India is its member) would give free access to 25% of RM or semi-processed materials free from restriction and that all member of ICT would open cut their markets up to 25% of leather, leather footwear and leather manufactures.

Another important report for the progress of leather industry was "High Power Task force Report on leather - 1978" prepared by P.K.Kaul & others. It made an assessment, besides other things, of the finishing capacity in relation to raw hides and skins resources. According to the report, we would have achieved 90.34% finishing capacity for hides and 90.27% for skins by 1982-83 and additional capacity has to be established only for the balance 10%. The above target is again under review.

As a result of these and other endeavors export of finished leather increased from Rs.2.13 crores (1970-71) to Rs.16.56 crores in 1972-73 and now it is Rs.205.05 crore to 1981-82 (provisional).
Now Government discourages the export of finished leather and encourages the export of leather goods. For detailed Export figures for finished leather, leather manufacture from 1975-77 to 1981-82, see Annexure - I.

**World Leather Trade:** Inspite of the progress in finished leather and manufactures thereof, India's share in total world production is negligible.

In 1977, the total area of leather, utilized by the leather products industries at global level, was 1140 million square meter (out of the hand bags production accounted for 148 million square meter which come about 13% of it) and in India 3 million square meters were estimated to be used for this purpose which works out to 2% of the global consumption (Tanner Tune 81.).

India's share in global world trade was a mere 1.2% in 1978 in respect of leather goods. The share of all developing countries in the world trade of leather good has increased from 37.7% in 1974 to 48.2% in 1978, whereas India's share declined from 1.8% to 1.2%. (Tanner May 1981)

The above position had not changed much. On the other hand these developing countries who have made much progress in leather Export are Singapore, Taiwan, South Korea and Hong Kong etc.
Some light on India's leather exports:

The above facts should not imply that India has not made much progress in her leather exports.

Talking 1968-69 as 100, the Index number of Export in Unit Value Index has increased to 361 (1978-79) for leather and manufactures thereof and Footwear Index No., increased to 296 in 1978-79. In Quantum Index for Export (base year 1978-69 = 100) it is 125 in 1978-79 for leather and leather manufactures thereof and 99 for footwear. For comparison to other articles see the table-III

<table>
<thead>
<tr>
<th>Table-III</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INDEX NUMBER OF EXPORTS</strong></td>
</tr>
<tr>
<td><strong>Unit value Index</strong></td>
</tr>
<tr>
<td>Food</td>
</tr>
<tr>
<td>Chemicals</td>
</tr>
<tr>
<td>Machinery and Transport equipment</td>
</tr>
<tr>
<td>All Manufactured goods</td>
</tr>
<tr>
<td>Leather &amp; Manufactures thereof</td>
</tr>
<tr>
<td>Footwear</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>QUANTUM INDEX (1968-69=100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
</tr>
<tr>
<td>Chemicals</td>
</tr>
<tr>
<td>Machinery Trans. Equipment</td>
</tr>
<tr>
<td>All Manufactured goods</td>
</tr>
<tr>
<td>Leather and manufactures thereof</td>
</tr>
<tr>
<td>Footwear</td>
</tr>
</tbody>
</table>

IMPORTANT CENTRES:

The important centres of finished leather and leather manufacture are Madras, Calcutta, Agra, Kanpur, Delhi & Bombay.

75% of the leather goods produced in the country is contributed by Tamil Nadu with 433 Tannaries. Calcutta has 200 tannaries. 25 tannaries are found in other states. In total, there are 655 tannaries (Source: Kothari Industrial Guide 1978-79).

The tannaries in Madras specialise in the manufacture of light leathers like Wet Blue Chrome goat skins, hard grain morocco leather, chrome suedes, clothing leather and finished reptile skins. The Calcutta tannaries produce mainly chrome tanned hides, chrome uppers, Wet Blue chrome hides and skins. The Bombay tannaries on the other hand mainly concentrate on the production of Wet Blue goat skins. Kanpur mainly specialise in the manufacture of sole leather and saddlery. It has recently taken to the production of finished leather as well (Source: IIFT Commodity Study Report).

Leather Goods Cities:

Calcutta 100 Units, Kanpur 400 units, Bombay 350 Units
Madras 150 Units and others 500 Units. Calcutta, Kanpur, Bombay and Madras and to lesser extent Delhi (50 Units) and Bangalore (20 Units). In total, more than 1500 units are found.
Footwear Industry:

It is concentrated in North India mainly in Agra, Kanpur, Calcutta, Delhi and Bombay.

Finished leather Units:

Numbering about 35 in organised sector and 200 in unorganised sector are concentrated in Kanpur, Madras and Calcutta.

Leather garments:

Its units are found in Bombay, Madras, Calcutta, Delhi and Kanpur. There are about 70 leather garments making units in India engaging about 500 skilled workers.

Leather Sports Goods:

Its units are concentrated mainly in Jullundur, Amritsar, Meerut, Calcutta (Source: Kothari Industrial Guide 1978-79 and Tanner January, 1982).

Employment:

Leather Industry gives employment to about 8.5 lakh persons.

FUTURE PLANNING

The Sixth 5-year plan, envisages on overall growth rate of around 9% in Exports at 1979-80 price. It is contended that the 8% growth envisaged in respect of Industrial output should produce "Substantial exportable surplus. especially of engineering goods, garments, textile products, silk woolen and manmade textiles, chemical product plastics, leather products (notably Travel goods"
and Sports goods) and various other handicraft items including carpets and gems and jewellery.

The export targets in respect of manufactured items in 6th 5-year plan are as follows:

TABLE -IV

<table>
<thead>
<tr>
<th>Items</th>
<th>1978-80</th>
<th>1984-85</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leather and leather manufactures</td>
<td>233</td>
<td>515</td>
</tr>
<tr>
<td>Sugar</td>
<td>150</td>
<td>185</td>
</tr>
<tr>
<td>Marine products</td>
<td>285</td>
<td>555</td>
</tr>
<tr>
<td>Jute Manufacture</td>
<td>284</td>
<td>345</td>
</tr>
<tr>
<td>Cotton piece good</td>
<td>265</td>
<td>400</td>
</tr>
<tr>
<td>Apparel, hosiery and other cotton manufactures</td>
<td>485</td>
<td>680</td>
</tr>
<tr>
<td>Manmade fabrics</td>
<td>36</td>
<td>75</td>
</tr>
<tr>
<td>Iron and Steel</td>
<td>30</td>
<td>85</td>
</tr>
<tr>
<td>Engineering goods</td>
<td>700</td>
<td>1275</td>
</tr>
<tr>
<td>Chemicals &amp; allied products</td>
<td>330</td>
<td>510</td>
</tr>
<tr>
<td>Gem &amp; jewellery</td>
<td>575</td>
<td>900</td>
</tr>
<tr>
<td>other handicrafts</td>
<td>260</td>
<td>415</td>
</tr>
</tbody>
</table>

Source: Economic Trend 1-9-81.

TABLE -V

<table>
<thead>
<tr>
<th>Capacity and Production Estimated for Leather footwear</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual/anticipated Capacity</td>
</tr>
<tr>
<td>20.80</td>
</tr>
</tbody>
</table>

In next two decade India's population increase would be more than 50%. So assuming that the present per capita consumption of 0.31 pairs of leather footwear is maintained, the total requirement would be about 332 million pairs in 2000 AD.

It is estimated that for every 100 million additional pairs we require 12 million hides or 6 million hides plus 2.4 million goat skins. So the export of 7.4 million hides and skins (1979-80) and Famillier hides based finished and semi-finished leather (wet blue tanned chrome leather's export was 2.5 million pieces and 24.7 Kgs of finished leather's export in 1979-80) would have to be discontinued and import would be necessary. (Also see Annex A & IX B and chapter II-1 for present condition of Industry).

We see that leather manufactures got 5th place in Export (in term of total rupees value) in our 6th 5-year Plan. The list in preceding direction would be as follows:-


According to the sixth 5 year plan's documents, leather goo have ample opportunities for Export.

Actually the shift is towards fashion goods. Leather is no more a consumer item but has been becoming a fashion item-footwea bags, leather garments etc. have fashion appeal (IIFT Report).
CHAPTER 1/3

LEATHER TECHNOLOGY

SOME ASPECTS OF MACHINERY, CHEMICALS

It is a chemical based industry. According to a study of Central leather Research Industry (C.L.R.I), chemicals accounts for 35% of the total cost of production in India (Capital Jan. 1982) whereas according to an UNCTAD study chemicals represents 15-17% of the total cost of production the world over. Price of chemicals have gone up. Its import duty varies from 40% to 200%. So a study on the role of leather chemical in this export of finished products would help us to appreciate its true significance.

CHEMICALS:

The project requirements of tanning and finishing auxiliaries and chemicals for leather has been roughly estimated by Planning Commission at 4.5 lakh tons for the year 1982-83. Accurate statistics for the production of individuals items of auxiliaries are not maintained and therefore estimates as given below are made on experience of the industry.

1. Emulsifiers and Detergents:

These are used in leather as soaking agents, emulifying agents, degreasing agents, dye levelling agents, dearing agents, penetraters, welling and re-welling agents etc. The approx share in tonnage of these auxiliaries is 0.2%

SOURCE: Indian Express (Supplement), New Delhi dated April 10, 1982. The article was written by A.S. Naik, Bombay.

2. Yojana, June 16, 1981. The article was written by Dr S. Santhappa, Director CLRI.
India is self sufficient in this line of the auxiliary. At least 100 different types of surfactants are now offered to serve various needs. As a matter of fact it has been possible to do emulsion polymerisation of various resins, emulsification of lacquers.

2. **PRESERVATIVES:**

   Its share is 0.1% in the total tonnage. They are used in soaking, wet salted raw hides and skins and wet leathers for exports. In fattiquors, and the various stock solutions used in finishing. Mostly phenol and nitrobenzene based materials in acquous phase were used. The demand shot-up when the export of wet chrome leather and wet salted hides suddenly grew up. Since last ten years, indigenous production caught up with the demand. Special organic preservation useful for shoes and leather goods suitable for tropical countries are being explored by the industry and CLRI, Madras.

3. **HAIR REMOVERS AND BEAM HOUSE CHEMICALS:**

   These share is 13.3% of the total tonnage. The main chemicals are Sodium Sulphide and lims, Baking Enzymes, Ammonium sulphate and chloride. We are self sufficient in these, they are toxic and difficult to eliminate from the effluent.
The effluent from the beam house is a constant eye-sore of the tanners and pollution-control authorities. Many alternative auxiliaries which will be less toxic and more easy to eliminate from the effluent should be made.

4. PRE-TANNING AND TANNING AUXILIARIES:

Its share is 9.63%. India is self sufficient in its production. Common salt, Mineral, and Organic Acids and their alkali-salts, Basic chrome sulphates, Aromatic Neutral syntans come under this group.

Here again the tannery effluent is poisonous and dangerous mainly due to chrome. Lot of research has been done to eliminate totally the use of chrome. Stabilised basic silicate of Aluminium has been developed and used successfully under a US patent. Zirconium, Titanium and Silica stand in order of wet preferences. Complete substitute of chrome is still to be developed.

5. TANNING AND RETAINING, DYING AND SFLENNING AGENTS:

Its share is 22.4% in the total tonnage. About 16.25% consists of vegetable tanning extracts, mostly wattle extract imported from East Africa. Local plantation of wattle are meagre.

Syntans is a field which is well developed and its imports can be totally banned.
Dyes of all type are now made in India. But complete segregation of the dyes suitable for the leather is to be made. It will facilitate to formulate the dye-mix to suit exacting demand of the buyer.

FATIQUERS, SOFTNESS in the form of anionic non-conic, carboxylated and emphoteric self emulsifiable fatty materials and free oil from animal, vegetable, mineral and synthetic origin form a very important part in this group. Its natural resources are available in plenty in India.

6. FINISHING AGENTS:

It constitute 3.3% of the total tannage. However in value this category will constitute about 20% of the total. It is very important.

Organic and inorganic pigment pastes in water, solvent or mixed phase are made by many firms o in the organised and cottage scale sector. The demand for solvent and water phase, synthetic resin bound pasts for top coats is mostly restricted to jet black and pure white materials and need to be exploited.

Specially concentrated dyes with high water solubility, brilliance and finctorial value, better light fastness etc. are useful in finishing. Here again a lot needs to be done by the Indian dyestuff industry. Solvent soluble dyes and dye solution
are now made in our country water soluble solvents with slow evaporation rates are also made in our country. There is no need of import in this category.

Film forming materials, film modifiers, in aqueous solvent and mixed phase are the most important material in this line. Natural rising like casein and shellack, natural and synthetic wax emulsions, Silicone emulsions, solvents and diluents are all made in India. Synthetic resins, for leather, mostly acrylic polymers/co-polymers or graft polymers are made in India— Acryb-nitsile, Vinyledene, Butadiene Acrylic Co-polymers, PolyUrethene and Alkyd resins are still not fully exploited in India as cooling materials on leather. The acrylic resin emulsion made in India can meet entire demand of the leather industry. The research in developing better finish effects with speciality resins is so fast in Europe and USA that we have to import some of these products to serve the fashion in vogue at different times. A lot need to be done in film forming polymers to meet the exacting demand.

Many newer resins are developed every day. Polyurethane emulsions, are bound to play a major role in leather in the near future.
OTHER LATEST TRENDS:

Indian leather industry has to face many challenges in 1980. There is a need of alternative technologies to avoid the use of chemicals causing pollution and to save energy.

In the field of tannery, pollution control measures like the conservation of water (50% economy of water) avoiding and reducing the use of polluting chemicals, and eliminate of Common salts in the preservation of hides and skins are being adopted. Partial substitution of chrome with aluminium, gluteraldehyde and acrylic syntans has diminished the content of chrome by 90% in the effluent. In one or two process chrome has been completely eliminated, substitution of chrome is very important due to the fact that chrome has been very harmful for us.

In the Beam house process lining operation results in large amount of sludge, Affluent from line yard contains high degree of alkalinity and toxicity. A new process envisages the treatment of re-hydrated hides and skins with ammonium salts, Urea & Castic soda falland dehairing system. The hair is removed very next day and the they are treated with alkali to get the required plumping.

Use of Enzyme for unhairing has helped to eliminate Sodium Sulphide which is highly toxic to aquatic flora and fauna.
Further research to the area and closer co-operation between CLRI and leather auxiliaries industry is needed. The growth of the auxiliaries is affected by the high cost of basic materials. This is mostly due to the excise and import duties levied on the raw materials and intermediates required for auxiliaries and chemicals.

**MACHINERIES:**

Out of 70 different types of chemicals tanning materials used in the leather industry, more than 50 are manufactured indigenously. Rest is imported.

Machineries are other basic important required for the better leather manufacture.

The internationally approved basic leather testing equipments are as follows: Permeometer, Penetrometer, Tensometer, Abrasion Tester, Humidometer, Adhesion Tester, Flexometer, Ts Appratus etc.

Important Machines used in finished leather production are lighting suffing machines, curtain, cooling machines. They are not available in India. Automatic spraying and dyeing units which are essential for producing quality leather is also not available indigenously. However bulk of the machines came from local resources.

Yojana, 16th June, 1981 and IIFT Studies.
Machinery and equipments used in footwear are splitting machines, sole leather ralling machines, punching and eyeletting machines etc. standard quality is not available.

CIRI which came into existence in 1953 in Madras, has taken No.of studies to improve the existing technology. A no.of new designs for handbags, pouch bags, leather album and light weight softy brief case have been developed. Certain machines like, a plywood bending machine for suit cases, etc. have been developed.

Studies on biophysical aspects of normal and abnormal feet and its relationship with f.w. have been studied. Electromyographic studies have been conducted to evaluate the behaviour of leg and foot, both in static and moving phases. Kinematic analysis of locomotion of children while working bare foot was conducted using cinematographic technique.

A 1800 mm splitting machine has been fabricated for leather industrial organisation. Strap cutting machine, skiving machine, hydraulic dicking press and vaccum dryer are in the process of fabrication. Design drawing for 400 mm. Splitting machine have been completed.

CIRI are conducts seminar, symposia of leather technology. And International seminar on Transfer of technology in leather and
Allied Industries sponsored by the ESCAP was organised by the CLRI during Jan.-Feb. 1980 at Madras in which delegates for ESCAP centres, UNIDO, FOA, ICO etc. as well as from All Over India participated.

Facilities under open general licence (OGL) are available for the import of most of the important machines not available in India. The biggest hurdle in the utilization of the import facility is non-availability of trained and skilled personnels. Finance comes next. (For detailed list of machines used in leather industry, see annexure IV).
It has been largely said that the recently announced Import Export Policy of Government (1982-83) is a liberalised Import Policy. The major policy's objectives are as follows:

1. To provide to Industries, specially in the small scale (S.S.I.) Sector, Easier and more regular excess to their requirement of imports, in order to maximize their inputs and improve their productivity.
2. To reduce or dispense with licencing formalities and procedures specially for exporters.

3. To extend support to upgradation of technology to facilitate cost reduction and maximize output.

4. To support indigenous industry where necessary.

**HIGH LIGHTS:**

1. **Import under Open General Licence (O.G.L.):** As many as 100 new items of raw materials (R.M.) and components have been allowed to import under O.G.L. Imports under O.G.L. was about ₹300 crores in 1981-82.

   For *Small Scale* and *Cottage Sector* units, source of the items permitted under O.G.L. have been allowed for import not only by *Actual Users* but by others also, for more economic imports and off the shelf service to the users. Repeat Operation!

2. **Imports Against Automatic Licence:** *Actual Users* where Automatic Licence for 1981-82 was not more than ₹1 lakh in value have been allowed to utilize the same licence on a 'repeat' basis during 1982-83. Subject to conditions stipulated. It dispense with the formalities of obtaining fresh Automatic Licence for 1982-83.

   *Actual Users* who exported at least 25% of their production of select products (leather etc. included) subject to a minimum of ₹5 Lakh, or who exported select products of at least ₹1 cro:
in any of the two previous financial years, have been allowed to utilize their Automatic Licence for 1982-83 in a 'repeat' basis during 1982-83, irrespective of its value, subject to conditions stipulated.

**Higher value Automatic Licences:** The value of Automatic Licences issued to Actual Users has been raised by 10% on the actual past consumption in value terms. The increase will be 20% in the case of Actual Users who export at least 10% of their production of select products and also in the case of Actual Users who obtained both Automatic and Supplementary Licence in 1981-82.

3. **Requirements of Export Oriented Units (a):** Actual Users who had exported at least 25% of their production of select products, subject to a minimum of ₹.5 Lakh or who exported select products of at least ₹.one crore (f.o.b.) in any of the two financial years have been allowed to utilize their Supplementary Licence for 1981-82 on a 'repeat' basis during 1982-83 irrespective of value in addition to the 'repeat operation' of their Automatic Licence.

Actual Users who exported at least 50% of their production of select products can either avail themselves of the 'repeat' facility of their Supplementary or obtain a Supplementary Licence for 1982-83 without sponsoring authority up to 50% of the value of the Automatic Licence.
(b) **Manufacturer-Exporters** desiring to use their own REP Licences for production in their factories, will have substantial flexibility to import any item they need, subject to certain restrictions. An additional value equal to 10% of the FOB value of the relevant export will also be provided in the same REP Licence to enable the manufacturer-exporter to import an item from the Automatic list which any other Actual User can import against its Automatic Licence. The intention is that, as far as possible, manufacturer-exporters should get all their requirements of imported inputs through their REP Licence itself.

(c) Approved 100% export oriented Units have been allowed to import all their requirements under OGL. This is a major procedural simplification.

4. **Imports by new Industrial Units:** Value of initial licences for R.M. to new units in the small scale sector has been raised substantially. Comparative higher facilities are available for units set up in back-ward areas.

5. **Liberalised Imports of Capital Goods:** 85 new industrial machineries have been included for import under OGL subject to indigenous clearance.

**SPECIAL PROVISIONS FOR EXPORTERS:**

Manufacturer-Exporters who exported at least 10% of their production of select products subject to minimum of ₹5 lakhs, or
who exported select products of a minimum of Rs.1 crore (FOB) in value, during any of the two previous financial years will be allowed to import machinery upto Rs.20 lakh a year against their own REP Licences, without the recommendation of sponsoring authority and without the indigenous clearance. Manufacturer Exporters having a lesser export performance will also be allowed to import machinery in the same manner upto a value of Rs.50,000.

Application for import of machinery valued upto Rs.2 lakh will be cleared very easily.

As a measure of delegation of powers and procedural simplification, the power of the regional Capital Goods Committee has been raised from Rs.10 lakh to Rs.20/- lakh and the Capital Goods Adhoc Committee under the CGL&E from Rs.25 lakh to Rs.10 lakh.

As a further step forward simplification of procedure the DGTC (Directorate General of Technical Development) will announce a list of machinery (cleared from indigenous only) for which no advertisement by Importer will be required now.

6. The list of R.M.& components eligible for consideration for Advance Licences under Duty Exemption Scheme (without payment of customs duty for Export production) has been further enlarged. The scope of Duty Exemption Scheme has been further extended and procedures are simplified.
The scope of the Duty Free Scheme for import against REP Licences has been enlarged by adding new items therein.

**SOME OTHER MEASURES**

7. **EXPORT Houses and Trading Houses:** They will be allowed to import machinery for setting up common servicing centres for their supporting manufactures. Trading Houses will be allowed to set up warehouses and offices abroad without having to obtain prior approval of the Reserve Bank.

8. **Import for Technological Upgradation:** The value limit per unit for import to promote technological up-gradation and modernisation under the Technological Development Fund (T.D.F) has been doubled from US$2.5 lakh to US$ 5.0 Lakh.

    Provision for imports of technical samples and prototypes have been further liberalised. A committee has also been set up for examine specific proposal from industrial undertakings.

9. **Non-resident Indian** have been encouraged for investment in India.

10. **Support to Indigenous industry:** Some item of Capital Goods and R.M. have been taken out of O.G.L. Some items have been included in the Banned List and same shifted to the Limited Permissible List (earlier known as Banned List). List of canalise Item have been further extended.
Even the measures of liberalisation of licensing are with a view to accelerating Indigenous production for producing dependence on Imports.

11. Allotment of Code Nos. to Importer: Importers would be given "Code" Nos as were done by the Reserve Bank (REI) for exporters. This would greatly help importers themselves.

12. Changes in items subject to Export Licensing Central:

Export Central will continue to apply only 4 to 9 limited extent, and the report of a few commodities. It has been further liberalised for commodities. The minimum export price for footwear has been abolished except for closed leather shoes.

Minimum export price for different live animals and their meats have been raised.

Export of Samples have also been liberalised. Some life item like lizards etc. and some type of seed and oil have been banned. It includes import of paraffin wax also.

13. A Monitoring and Assistance Cell (MAC) has been set up in the office of the Chief Controller of Imports and Exports (CCI&E) New Delhi, to undertake analysis of periodical returns showing exports, imports and disposal of imported materials. Where necessary, this cell will help to identify areas in which exports:
and Industrial units need assistance for timely execution of their export programme. The cell will also be responsible for monitoring the progress of 100% export-oriented, units and for assisting them on a continuing basis.

14. In the present policy statement, some terminologies were rightly changed. The change in name is as follows:

(a) Banned Items were named as Limited Permissible Items
(b) Absolutely Banned Items were named as Non-Permissible Items
(c) Restricted Items were named as Automatic Permissible Items.
PART TWO

Export of Finished Leather and Leather Manufactures.

- 01.0 Present Condition
  1.1 Overall Leather Exports
  1.2 Raw Materials, personnel etc.
  1.3 Standardization and quality control

- 02.0 Export Marketing
  2.1 Identifying foreign market
  2.2 Product Planning
  2.3 Pricing
  2.4 Overseas distribution channel
  2.5 Promotion
  2.6 Government's facilities
  2.7 Export Finance
  2.8 Export documents and Procedures
PART II

CHAPTER - I

1.1 Overall Leather Exports - a bird's eye view:

A short history about the progress of Indian leather Industry has been described in Chapter (I/2) as a background materials for present study.

In the following line the structure of our finished leather and leather manufactures Exports has been dealt with in a very summarized form. Detailed study about the different aspects of leather exports is in the following chapters.

Exports - India exports following item to different countries of the world.

1. E.I. tanned hides and skins

2. Finished leather.

3. Chromo tanned wet blue leathers

4. Leather garments (Jackets only)

5. Harness and saddlery

6. Leather goods like travelling goods

7. Small leather goods

8. Footwear and their components

9. Bristlers, hairs etc.

Total leather export (excluding E.I. tanned hides and skins) were as follows:
Table V(a) (Value in crores rupees$)

<table>
<thead>
<tr>
<th></th>
<th>1974-75</th>
<th>75-76</th>
<th>76-77</th>
<th>77-78</th>
<th>78-79</th>
<th>79-80</th>
<th>80-81</th>
<th>81-82</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>105.7</td>
<td>155.0</td>
<td>235.2</td>
<td>226.2</td>
<td>237.2</td>
<td>364.0</td>
<td>274.5</td>
<td>342.3</td>
</tr>
<tr>
<td>Export</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% increase or decrease</td>
<td>100</td>
<td>146</td>
<td>22.5</td>
<td>214.0</td>
<td>224.3</td>
<td>344.3</td>
<td>259.6</td>
<td>323.8</td>
</tr>
<tr>
<td>when 1974-75= 100</td>
<td></td>
<td></td>
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</tbody>
</table>

In the total export, %age of finished leather has been as follows:

Table V(b)

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<thead>
<tr>
<th></th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>% age of finished leather</td>
<td>28</td>
<td>34</td>
<td>44</td>
<td>47</td>
<td>75</td>
<td>72</td>
<td>69</td>
<td>60</td>
</tr>
</tbody>
</table>

Leather Goods include following items:

1. Travel goods such as suitcases, brief cases etc.
2. Leather garments
3. Saddlery and Harness
4. Small leather goods such as wallets, billfolds etc.

Its share in the total export has been as follows

Table V(c)

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<th></th>
<th>2</th>
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<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>% age of leather goods</td>
<td>6.5</td>
<td>6.00</td>
<td>6.1</td>
<td>8.5</td>
<td>6.3</td>
<td>5.0</td>
<td>4.2</td>
<td>7.0</td>
</tr>
</tbody>
</table>

Average = 6.2%.
Table V(d): Percentage of other important items

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<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Footwear components</td>
<td>1.3</td>
<td>.5</td>
<td>2.5</td>
<td>6.7</td>
<td>3.4</td>
<td>7.9</td>
<td>6.15</td>
<td>17.2</td>
</tr>
<tr>
<td>Industrial leather</td>
<td>.9</td>
<td>.5</td>
<td>.3</td>
<td>.4</td>
<td>1.3</td>
<td>.9</td>
<td>4.0</td>
<td>3.2</td>
</tr>
</tbody>
</table>

For exact figures see annexures I & II
(Sources: E.F.C. for finished leather and leather manufactures, Kanpur).

Besides above leather items, other leather items like tanned furs, bristles and other hairs, and brushes for varnish and paints are unimportant in terms of export earnings. Semi-finished leather like E.I. Tanned Hides & Skin and Chrome Tanned wet Blue hides and skin have substantial export earnings.

The different tables in this chapter indicate following facts:

1. The growth of overall leather exports and their different items has been fluctuating. However tendency is towards the increase growth.

2. The share of finished leather in total exports has been more than 60% for the last 4 years.

3. Leather goods export is more or less stable. The average share in the last 8 years has been 6.2%.

4. Footwear export is decreasing while export of footwear components is on increase.
5. Industrial leather has shown good progress for the last two years.

**Importing countries:** The major buyers of Indian finished leather and leather manufactures are USSR, Italy, UK, USA, France, Germany, Japan, Yugoslavia, Czechoslovakia and others. (Report Currency & Finance 1977-78, Vol. II, page 143 and E.P.C. Kanpur).

**Price Condition:** The whole sale price Index (W.P.S.) of leather and leather product (base year 1970-71 = 100) was 366.2 on Dec. 19, 1981. It was \underline{365.2} on Dec. 20, 1980. So %age change was (-) 5.13. Wholesale prices of all the commodities and manufactured products have increased during the period (except in food product). It was due to recession in the market. Its international price is lower than their domestic price (see Annexure X and Chapter II/2.3). On the other hand cost of input is increasing as complained by exporters.
Raw Materials & Personnel etc.

It has already been said that India has largest livestock population in the world. The bovine (Cattle and buffaloes) population in the country is around 244 million and sheep and goats population is about 113 million (see Annexure III for detailed livestock population in the country).

The optimum availability of raw hides of such population is about 28 million pieces per annum, but their actual utilization has left much to be desired. Same is the case with goat and sheep population. Other developing countries are not behind us. Out of the 66% of the world's cattle population in developing countries, only about 42% of the total hides production of the world took place in such developing countries.

Out of the 30 million cattle death every year in the country, only 24 million pieces of hides are processed, of which 22 million hides are obtained from fallen animal which offers not very good quality. The animal waste of the 30 million cattle deaths are also literally wasted (except the hides). Waste can be utilized in exotic leather, violin strings, glue and gelatin, bone-out blood meal etc. (Tanner Feb. 1982).

It is strange phenomenon in the country that raw hides market behave differently from the leather market. It thus places the tanners in very adverse condition. Tanners
have little control over basic raw materials. *(Tanner, Mar'81)*

(a) **Finished leather** - The surveyed units have rightly said that the quality of finished leather depends on the quality of hides and skins. But as the animals are neither well fed nor well cared, these hides and skins are of low quality. In addition to this most of the hides are obtained from the fallen animal, not from slaughtered animals which are of fine quality. So hides are generally of poor quality. It suffers from grain defects. Facilities for flaying and caring hides are very inadequate with the result that the hides also suffer from flay cuts, warable marks and bacterial damages.

The industry in general and Kanpur in particular is placed in better position as regards the availability of skin as compared to that of hides (also confirmed by IIFT Study report).

(b) East India Tanned Skins: It is essential RM for the manufacture of hand grain morocco leather, clothing leather, aniline goat upper and other types of finished leather which according to Kanpur Industry sources, have good prospects for exports. Problems, however, are being faced in the clicking of these leather under mechanised condition, rendering it difficult to bring about the unique grain pattern in the leather component in matching condition.

Two methods are applied for tannings

i) Chrome Tanning

ii) Vegetable Tanning (including E.I. Tanning and Village
Tanning Materials - (Also see annexures IV and Part I Chapter I/3).

(a) Chemicals - There is a dearth of indigenously produced standard chemical tanning materials. Sometime shortage of sulphuric acid is felt in the country. In addition to this, many materials are not of standard quality. Dyes and furnishes standardised exclusively for leather, are not available in the country.

(b) Machinery and Equipment - Majority of them are made indigenously. CLRI's contribution in this field is commendable. Rest can be imported under OGL.

However, exporting COS in Kanpur are not utilizing all facilities available in the field. Shewan Tannery Kanpur, which exports finished leather of more than Rs. one and half crores, is very old one. Modernization of old factory requires huge investment which is not available on easy terms.

Cost: - They complained the increased cost of R.M. and inputs. It cuts their margin of profit.

Footwear - The footwear making two main types of leather are used

a) Upper leather - mainly cow leather is used. It is either tanned or chrome tanned.

b) Sole leather - Generally Buffalo leather is used. Sometime rubber sole is also used. Bad quality is their main
problem which is causing great harm in the international market. Brazil which is main competitor, has advantage of quality leather. Price of leather is also high here. It makes it less competitive in export market (also see Chapter II/3)

Ancillary Chemicals - As I observed in Kanpur, generally no finishes are required. Other ancillary R.M. like Lacquers, sandering, scale, thinner, adhesives, grindery and stamping foil are used. These are available in India but with low quality and high price. Import duty on these materials are causing rise in price.

Machinery and Equipment - The machines mentioned by exporters of Kanpur are splitting machines, band knife splitting machines, cutting press, skewing machines, buffing machine, band saw, trimming press etc. All are available indigenously. Although we see many names in the list but it is devoid of many other important machines used in western countries for better finishes.

Inventory Generally one months R.M. inventory and maximum 2 months inventory (RM) are kept. So it requires little investment in R.M. inventory. As RM, E.I. tanned leather (semi-finished) has been popular up till now. It was brought from Madras which produces good quality and E.I. leather. But the trend is changing. Now finished leather is more in the demand. After some time only finished leather would be bought.

As far as footwears inventory is concerned, it entirely depends on orders. As demand in the international market is
fluctuating, it is wisely kept low.

**Ladies Bags, Traveling good (Leather goods):**

They are comprised of 80% leather, 15% fittings and
remaining 5% threads, rubbers, adhesives and others cow hide
leather is used for bags. Chemicals are not much in use.
Sewing machines, skewing machines, splitting machines, lining
machines and other tools are used.

The problem faced by exporters in the procurement of
R.M. chemicals and machines are more or less same as faced by
the manufacutre/exporter of the leather manufactures. Prices
are high and quality is low. Scratches, saw cut etc. are common
Depression in demands is found. However transportation cost is
not much.

One months inventory is kept here.

**Saddlery**

It consists of 60% leather and 40% brass waxed cotton
threads etc. Adhesives is generally used as ancillary R.M.
Machinesies are in use: skewing machine, stiching etc. Saddlery
work is not very mechanised here. The Foxwood (India) where I
visited, is registered under small scale Unit. These units use
very little machinery. There main problem is leather cowhide,
which is used in saddlery, is scarce in market. Availability
of ancillary and machines is not problem for these units. On
the other hand the big units feel difficuly in obtaining
machines due to high cost and unavailability of trained per­
sonnels.
Leather garments: Production of leather garments may be divided into two broad manufacturing processes (a) Cutting and (b) Assembly (mainly sewing). The all factories leather is cut by hand. This processes is very difficult to be mechanised. So even in highly industrialized countries like Sweden leather is cut by hand (UNCTAD Report, ITC, 1974). Sewing is done by machines. The principal machines used in the industry are (1) Industrial sewing machine (2) Buttonhole machine (3) Button, Stad, sleeve, patch and product fixing machines. Life of these machine is about 10 years.

Leather garments industry faces more or less same problems that of footwear, regarding quality of leather. Fine quality cow hides are not available here. The medium Indian cow-hides with thin fine grain structure could be finished as Nappa Leather which is used in leather garments. Sophisticated machines are also not in use here.

Personnel side:

2 Hrs power + 50 labour - Excise duty levied

Factory Act applicable for employers are the problems of owners.

The biggest company in my survey was Shewan Tannery which employs 400 labourers. Top executives are appointed among the family members. Although they are efficient, this practice blocks the prospects of subordinates. Other units have 20-22 employees. It depends upon the business. Small scale units and many other units employs labour on contract basis. They are given Rs.400/- per month. Some incentives and benefits are given to permanent employees.
on special occasions.

Labour are not organised here. There is no union in most of the companies. There are scarcity of trained and technical personnel which limits the use of sophisticated machines.
CHAPTER II/1.3

STANDARDIZATION AND QUALITY CONTROL (Q.C.)

The present status of standardization and quality control in the field of leather, footwear and leather products is given below.

For earning larger amount of foreign exchange through value added items, financial incentives, like cash compensation schemes (CCS) and disincentive of 10% export duty on semi-finished leathers are available. For administering these incentives, the Customs Authorities check all leathers, being exported on the basis of minimum number of operations which are essential for finishing the leathers. These operations are listed in IS: 8170-1981 Guidelines for Identification of Finished Leathers for Export (Third Revision) which also tabulates the minimum number of operations for each leather. These standards are prepared by Indian Standards Institution (ISI), New Delhi. Customs Authorities evaluate finished leathers only visually and only at the shipment stage. Dispute cases are generally referred to the Central Leather Research Institute, Madras, for final verdict on the basis of IS:8170-1981. It would thus be seen that in view of financial incentives some quality control is being exercised by the Customs Authorities for finished leathers being exported from the country.

Another form of quality control is through ISI Certification Marking Scheme. In this case, quality control is much more
intensive as it involves:

i) ISI's appraisal of controls exercised during production and the facilities available for carrying out tests on raw materials at the in-process stages of production and on the final product.

ii) Each licensee operating a well-defined scheme of testing and inspection (STI) which prescribes specific tests and the frequency of conducting them.

iii) Regular and surprise inspection of the licensee's works by qualified inspectors of ISI. During the inspection random samples of products are taken and tested either in ISI or other independent laboratories recognized by ISI. Besides, records of the tests carried out by the licensee are also checked.

iv) Testing of market samples of goods carrying ISI Mark. The samples are drawn by ISI and tested in ISI or other laboratories recognized by ISI.

v) A system of entertaining complaints from purchases and consumers. Whenever a complaint is found to be genuine, free-of-cost replacement is arranged in respect of the sub-standard goods.

However, the ISI Certification Marks Scheme is operated only on a voluntary basis. Consequently, only a few items have been covered and only a small number of manufacturers have joined the scheme. Full details of manufacturers and products are given in Annexure VA which would show that:
a) Only 5 items have been covered so far. These are - Full chrome Upper Leather, Ankle Boots for General purposes, Safety Boots, Safety Gloves and Gauntlets and Mittens.

b) TAFCO, KANPUR, RIC and only three State Leather Corporations, namely, Bihar, Orissa and U.P. have joined the Scheme in a limited manner for few items (West Bengal Leather Industries Development Corporation and KVIC have recently applied for a few items). Besides, a number of footwear manufacturers have joined the Scheme possibly because bulk purchasers normally prefer goods carrying ISI Mark.

c) Specially for various types of leather, for which a number of Indian Standards are already available (See Annexure B), ISI Certification Marking Scheme is yet to make a break-through.

As stated above, Indian Standards are already available for a large number of leathers, leather products, semi-finished leather and raw materials. The detailed list is given in Appendix B, which would show the wide range of Indian Standards already complied. Expeditious implementation of these standards would go a long way in standardization and quality control of the industry.

It should also be added that although the existing standards cover a wide range of items, there are some items for which Indian Standards still remain to be developed. These items are listed in Annexure C.
FUTURE STRATEGY

It should be recognised that the existing visual inspection of leather at shipment stage is inadequate. At best, its utility was only for an interim period which should now end as early as possible.

It would be desirable that the leather industry switches over to a more intensive mechanism of quality control through the ISI Certification Marks Scheme. Particularly, State Leather Corporations and Bharat Leather Corporation (a Govt. undertaking) should join the Scheme immediately. It would motivate other manufacturers to follow the suit thereby setting a healthy trend for the entire industry, specially for all types of leathers and items produced by them. This would strengthen the existing measures being taken by the Customs Authorities and it would improve the infrastructure for leather goods.

It should be added that while joining the ISI Certification Marking Scheme, manufacturers may experience some difficulties. These should be communicated to ISI, so that the existing Indian Standards can be reviewed/amended/revised. The Institution would also welcome receiving proposed Draft Standards for items listed in Annexure C. These drafts should be provided by the manufacturers producing these items so that the Indian Standards are on a realistic basis. Subsequently, these Standards would be processed expeditiously, so that Indian Standards are available for all the items needed by the industry.

In Surveyed Units

Quality is checked mainly at three occasions namely at
at the time of

1. Purchase of Raw Material
2. Processing, and
3. Shipment.

Although it is done by experts, but it is always done visually and manually. Only measuring is done through machines. Different other testing and Q.C. machines available in the market are not utilized here.

Standard set by I.S.I. are not followed. They say that it is too difficult to be followed.

Many of the tanners disagree that their quality is inferior in international market. Import of sophisticated machinery is not enough. Except cow hides, which are obtained mostly from fallen animals, other R.Ms. available are of good quality. This is confirmed by the fact that our semi-finished leather are converted into (by foreign country) quality finished leather. So quality of our finished leather is our main problem. In footwear, also, exporters complain about the bad quality of available materials.

One more thing would not be irrelevant here to be mentioned. It has been noticed during the survey that there is no common agreement on the precise definition of 'finished leather'. However 1000 items come under the category. Some are as follows:

- Wet blue chrome hides and skins, chrome tanned hides and skins, chrome crust hides, chrome uppers, chrome suede, hard
clothing leather, gloving leather, apron leather, glazed kid, hard grain morocco, aniline uppers, printed leather, finished reptile skin, case leather etc.
"Any traveller without information is a bird without wing".

Like any other marketing, export marketing precedes with the gathering of information about the markets. Stepping in wrong shoes, without knowing it, may hinder the further movements. It is better to concentrate in few markets, at least in initial stage, so that better results may be obtained. A former chairman of S.T.C. had rightly said, "It is easier to increase business where you have a stronghold rather than increase business in new area". But due to fluctuating nature of the markets and stiff competions, the process of identifying foreign buyers in foreign markets does not end at any time. Opportunities seldom come again.

In the following lines sources of information are mentioned and then the actual practices in the Kanpur exporters' world are being described.

Sources of Information: Exporter

An exporter or would be exporter can get information from many sources. We may categorise them as follows:
A. Internal source - company's own past records

B. External sources - They include many organisation and Institutions - Secondary data are in abundance in these institutions. Some of them may be enumerated as follows:

1. Leather Export Promotion Council, Madras.
2. Export Promotion Council for leather and leather manufacturers (LEXPORT), Kanpur.

Federation of Indian Export Organisation (FIEO)

4. Respective export organisation for particular product:
   a) All India Saddlery Exporters Association, Kanpur
   b) All India leather Goods Association
   c) Footwear Exporter Association
   d) Tanners Association

5. Small Industries Service Institutes, New Delhi (SIST)
6. U.P. Export Corporation
7. ECGC Commercial Banks
8. Indian Chamber of Commerce and Industries (ICCI)
9. IIIFT, New Delhi
10. Trade Development Authority (TDA), N. Delhi.
11. State Trading Corporation (STC) New, Delhi
12. Director General of Commercial Intelligence & Statistic, 1, Council House Street, Calcutta-1.
13. Trade Fair Authority (TFA), New Delhi
14. Free Trade Zones at Kandla and Santa Cruz
15. Foreign Embassies in India and Indian Embassies in foreign countries.
16. Tours in foreign countries.

17. Journal, yearbooks, directories etc.

**Actual Position:**

Registration with respective Export Promotion Council is must for getting export licences, cash assistance and other benefits. Registration with other bodies is more or less voluntary.

All the surveyed and other exporting companies are members of the respective export organisation. But many of them were ignorant of the existence of some very important organisation like TPA, TFA, IIFT etc.

Exporters feel that, EPC contributes very little in providing information to exporter. The exporters' organisation, according to them are mere place of enjoyment and get together. Exporters in Kanpur get their information about foreign market mainly through following two methods:

a) Personal visits
b) Participation in Trade Fairs.

They do not have confidence in export promotion council etc.

**Tours:** They generally go on tours twice or thrice a year to prospective markets of the Europe, North America etc. which have already shown substantial imports from India. The countries generally visited are Italy, West Germany, U.K., U.S.A., Australia etc. Most of the tours are arranged on the occasions of trade fairs and exhibitions.
Exporters easily get "Exchange Blanket Permit" which has a limit of Rs. 1 lakh for expenses on such journeys (see page 70). They did not mention any problem in this regard.

**Sample:** Problem mentioned by exporters of Footwear was of peculiar in nature. They had odd pairs of shoes as sample on foreign tours or visits. These odd pairs of shoes are levied with duties in every country of their visits. It is causing a great harm to the footwear exporters. Harmfulness magnifies because you can't sell to anybody an odd shoe.

The exporters take little use of the different foreign trade journals and magazines. They are not satisfied with the information given by them. They complain about the inadequate library facilities available in India. They mentioned the name of 'Thomas Register' in American libraries which provide detailed information about exporters and importers in each country. No such thing is available here.

Today leather Manufacturers industry is a fashion industry. It requires regular contact with fashion circle. But these exporters have very little or no contact with them.
CHAPTER II/2.2

Product Planning

International Marketing is the marketing across national boundaries covering people with different sets of tastes, interests and culture. This fact necessitates product planning for export.

Product planning refers to the process of determining the length and depths of the product. The length is the number of (product line) to be offered and the depth is variations of a product (Root, FR: Strategic Planning for Export Marketing).

As our study is limited to the finished leather and leather manufactures, we do not need to bother about the length of the product line. So our task is limited to identify few items out of the existing line which will offer maximum potentials for growth in the target market.

No exporter or manager can avoid making assumptions about the future. In a sense, therefore, he can not avoid planning since inevitably his activities will be affected by the assumption which he makes. For whatever degree of value a manager places on it, consciously or unconsciously, the planning process will be carried on in his mind. The choice does not lie between planning and not planning, but between a purposeful attempt to make effective plans or placing the business at risk by neglecting to do it. Effectiveness is likely to depend on two elements - Good Information and the Penetration Analysis of that information (IM - Fayer weather).
Reason, for proper planning are many. Some of them are given below:

i) At regional level the creation of Trading blocks like EEC, EFTA ( ), LAFTA ( ) has altered the pattern of trade, at global level steady presence within GATT are working toward general world wide reduction in tariffs and the removal of other hinderances for international trading (International Marketing by Varshney & Bhattacharya).

ii) The rapid growth of income amongst hundreds of millions of individuals, particularly those living in western style economies and recently the Arabs, has given the individuals for more 'purchasing power' and the means, therefore force manufacturers to pay heed to the reasons for which products are selected or rejected.

iii) The rapid generation of new technologies increases the rate of product obsolescence and intensity of competition

iv) Peculiar characteristic of fashion goods, that changes its form continuously.

Since the first aspect of planning process, the information gathering has already been dealt with in the previous chapter, now we would concentrate with its second aspect, i.e., analysis of information for adoption and/or standardisation of the product in the particular market.

The aforesaid function requires separate and permanent Marketing Research Department or cell in the company. But it is
very sad that no company which I surveyed, and great majority of Co in Kanpur, do not have this cell worth the name.

Tannaries which produces semi-finished leather and finished leather seldom have direct link with Central Leather Research Institute (CLRI) which conducts research on different aspects of leather, their machineries and chemicals. Very little communication and co-operation are found between the two.

However, big tanneries like Shewa International follow the standardisation policy (uniformity of product in all markets). Instead of product modification in finished leather production. Due to use of technology and mass production in standardisation, economic of scale, economics in R & D and economies in Marketing is possible results in low cost and high profits.

Great majority of manufacturing functions leather goods, like bags, garments saddlries, and footwears etc. is generally done through hands which restraints the standardisation of the product. Machine may help them in this direction. But the fashion goods which change its forms, designs, styles, size and appearance continuously, also require continuous adoption in the product. So a problem of

"How to have a balance between standardisation and adoption" is there.

In saddlery items only few change come into the product. Different designs are adopted for different product. Coin
International produced 50 new designs in saddlery and same number in bags, but half of them were abandoned in the last 5 years. Same is the case with footwear whose market has been very fluctuating.

Leather garments: markets have been explored very little. Only one or two units in whole of the Kanpur produce leather garments for exports.

Main causes of abandonments of new designs etc. are as follows:

a) Rapid change in fashions
b) High price.
c) Competition - especially internal within the country.

Standardisation in footwear is necessary due to mass production. But due to little use of machinery it is not wholly possible causing decline in margin of profit.

Product Life Cycle:

Fashion goods have very small and uncertain life-cycle. They can 'die' at any time. However, many marketers in Kanpur are not aware of this concept due to lack of professionalism in their working. Different strategies are needed at different stages of life-cycle of a product. But due to lack of proper studies, respective strategies could not be adopted or planned.

Packaging - It is also very important element in the marketing of a product. The industry have very little contact with relevant
agencies. No contact with Indian Institute of Packaging was found.

So the important reasons of inadequate or no planning may be summarized as follows:

1. Lack of contact with fashion circle in foreign countries.
2. Lack of contact with relevant agencies.
3. Lack of professionalism
4. Lack of proper information
5. Rapid changes in fashion
6. Stiff competition and price-war
7. Lack of proper guidance by the government.
CHAPTER 2.3

PRICING FOR EXPORTS

"BEWARE! IT IS BUYERS' MARKET"

Pricing decision plays a significant role in the marketing of any product in the export market. Unfortunately no simple mathematical formula is available for an international marketer in arriving at the right pricing decisions. Only proper knowledge of the product, place (Market), people and prevailing prices would provide guidance in this area.

In International marketing generally Marginal pricing method is adopted. But as most of the Kanpur based exporters are 100% Exporters, they have to meet full cost in the export pricing. But for a fashion good like leather and leather goods having a very competitive market, rolling prices have to be accepted. It is specially true for Middle and lower-price segment of the market where Indian exporters have their business. High-price segments are the monopoly of developed countries. However, exporters managed to sell goods on profits.

Indian exporters are the victim of fluctuating international leather market, where cut-throat competition exists between exporters. So stable method of price fixation was not notice. Negotiation has been a common feature.

Majority of the leather Cos, sell their leather goods directly to the specialized retailers and retail chains in the
international market. They don't sell their product through agents who charge minimum 5% commission at f.o.b. as fixed by RBI. So they save it (Agents commission in Europe is about 10% based on f.o.b. price).

All cos surveyed and contacted, take the assistance given by our government for reducing price disadvantages. These include duty drawback, C.C.S., A.F.S. (explained latter in chapter 2.6). However, other such facilities like Tax concession for import of technical knowhow are seldom taken.

C.i.f. quotations, are mostly preferred by buyers when the products are required to be lifted by air flight.

Markup varies from country to country and depends on the type of the products. Generally in Kanpur, exporters' markup is about 10% of its f.o.b. quotation.

Retailers markup is more than 100%. Intermediaries markup varies according to level of distributors.

As regard to tariff and non-tarriff barriers, exporters reaction was varying. Some criticised RBI and some praised it. Big exporters complained about foreign exchange fluctuations. Exchange rates of foreign currencies are not stated in relation to Indian rupee. Marks, sterling pound did, not always show stability in foreign exchange market. Exporters of footwears complained about non-tariff barriers in U.S.A.
The say that non price feature like quality, fashion requirements, country's image, prompt supply, acceptance and settlement of claim are very important in export trade. Credit facilities are asked in the case of travel goods.

However, Export Prices for Indian Cos are lower than domestic prices (see Annexure X). Indian exporters prefer to export because of available government assistances and facilities like duty drawback, air freight subsidy (AFS), import facilities etc. (see page 61 for details) so export marketing becomes very attractive.
CHAPTER 2.4

OVERSEAS DISTRIBUTION CHANNELS AND MARKET ENTRY

There are essentially two methods of entry into the foreign market, one is known as Direct Exporting and other is known as Indirect Exporting.

In direct exporting, the manufacturer takes upon himself the task of managing the export sales. In indirect exporting, the title or ownership of the goods does change in the host country and then the new title holding Co takes the responsibility of actual exportation with all its risks.

All surveyed units, and majority of leather companies in export business in Kanpur, are manufacturer-exporters, instead of merchant-exporter. Manufacturer-exporter does production as well as export function at the same time. Bulk buying is made at trade fairs. The second major feature of majority of exporters in Kanpur is that they do not operate in foreign countries through agents. They deal mostly with retailers and less with importers, wholesalers. The reason is agents’ commission which they want to avoid. Footwear export sale is almost done directly through retailers.

But the matter is not so simple. The bulk of the trade is handled through the following intermediaries in the importing countries:
Agent - Importer - wholesaler - Manufacturer - Central buying organisation (CBO) - Department Store - Independent Retailer.

Agents who work on commission in the major importing countries act as useful links between the importers and exporters.

Importers differ from central buying organisation (C.B.O.) in a number of ways.

Importers can handle both small and large consignments, since they sell to an unlimited number of outlets which require large quantities. C.B.O. fulfils only the smaller requirements of their own retail outlets.

Importers can sell all types of customers, both independent and those organised in groups. Even C.B.O. often purchase through importers.

Importers are usually interested in finding new supply sources; they are not confined to a limited number of market sectors as are C.B.Os, with their long experience and specialisation in the leather goods business and with a flair for finding new supply sources and products, they serve the exporters, particularly from developing countries very effectively with required information on markets and products.

Like other marketing decisions, channel decisions also depend besides other things on the type of product and the kind of market. Leather product, being consumer and fashion good, are not exception to the rule.
According to an IIFT study importers are the main channel of distribution of finished leather in Europe. Over 90% of leather goods in Europe are sold through agent (Indo Chamber of Commerce Report No. 7). Remaining 10% are sold by wholesaler. The export sales are often made at trade fairs or on buyers' visits at exporters' factories. Overseas suppliers normally operate through agents/importers, who may carry out wholesale functions. Fashion goods are commonly sold through agents and general items like small leather goods, brief cases etc are operated by importers.

In the case of leather garments, large garments manufacturers or fashion leader exports directly, others depend on intermediaries. Importers play a significant role in the leather garment trade. Production from developing countries are marketed through importers (ITC Publication Geneva).

There is hardly a field of retailing in which specialized shops play as important role as in the sale of footwear to the ultimate consumer: Independents and multiples or chains in f.w. trade account for more than 70% of all sales. This also explains the importance of the purchasing organisation and purchasing cooperatives organised by independents in this field which handle approximately 1/3rd of all purchases made by retailers. Of course, the large retail establishments in the f.w. trade (multiples, deptt. stores, mail order houses etc.) buy the bulk of their supplies directly from industry i.e. exporters.
So we see in the footwear line in contrast to many other consumer goods independent wholesalers and importers play only a minor role as suppliers to the retail trade. Direct imports by the Retailers are of comparatively great importance.

In saddlery items, most of the imports come direct through following three channels:

i) Importers who act as wholesalers

ii) Manufacturer - wholesaler/retailers,

iii) Retailers

   a) Saddlery retailers

   b) C.B.C.s,

   c) Chain stores and Departmental stores


Going through the pains of writing the above lines, I may conclude here that channel decisions taken by majority of Kanpur exporters are not very satisfactory. Agents, services should be utilised wherever necessary, without hesitations. Channel should always be used as a 'means' to reach the consumers, not as an 'end' in itself. Different products require different channels in different regions or countries. One channel could not be used for all products.
CHAPTER 2.5

PROMOTION

Promotion of products requires systematic and regular actions and follow-up activities. We can summarize the promotion activities in the following areas:

1) Presentation of product either through the traditional distribution channels, through representation in foreign country, or in trade journals and fashion books.

2) Participation in fairs and exhibitions - analysis of fairs and follow-up activities.

3) Generating of a certain amount of publicity by public relation activities.

4) Establishing personal contacts through mutual visits or by other means.

5) Creating a favourable image of the Indian manufacturers and their products.

All the exporters in Kanpur perform some form of promotion measures for enhancing sales. But going in the details I found these promotion activities are of very limited nature. Their promotion budget is negligible—0.4% or less (Rupees 10 thousand a year in Rs 25 to 36 lakh f.o.b. sale) of their annual sales. Almost in all cos I visited, in many other cos also, no sales promotion literatures were found. They excuse that facilities for publishing sales literature and preparing
promotion materials of International Standard are not available here.

A manufacturer - exporter of ladies handbags, told me that he advertises his products in the journals of wholesalers only. Other f.w. exporters expressed his view that he did not care to advertise in general magazine. Perhaps faults lied with their Brand decisions.

Most of the Cos do not give their own brand name for their products. The Cos which give brand name to their products, can advertise in general magazines for promotion. So Brand loyalty is not created and future sales are not guaranteed due to lack of branding. This lack of branding may be due to their inability to maintain standards.

Visits to the foreign countries and in fairs are a regular feature of exporters here. Foreign exchange is no problem. They get "Foreign-Exchange Blanket Permit" for this purpose (See Assistance Chapter, Page 69). However, they do not take the help of TFA for participation in fairs. Many were not even aware of it.

The only problem mentioned by exporters of footwear was their sample - problem - odd pair of shoes. Custome authorities charge duty on every entry to or exist from a country. They are not for sale purpose. It is causing hardship to the exporters (see detailed on page 46).

No planning for publicity by Public Relations activities
CHAPTER - 2.6

Government's Export Promotion Measures And Various Facilities Available for Exporters of Finished Leather and Leather Manufactures.

(A) Facilities: A large number of facilities for promotion of exports are available in India. Many of these facilities are built into the Export - Import Policy which is announced at the beginning of every financial year. There are some other facilities which fall outside the purview of Export - Import Policy. In the following lines the various Export Promotion Measures would be categorised and summarised for quick and easy understanding.

1) Policy Measures

2) Export Incentives given by a) Ministry of Commerce &
   b) Ministry of Finance.

3) Institutional Arrangement

4) Others.

1. Policy Measures:

These measures are described in the Export - Import Policy issued at the beginning of every financial year. Over the years considerable simplification in the procedures and relaxation in the Import Export policies have been made. Today the export control is only in respect of certain basic RM. On the import side, many facilities are available to ensure supply of imported inputs required for export production.
Important export promotion measures have been taken by the Ministry of Commerce in the recent past to accelerate the leather export. Export duty on semi-finished goods was sealed down from 25% to 10% ad-valorem with effect from 6.1.81 for the year 1981-82, the incidence of quota cut on the export of semi-finished leather has been substantially reduced, cash compensatory scheme (CCS) to the tune of 5% of F.O.B. value of exports of sole leather was permitted from 6.1.81. In the interest of making available a larger volume of finished leather to the leather footwear and leather goods industry the export obligation on the finished leather unit has been brought down to 40% which was ranging from 60% to 90% or even 100% in some cases. The export floor price structure for footwear for 1981-82 had been suitably revised. Finished leather and leather manufactures including footwear have been included in the list of products which are eligible for special facilities on the grouped of 100% exports.

Facilities provided in Export - Import Policy (1982-83) can be seen in Chapter-1/4. (See also annexure VIII).

2. Export Incentives:

Various incentives are provided by the Ministry of Commerce: - Cash Compensatory Support (C.C.S.), Air Freight Subsidy (A.F.S.), Registered Exporter Policy (REP), Market Development Assistance (MDA) etc.

(b) Provided by the Ministry of Finance: Duty drawback,
Income Tax Rebates, Allocation of Foreign Exchange, blanket permit etc.

Incentives offered by the Government of India are not an isolated process in the international relation. Incentive should be so calculated or formulated as to ensure that they are justified and the exports of product getting the various incentives do not result in causing injury to the similar product manufactured or produced in the exporters' country.

By and large the rates of incentives are calculated on the basis of the data furnished by the exporters accounting for not less than 60% of the exports of each item. Moreover, total incidence of incentives (CCS + DBK + AFS + Duty Advantages) should not be more than 25% of the F.O.B. value of exports.

Only a "Registered" exporter i.e. one who is registered with Export Promotion Council, is eligible for the incentives offered by the Ministry of Commerce under the Import Policy or otherwise such as CCS, AFS, REP and MDA.

A registered exporter is eligible for CCS, AFS and REP in respect of his export made during the 12 months preceding the date of registration and during the validity period of 4 years of the registration. All applications should be submitted within 3 months of the end of the quarter in which the export were made and further delays will result in graded cuts in the entitlement of the benefits. Exports which are more than 24 months old cease to be eligible for CCS/REP. The
various incentives are as follows:

a) i) Cash compensatory Support (CCS): The scheme of
grant of CCS on export of specific non-traditional products
like leather and leather goods to make Indian goods competitive
in the international markets has been in operation since 1966.
This form of assistance is given primarily with a view to
compensating the exporter for the un-refunded taxes and levies
which he has paid on the exports goods and on the inputs going
into the manufacture of such goods. The extent of the support
normally varies from 5% to 25% of the f.o.b. value. It is
periodically reviewed by the government.

In 1978-79, Rs.400 crores were spent on the cash aid.
Leather and leather manufacture share was 7.4% with the total.

iii) Air Freight Subsidy: (AFS)

In items like finished leather and leather goods,
garments etc, changes of fashions, seasonal changes etc.
influence the demand considerably and the goods have to be sup-
plied before the change take place. In this Air Freighting
these goods are essential and to make them still attractive in
terms of price the Government gives subsidy on Air freight.
This subsidy is available in nationalised Air cos like Air
India only.
### Details of Airfreight subsidy: Table VI

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Product</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>All products of Finished Leather (exc. pt sole leather w.e.f. 10.10.79) Leather belting, picking bands, buff, sheep calf roller skins and leather.</td>
<td>40% of Air freight paid but limited to 7% of the FOB value.</td>
</tr>
<tr>
<td>2.</td>
<td>Leather footwear &amp; components of footwear (excluding canvas footwear).</td>
<td>40% of Airfreight paid but limited to 8% of FOB value.</td>
</tr>
<tr>
<td>3.</td>
<td>Light categories of travel &amp; other leather goods like attache cases, brief cases ladies hand bags, wallet purses, fashioned leather and gloves etc.</td>
<td>40% of Air freight paid but limited to 11% of FOB values.</td>
</tr>
<tr>
<td>4.</td>
<td>Leather garments</td>
<td>40% of Air freight paid but limited to 8.5% of f.o.b. value.</td>
</tr>
<tr>
<td>5.</td>
<td>Heavy leather goods likely leather trunks, leather suitcases etc.</td>
<td>40% of Airfreight paid but limited to 11% of the f.o.b. values.</td>
</tr>
</tbody>
</table>

#### iii) REP Benefits: (Registered Exporter Policy)

These are the replenishment licences issued as per norms of the Import Policy as also other benefits under the registered Exporter Policy (See chapter I/4).

#### iv) Market Development Assistance:

Market Development Assistance are offered to exporters for various export promotion activities inside and outside India such as exchange of trade teams, for market commodity research programme, participation in exhibitions and
fairs opening branch offices, bringing out sales literature and other publications for export promotion purposes and so on. This assistance is given at a prescribed percentage of the expenses on each type of specified activity. It is available to export houses directly. To the other registered exporters this assistance is offered through the programmes of the Export Promotion organisations of which they are members. It is to the extent of 60%. In 1977-78, Rs. 324 crores were spent under this head.

b) v) Duty Drawback:

Exporters get drawback of customs and excise duty levied on inputs to the export products at rates prescribed on the basis of average experience of imports for each export products and the rate of duties levied from time to time. Whenever rates of duties are changed Drawback rates are also changed. The revised rates for leather and leather goods are furnished below which are effective from 1.6.1981. This is disbursed by the Customs/Central Excise Authorities. At the time of export the shipping bill or air bill should specify that the export is subject to duty drawback claim. Rs. 150 crores were spent under DDA in 1978-79.
### TABLE - VII: HIDES, SKINS, LEATHER, ARTICLES OF LEATHER OR ARTIFICIAL LEATHER, OTHER GOODS AND TRAVEL GOODS.

<table>
<thead>
<tr>
<th>Sub. Sl.No.</th>
<th>Description of goods</th>
<th>Rate of drawback</th>
<th>Allocation Cus.C.Excise</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td>2101</td>
<td>Hides, skins, articles of leather, or artificial leather, other goods and travel goods not elsewhere specified</td>
<td>Rate to be fixed on application from the individual manufacturer/exporter</td>
<td></td>
</tr>
<tr>
<td>2102</td>
<td>E.I. tanned hides and skins namely cow hides, buffalo hides, kips, hides/skins of cow calf and buffalo calf, goat skins, sheep skins and skins of their young ones.</td>
<td>Rs.2.25 (Rupees two and paise twenty five only) per kg.</td>
<td></td>
</tr>
<tr>
<td>2103</td>
<td>All types of finished leather other than reptile skins and reptile leather, fur skins and hair-on skins</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Vegetable sole leather belting, picking bands and buffers</td>
<td>3.7% (Three point seven percent only) of the f.o.b. value.</td>
<td>62%</td>
<td>38%</td>
</tr>
<tr>
<td>b) Others:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Those from hides of cow buffalo and their young ones (including kips)</td>
<td>3.85% (Three point eighty five percent only) of the f.o.b. value.</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>ii) Those from skins of sheep and goat and their young ones.</td>
<td>3.1% (three point one percent only) of the f.o.b. value.</td>
<td>86%</td>
<td>14%</td>
</tr>
</tbody>
</table>

**EXPLANATION:**

"Finished Leather" mentioned in sub-serial No. 2103 shall have the same connotation as in the notification of the Ministry of Finance, Department of Revenue, No. 333-Cus-dated 2.8.76, as amended from time to time.
<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2104</td>
<td>Light and heavy categories of leather goods, not otherwise specified, excluding those made of reptile skins and hair-on skins.</td>
<td>3.5%(Three point five percent only) of the f.o.b. value.</td>
<td>61%</td>
</tr>
<tr>
<td>a) Harness and Saddlery goods of all sorts</td>
<td>2.5%(Two point five percent only) of the f.o.b. value</td>
<td>84%</td>
<td>16%</td>
</tr>
<tr>
<td>b) Leather apparel</td>
<td>2%(Two percent only) of the f.o.b. value</td>
<td>84%</td>
<td>16%</td>
</tr>
<tr>
<td>c) All leather goods, not otherwise specified</td>
<td>84% 16%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

where the leather goods covered by (b) and (c) are fitted with imported or indigenous zip fasteners the exporters shall also be paid the duty of customs or the duty of Central Excise, as the case may be provided that the exporter produces evidence to the satisfaction of the Asstt. Collector of Customs regarding the import duty paid per piece of zip fastener of the relevant size fitted to the export goods and the
<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs.</td>
<td>Rs.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

said zip fastner has been imported within a period of three months (to be counted from the date of clearance against the entry for home consumption) preceding the date of exportation of the said leather goods, and the said quantity of zip fastner has not been -

a) Similarly co-related to and accounted for against any other previous exportation of leather or other goods and/or

b) Previously re-exported as such or in any other form with or without claim or drawback

OR

i) The whole of the duty of Excise paid per piece of zip fastner or relevant size fitted to the export goods, under item 53 of the first schedule to the Central Excise and Salt Act, 1944 and the said zip fastner has been procured within three months from the date of exportation of the said leather goods

PLUS

ii) The drawback at the rate of admissible under sub-serial no. 5902 for the sizes mentioned therein.

vi) Allocation of foreign exchange, blanket permits etc. for foreign travels for opening of offices abroad etc.
Applications should be addressed to the Exchange Control Department of Reserve Bank of India through the concerned export promotion organisation. Blanket permits are issued to apply every time a tour or purpose occurs.

vii) Income tax rebates under section 35-B of the I.T. Act are given in respect of expenses incurred on export promotion as listed in that section.

**Generalised System of Preferences (G.S.P.):** Under this scheme developed countries are granting duty free entry or entry at reduced rates to imports coming from developing countries like India. The scheme of G.S.P. is certainly helping India's exports.

The G.S.P now consists of 16 separate schemes involving 19 market economy and 2 socialist countries of Eastern Europe. The centres or group of countries applying the scheme and the years of entry into force of such schemes are as follows:

<table>
<thead>
<tr>
<th>Country/Group of countries</th>
<th>Year of entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>EEC</td>
<td>1 July 1971</td>
</tr>
<tr>
<td>Japan</td>
<td>1 August 1971</td>
</tr>
<tr>
<td>Norway</td>
<td>1 Oct. 1971</td>
</tr>
<tr>
<td>Finland</td>
<td>1 January 1972</td>
</tr>
<tr>
<td>Hungary</td>
<td>-do-</td>
</tr>
<tr>
<td>New Zealand</td>
<td>-do-</td>
</tr>
<tr>
<td>Sweden</td>
<td>-do-</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>28 Feb. 1972</td>
</tr>
</tbody>
</table>
Goods which are listed under the GSP scheme of each country and satisfying the conditions laid down therein (Namely the product originating the country of export and having less than a specific percentage of imported inputs) are eligible for GSP benefits which could be claimed by submitting GSP Certification Form 'A' duly filled in and certified by any certifying authority of the benefit receiving country. For our exports, the certifying authorities are Export Inspection Agency, Port Export Promotion Offices and various offices of the licensing authorities where no port Export promotion office exists. It may be noted that these certificates are different from the Country of Origin Certificate which can be issued by any recognised Chamber of Commerce.

(3) **INSTITUTIONAL ARRANGEMENTS:**

Institutional and other arrangements are absolutely essential for the implementation and monitoring of policies and for better coordination among various organisations to achieve maximum benefit out of our efforts. The Ministry of Commerce itself has been divided into various divisions to deal
with each aspect of the export effort. The various divisions are Export Assistance, Coordination Division, various commodities division, export production division, foreign trade division with separate units for each region and the office of the Chief Controller of Imports and Exports. The Ministry of Finance, Ministry of Industry, Ministry of Shipping and Transport are also connected with the successful implementation of the export efforts.

The other organisations set up by the Ministry of Commerce are IIFT, SISI, New Delhi, TDA, TFAT, LEXPORT, ECCC, the various Scope Committees along with regional panels, Export-Import Advisory Committee, Export Inspection Agency etc. All India Shippers Council and its regional Shippers Association assist to the shipper in various ways in tackling problems on transportation. The Reserve Bank of India also has its important role to play with regard to policies in export finance as well as allocation of foreign exchange for export promotion purposes. The functions of the above organisations are furnished in brief.

Export Promotion Council for Finished Leather and Leather Manuf actures (LEXPORT), KANPUR:

It is a non-profit and non-trading government organisation founded in October, 1963 with 37 members. It is a LINK between trade and Government and Exporters and Importers. Its functions are dissemination of information, market surveys, publication, publicity, researches and development, arbitration etc. It adopts measures to boast leather exports. In 1980-81, its total number of members were 1810 which included 150 to 200 members from Kanpur. Its monthly journal is LEXPORT.
Small Industries Service Institute:

Its Head Office is in New Delhi. It provides guidance to Small Industries. It has several publication to its credit.

Indian Institute of Foreign Trade (IIFT) and Trade Development Authority (TDA):

The IIFT make a study of problems related to exports and advise the Government on various policies and procedures. It also conducts various training courses for the benefit of the exporting community. The TDA is more concerned with the development of the trade. Its studies are oriented towards the assessment of markets, development of trade pattern, dissemination of information on trade both in the country and abroad. TDA has overseas offices at London, Tokyo, New Yorks, Frankfurt. IIFT publishes quarterly journal "Foreign Trade Review" and a monthly "Foreign Trade Bulletin".

Trade Fair Authority of India (TFA):

This organisation coordinates the participation in trade fairs either in the country or abroad. It performs a number of useful services to the exporting public by furnishing advance information about the trade fairs, organisation in participation in trade fairs, booking of space, customs clearance of exhibits etc., and also acts as a medium through which specific foreign exchange allocation by foreign government or other international bodies are channelled to the trade. It publishes four (4) journals in English & Hindi. It provides authentic information to exporters.
Export Credit and Guarantee Corporation (EGGC): 

This institution helps the exporters in informing them about the credit worthiness of the importers and making pre- and post-shipment finances available both directly as well as through Commercial Banks by means of the various guarantees and insurance policies. Packing Credit Guarantee is available for leather exporter. Value of risk covered for leather is increasing every year. See detail figure in Annexure VI.

(4) Others:

i) Export Awards: Government of India have instiuted a number of export awards to give recognition to the efforts of the exporters. These awards are not given merely for a value wise or quantitative increase in exports but also for efforts made in diversification of markets and products, so that even the smallest exporter need not feel himself ineligible to apply for such awards. Exporters should submit their applications to the respective Councils, Commodity Boards etc. by August/September every year furnishing all relevant details relating to exports of the previous year like value, quantum of exports, export efforts taken to create new market etc. in the prescribed form without waiting for the circulars from the Export Promotion Council etc. which may be delayed due to administrative reasons.

ii) Scope Committees: The Standing Committees on promotion of Exports have been set up under the Chairmanship of the Additional Secretary of the Ministry of Commerce to deal with
the problems on transportation of different modes, namely, shipping, air and rail. The Scope Shipping has also set up regional panels with a view to achieve better results in respect of the problems relating to shipping. These Committees have helped in bringing out Air-Cargo Complexes at different airports in the country, Export Documentation Centres for the ports, Inland Container Depots in the various hinterland areas of major ports. The Inland Container Depot at Bangalore is one among them which has started functioning from 10.8.1981. Similar ICDs at Delhi and Ahmedabad are also coming up. These Committees act in coordination of All Indian Shippers Councils and various regional Shippers Association which provide the shippers a forum through which their problems on transportation such as frequency of services, freight rates, utilisation of cargo space etc., can be represented.

iii) Export-Import Advisory Committee: The Export-Import Advisory Committee have again been revived and these Committees acted as very efficient forum to ventilate the problems of the shippers with regard to various aspects of the export effort, so as to obtain through its very representative nature of membership, proper attention to shippers problems and quick results towards their solution. The first meeting of such committee for the southern zone was held on 31.5.1981 wherein a number of points were discussed and taken up with the concerned authorities with necessary recommendations. Some of the recommendations have also been accepted by the Government. The Second meeting was also held on 9th November 1981.
Facilities Actually Utilized:

(a) To many questions on the utilization of government's facilities (like OGL, automatic licence, supplementary licence, import replenishment licence, REP licence, advances licence, foreign collaboratement etc) available to exporters for the promotion of exports. Exporters answers were not encouraging. Out of above mentioned facilities only OGL was utilized by them. It was for the purchase of certain machineries from Industrially advanced countries. No problem was mentioned by them in this regard.

REP licences which is transferable are transferred to others. The reason of non-utilisation of the licences was according to them, inclusion of unimportant item for this facility so it was suggested that relevant items should be included for the facility.

(b) Facilities for reducing price disadvantages are D. D. Drawback, C.C.S., Manufactur in Bond, AFS, tax concession for import of technical knowhow, registration of long term contract and other. Majority of exporters in Kanpur are utilizing only three facilities namely D. Drawback, C.C.S. AFS. No problem is faced for getting assistance and concession under cash compensatory Support (C.C.S.) and Air Freight Subsidy. Regular payment to exporters are made in the case of above two assistances. The problems are faced with Duty Drawback. Exporters are not getting the regular payment. It takes years to receive full payment under the heading. Custom and Excise
authorities do not take proper care to solve the problems.

The existing scheme of rebates of excise duty on drawback of duty does not take into account the full incidence of indirect levies at all levels. Rules 56-A of Central Excise Rules is too restrictive to be of any real benefit to Export goods. Then there is the incidence of sale-tax, purchase taxes, cesses, octroi and other levies imposed by state government and local bodies on Raw Materials, fuel, power, component and finished products. These are not at all rebated.

Few exports get 33% rebate in taxes. They also get Machine Development Allowance which provides 25% allowance for new machineries.

(c) Market Development Assistance and Export. Market development allowance are generally not utilized by Kanpur Exporters. Even many of them are not aware of G.S.P. is always utilized by all exporters. Answers concerning assistance from institutional arrangements was very discouraging.

Many of them have not even heard the name of IIFT, Trade Development Authority and Trade Fair Authority. ECGC is helping them very much (See Annexure VI).

Only EPC for leather and leather manufactures, Kanpur was providing some information to them. But its function is not satisfactory as told by many Exporters. Up-to-date information is not available here. It was complained that even
fake addresses of foreign importers are found in the information provided by an government agency. Their main source of information is their own personal visits contacts.
CHAPTER - II/2.7

7. EXPORT FINANCES

The scheme of export financing available to an exporter in India are reasonably liberal and it may be safely stated that no export contract would normally be frustrated for lack of finance. Financial institution like Commercial banks, require basic procedural formalities to be completed between buyer and exporter to enable them to provide the necessary financial facilities to the exporter. But before describing the export financing aspect (for leather) let us very briefly know by what methods an exporter gets paid for an export order. There are five methods of payment which involve varying degrees of risk for the exporters. They are:

1. Payment in Advance
2. Open Account
3. Documentary bills
   a) Documents against acceptance (DA)
   b) Documents against payment (DP) or Cash against document (CAD)
4. Documentary credit under letter of credit (L/C)
   a) Revocable and Irrevocable L/C
   b) Confirmed and unconfirmed L/C
5. Shipment on Consignment basis

(* See annexure for meaning of these terms).

Exporters of finished leather and leather manufacture favour and adopt following methods of payments in order of priority: Irrevocable L/C, confirmed L/C, Cash against
documents (CAD), Documents against acceptance (DA),

**Pre-shipment And Post-shipment Finance**

An exporter needs finance (used as working capital) for producing/procuring the goods for an export order. Pre-shipment finance is provided to the exporter to meet such requirements before the shipment of goods. Post-shipment finance is intended to bridge the financial gap between the time of shipment of goods and receipt of payment thereof.

(1) **Pre-shipment Finance:**

All the surveyed manufacturer/exporters receive pre-shipment finance from Commercial banks in the name of 'Packing Credit'.

**Packing Credit**

In order to avail himself of pre-shipment short-term finances, the packing credit, an exporter has to make a formal application to his bank. As in the case of any other advance, the bank takes into consideration a number of factors before making the necessary advance to the exporter viz.,

i) honesty, integrity and capital of borrower,
ii) Exporter's experience in the line,
iii) security offered,
iv) the margin and the rate of interest, and
v) the bank's experience about the exporter.

The security can be provided in the following forms:

i) Letter of credit,
ii) Confirmed order as evidence of having received an order,
iii) Relevant policy issued by the Export Credit and Guarantee Corporation (ECGC), and
iv) Personal bond in the case of party(ies) already known to the banker.
The amount provided under the pre-shipment finance would normally cover the following costs:

i) Cost of purchase of production

ii) packing cost,

iii) Cost of special inspection or tests required by the importer,

iv) Internal transport costs

v) port, customs and shipment agents service charges

vi) Export duty or tax, if any,

vii) freight and insurance costs in the case of c.i.f. cost contract.

Amount of loan:

The amount of packing credit loan depends on the f.o.b. value of goods and the incentives thereof, and generally conforms to the norms set up by the ECGC under its Export Production Finance Guarantee Schemes. The limits laid down for this purpose by the ECGC are 50% over and above the f.o.b value of goods, subject to a maximum of 100% of the domestic cost of the export product. The ECGC covers the financial risks of the bank while such packing credit loans are extended. Period for which this packing credit loans are available:

The period for which this packing credit will be available is 90 days to a maximum period of 180 days. 180 days facility is for producer or capital goods and construction contracts. For consumer and non-traditioned goods like finished leather and leather manufacture this is 90 days only. In special case, where the export of capital good are involved, the period of credit may be extended by the permission of R.B.I.
Interest charges: 11.5% per annum is charged for 90 days which may extended by another 45 days at an interest rate of 13.5%.

The credit for specified medium and heavy engineering goods like capital goods etc. the rate of interest is also 11.5% for 180 days which may be extended by another 90 days at an interest rate of 13.5%.

Over and above the period mentioned the banks are free to charge normal lending rates.

For the packing credit scheme, exporters did not mention any problem. They were quite satisfied with it. It was only suggested that credit limit imposed should be further liberalised or extended.

(2) Post-shipment Finance - Short Term

Post shipment Finance may be of three types.

1) Short-term: It is available upto the periods of 6 months and provided by banks. Leather trade lies in this category.

2) Medium-term: It is usually the period upto 5 years. It is for durable consumer goods and light capital goods.

3) Long-term: It is usually upto the period of more than 5 years and provided for the sale of capital goods, complete plants, and turn-key jobs.

Once goods are exported as per the terms of the contract the exporter negotiates the documents through his bank with a view to realising the proceeds according to the payment terms. If the payment terms are by a confirmed L/C irrevocable L/C, the exporter
realises the full value of the goods exported against the presentation of documents to the negotiating bank in India. The bank purchases the bill. No problem is noticed.

In the following three conditions, exporters may get delayed payment of his exports after the shipment.

1. When payment terms are other than L/C say CAD or DA.
2. When exporter agreed to give credit to the foreign buyers.
3. When payment of export incentives and benefits like cash compensatory support (CCS) duty drawback etc. are delayed due to procedural formalities.

So as a measure of export promotion and to help the exporters, the RBI has spelt out a scheme which enables the commercial banks to provide loans or credit, to the exporter for the period between the date of actual shipment and date of realisation of payment.

But to my surprise that to a question about whether they (exporter) receive the post-shipment finance, their answer was a categorical No. The even say that they don't need it. No problem was mentioned in this regard. The reasons for their repeated Nos may be as follows:

1. Finished leather, leather goods, footwear etc are fashion goods whose delivery time is made very short through air lifting.
2. Due to the explicit (fashion) and the implicit (chemical & physical) characteristics of the goods, buyers have to take
immediate possession of the goods, so payment term under CAD poses no problem. No credit is involved here. DA may take some time in comparison to CAD.

3. Availability of ECGC risks coverage and AFS.

4. Benefits under CCs and AFS is immediately paid. Duty drawback takes sometime. But it has limited amount.

5. Due to the fact that European leather industry does not favour the blocking of funds in L/C. So prompt payment is made.

6. All cost is met by the pre-shipment finance.

7. Exporters may not be aware of it.

However, they demand more credit facility.
Export Documents and Procedures

Before taking into account the problem faced by exporters, it is better to present these procedures in a very summarised form for better understanding and appreciation of the sub-topic under discussion.

(1) After knowing the export potential and getting the addresses of foreign buyers, exporters must get in touch with them giving full details about the product. Exporters should try to create interest in foreign buyers for his product.

(2) The proposal submitted by an exporter (be in the form of letter, quotation etc) is referred to as the 'OFFER'. The offer when accepted by the foreign buyer, become an 'ORDER'. The offer made by the exporter is usually in the form of a proforma invoice containing
   a) the consignee or the buyers name and address,
   b) description of goods
   c) Price,
   d) condition of sale etc

(3) Some time full details are not sent to the importers at the beginning. If the foreign buyer sends any enquiry or wants some further details or the quotation, then the exporter sends polite and courteous reply to the importers giving him full details and quotation which should include the following:
a) FOB/CIF/C&F/FAS prices
b) Delivery schedule
c) Terms of payments (against L/C, CAD, DA etc.)
d) packing specification
e) Commission and discount if any
f) Arbitration clause
g) Any other important terms & condition or clause

If the above quotation and terms (offer) are acceptable to the buyer, he will place the order with the exporter otherwise he will negotiate with the exporter. The door of negotiation should always be open.

(4) The exporter should carefully scrutinise the export order with reference to the terms and condition of the contract and should convey his acceptance to the buyer immediately.

(5) The important documents which are usually demanded by the importers are as follows:
   a) Bill of Exchange
   b) Commercial Invoice
   c) Bill of lading or Air-way bill
   d) The concerned Insurance Policy,
      Packing list
   f) Certificate of origin etc.

(6) As soon as export order has been confirmed, preparation for timely despatch of goods are started. The following procedure are to be followed.
a) The clearance of the Excise Authorities (if needed) has to be obtained.

b) Export Inspection Agency is approached for pre-shipment inspection, if required.

c) The goods are dispatched to the port or air-port of shipment or Railways or Transport Receipts is obtained.

(7) An application is sent to the Insurance company for marine insurance cover or air insurance cover.

At this stage all formalities in relation to floor price regulation, canalization, certificate of origin, ECGC cover and the required invoice should be completed.

(8) The clearing and forwarding agent (at ports) or air-ports) takes delivery of the goods and arranges its storage in the warehouse. Thereafter the agent prepares the requisite number of Shipping Bill in the case of marine shipment) or Air-way bill which has been passed by the Custom and port authorities.

(9) The clearing, forwarding agent returns the documents to the exporter who presents the following document to the negotiating bank (in India).

   a) GR-1 form
   b) Bill of Exchange,
   c) Full set of clear-on-board Bill and of Loading and like that.
   d) Original L/C,
   e) Commercial invoice,
f) Customs invoices - where necessary.
g) Certificate of origin (2 copies),
h) Packing list (4 copies)
i) Insurance policy (2 copies),
j) Bank certificate in prescribed form (2 copies)
k) Other necessary invoices.

10) All the documents are scrutinized by the negotiating bank who then sends sets of documents to banker of importer.

(11) The exporter makes claims for import Replenishment, Cash Assistance etc., after presenting the documents to the Joint Chief Controller of Imports and Exports. For getting assistance and information etc., exporters must be registered with the concerned registering authorities like Export Promotion Council, Commodity Board etc.

(12) Many of the procedures are done simultaneously.

(II)

The time taken for processing of an export order varies according to the quantity and types of the product (order). Generally order of Rs.10 lakh takes about one month for its shipment to the importers.

No publication and Act are consulted as mentioned by exporters, in connection with the processing of an export order. The reason is that, that most of the office work involved are of
routine type. In addition to this, there are agents who complete most of the formalities of export. They function on commission.

The important documents which are usually demanded by the importers are as follows:

a) invoice; b) Packing list, c) Air-way Bill/Shipping bill, d) Country of origin (GSP formalities), e) Bill of exchange, f) Special Custom Form (5555 form and 5523 form for footwear export to USA etc. (See Annexure).

They are not concerned with the clearance of the Excise Authority. Most of them are not involved with this at all.

To my question about the problem faced with respect to Export Inspection Agency, marine insurance, shipping bill, air-way bill, state trading, most of them did not mention any big problem. Air-way bill consists of 6 sheets. One is called Export Promotion copy which is signed by the AC (Custom) when goods have been cleared and air-lifted. This copy comes very late to exporters. This is required for applying for cash incentives.

All the exporters were of the view that export and other related procedures should be further liberalised and simplified.
CHAPTER - III/1

PROSPECTS IN INTERNATIONAL MARKETS

(*) Analysis of past Export figures (Country-wise and Product wise)
(**) Expansion of exports.
(***) Unexplored areas and joint ventures.

" We are all continually faced with a series of great opportunities brilliantly disguised as unsolvable problems."

(John W. Gardner)

To manage a business well is to manage its future, and to manage its future is to manage information.

( Marion Harper, Jr.)

My intention, in the following lines, is to identify the opportunities available in the international market through the better management of available information.

FINISHED LEATHER

TABLE VIII

<table>
<thead>
<tr>
<th>Countries</th>
<th>1979-80 Qty.</th>
<th>Value</th>
<th>1980-81 Qty.</th>
<th>Value</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Europe</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E.C.M. Countries</td>
<td>25</td>
<td>.22</td>
<td>44</td>
<td>.39</td>
<td></td>
</tr>
<tr>
<td>Denmark.</td>
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<td></td>
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</tr>
<tr>
<td>Italy</td>
<td>7025</td>
<td>77.22</td>
<td>2841</td>
<td>35.85</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>2000</td>
<td>17.68</td>
<td>1271</td>
<td>8.26</td>
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</tr>
<tr>
<td>U.K.</td>
<td>1947</td>
<td>19.14</td>
<td>1276</td>
<td>10.25</td>
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</tr>
<tr>
<td>W.G.</td>
<td>2607</td>
<td>32.97</td>
<td>1971</td>
<td>21.10</td>
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</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
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</table>

Sub-Total = 14346 15342 8942 79.88 Qty=-38% Value=-48
<table>
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<th>1979-80 Qty</th>
<th>1979-80 Value</th>
<th>1980-81 Qty</th>
<th>1980-81 Value</th>
<th>Comments</th>
</tr>
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<tbody>
<tr>
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<td>543</td>
<td>5.63</td>
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<td>Switzerland</td>
<td>183</td>
<td>2.33</td>
<td>43</td>
<td>0.69</td>
<td></td>
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<tr>
<td>Others</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>Sub Total</td>
<td>= 721</td>
<td>= 8.51</td>
<td>= 666</td>
<td>= 6.76</td>
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<td>O.E.C. Countries</td>
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<tr>
<td>Yugoslavia</td>
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<td>12.32</td>
<td>813</td>
<td>10.55</td>
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<tr>
<td>Others</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Sub Total</td>
<td>= 1816</td>
<td>= 20.70</td>
<td>= 1375</td>
<td>= 14.17</td>
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<tr>
<td>Total West Europe</td>
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<td>182.64</td>
<td>10954</td>
<td>160.82</td>
<td>-35% Qty</td>
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<td>E.E.C Countries</td>
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<td></td>
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</tr>
<tr>
<td>Bulgaria</td>
<td>136</td>
<td>.96</td>
<td>117</td>
<td>14.6</td>
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<tr>
<td>Czechoslovakia</td>
<td>45</td>
<td>.68</td>
<td>58</td>
<td>1.13</td>
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<tr>
<td>East Germany</td>
<td>315</td>
<td>4.55</td>
<td>403</td>
<td>6.28</td>
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</tr>
<tr>
<td>Hungary</td>
<td>105</td>
<td>1.01</td>
<td>7</td>
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<td></td>
</tr>
<tr>
<td>Rumania</td>
<td>28</td>
<td>1.42</td>
<td>94</td>
<td>1.25</td>
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<tr>
<td>U.S.S.R.</td>
<td>411</td>
<td>6.26</td>
<td>1551</td>
<td>28.57</td>
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<tr>
<td>Poland</td>
<td>62</td>
<td>.85</td>
<td>26</td>
<td>.55</td>
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<tr>
<td>Sub Total</td>
<td>= 1136</td>
<td>= 15.76</td>
<td>= 2257</td>
<td>= 38.64</td>
<td>+98% Qty</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+145% in Value</td>
</tr>
<tr>
<td>North America</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>U.S.A.</td>
<td>3550</td>
<td>34.72</td>
<td>1727</td>
<td>17.07</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>559</td>
<td>4.87</td>
<td>285</td>
<td>3.10</td>
<td></td>
</tr>
<tr>
<td>Sub Total</td>
<td>= 3910</td>
<td>= 39.60</td>
<td>= 2013</td>
<td>= 20.18</td>
<td>-49% in Qty</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>50% in Val</td>
</tr>
<tr>
<td>South America</td>
<td>12</td>
<td>.34</td>
<td>6</td>
<td>.32</td>
<td>-50% in Qty</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>-6% in Val</td>
</tr>
<tr>
<td>Countries</td>
<td>1979-80 Qty.</td>
<td>1979-80 Value</td>
<td>1980-81 Qty.</td>
<td>1980-81 Value</td>
<td>Comments</td>
</tr>
<tr>
<td>-----------</td>
<td>--------------</td>
<td>--------------</td>
<td>--------------</td>
<td>--------------</td>
<td>----------</td>
</tr>
<tr>
<td><strong>East &amp; South Asia</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China Rep</td>
<td>63</td>
<td>78</td>
<td>31</td>
<td>85</td>
<td>+17% in Qty, +17% in value.</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>286</td>
<td>2.28</td>
<td>336</td>
<td>2.68</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>2</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>419</td>
<td>5.82</td>
<td>189</td>
<td>3.27</td>
<td>-55% in Qty, -44% in value.</td>
</tr>
<tr>
<td>Korea Rep</td>
<td>299</td>
<td>2.94</td>
<td>196</td>
<td>2.02</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>214</td>
<td>1.42</td>
<td>279</td>
<td>1.96</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td><strong>West Asia &amp; North Africa</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iran</td>
<td>304</td>
<td>2.55</td>
<td>105</td>
<td>23</td>
<td>-66% in Qty, +108% in value</td>
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<tr>
<td>Saudi Arabia</td>
<td>40</td>
<td>0.19</td>
<td>25</td>
<td>23</td>
<td>-38% in Qty, +21% in value</td>
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<tr>
<td>Cyprus</td>
<td>15</td>
<td>6</td>
<td>23</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td><strong>GRAND TOTAL:</strong></td>
<td>247.82</td>
<td>265.86</td>
<td>171.53</td>
<td>186.04</td>
<td>-31% in Qty, -31% in value</td>
</tr>
<tr>
<td><strong>Finished Leather</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: EPC, Kanpur.*

**TABLE IX**

<table>
<thead>
<tr>
<th>Percentage increase over previous years</th>
<th>1974-75</th>
<th>75-76</th>
<th>76-77</th>
<th>77-78</th>
<th>78-79</th>
<th>79-80</th>
<th>80-81</th>
<th>81-82 (Provision)</th>
</tr>
</thead>
<tbody>
<tr>
<td>79</td>
<td>91</td>
<td>2</td>
<td>67</td>
<td>47</td>
<td>-31</td>
<td>14</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Actual Export (Value in Crores)</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>30.56</td>
<td>54.83</td>
<td>105.27</td>
<td>107.69</td>
<td>180.25</td>
<td>265.86</td>
<td>186.04</td>
<td>205.95</td>
<td></td>
</tr>
</tbody>
</table>
FINISHED LEATHER:

Finished leather has been a major foreign exchange earner in India's export in general, and in leather export in particular. After the ban imposed on the export of unfinished leather in 1972, the share of finished leather in the overall leather export was continuously increasing from 28% share in 1974-75 to, it rose to all-time high 75% of total leather export in 1978-79. Of course, after 1978-79, it is decreasing which is due to India's policy to encourage the exports of leather manufactures and discourage the finished leather's export.

TABLE IX

<table>
<thead>
<tr>
<th>PERCENTAGE (%) INCREASE OVER PREVIOUS YEARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974-75  75-76  76-77  77-78  78-79  79-80  80-81  81-82 (Provisional)</td>
</tr>
<tr>
<td>79  91  2  67  47  -31  14</td>
</tr>
</tbody>
</table>

ACTUAL EXPORT (VALUE IN RS. CRORES)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>30.56</td>
<td>54.83</td>
<td>105.27</td>
<td>107.69</td>
<td>180.25</td>
<td>265.86</td>
<td>186.04</td>
<td>205.95</td>
<td></td>
</tr>
</tbody>
</table>

But its share is still 60% (1981-82). So we can't neglect this product. It is time to concentrate in the more profitable segment of the international market rather to expand in all segments.

Looking over the past figures we can say that West Europe, East European and Communist countries, North America,
East and South Asia and West Asia (in decreasing order) are of earning the major areas where we export finished leather. In West Europe our export decreased (1980-81) -35% in quantity and 45% in value over the 1979-80 figures. In North America and East & South Asia our figure finished leather export decreased by 50% and 27% respectively, both in quantity and value.

Most encouraging Export results may be seen in E.E.& C Countries (See above Table VIII) and West Asian and Middle East countries. In E.E.& C Countries, increase in quantity was 98% (from 11.36 lakh Kgs to 22.59 lak Kgs) and 145%(157 7 crores to 38.6 crore) in value. In West Asia increase may decrease in quantity was 64% and increase in quantity was 110%(1.2.8 crore in 1979-80 to 6.0 crores in 1980-81). Iran and Saudi Arabia were the main buyer in the region. So we see in the above two regions (communist & W. Asia) the per unit value of finished leather increased tremendously. This trend is still continue in according to a recent Trade Development Authority(TDA) forecast, these countries are expected to import more in the present financial year.

According to an IIFT'S market survey report the main 'Selling point' in finished leather export to the West, is their Quality required for fashion leather manufactures.
A UNO publication of 1975 which is still valid says that, "Owing to the nature of the leather trade and variable fashion requirements finished leather are not easily exported from developing countries. The more valuable fashion leathers are not easily produced in developing countries. This is especially true when the finish has to produce a certain effect, such as the 'Wet look' that became popular recently." There are other reasons, also like lack of 'Good Image' or presence of low image about Indian Export, no or low correspondence between sample and bulk inadequate contracts with importer etc.

Now I would talk about some of the quality requirements of the Western market.

European bovine leather is characterised by softness and uniform thickness. It is used in shoes. The popular method for sole attachment is vulcanisation which required leather of uniform thickness.

Cow Nappa which is used in governments making an imported from other countries. Argentina and Brazil are our competitors, but due to scratches in the grain layer, which affect cutting value in garments making, the European Industry is in need of quality material. The small and medium Indian cow hides with their thin fine grain structure could be better finished as expor
quality nappa leather.

India is in advantageous position in respect of buffalo leather. The unique grain pattern of buffalo hides has a great attraction to western leather, provided that problems, as mentioned in R.M. chapter no( ) are solved.

Europe depends heavily on imports for goat skin leather.

The following items of finished leather could be Exported.

Middle East including Iran and Saudi Arabia could be very good prospects for finished leather imports. If we want to exploit the Arab markets, first we have to enter into Egypt which is still the fashion centre and trend setter in modern Arab world. Due to recent riches in middle east, they have enormous buying power.

That is why in the region, decrease in the leather export quality was 64%(from 4.43 lakhs to 1.63 lakhs Kgs.) but increase in value of the export was 110%.

OTHER GOODS:- The share of leather goods in the export finished leather and leather manufactures has been as follows since 1974-7:
GOODS PERCENTAGE IN TOTAL LEATHER EXPORTS

TABLE X

<table>
<thead>
<tr>
<th>Year</th>
<th>1974-75</th>
<th>75-76</th>
<th>76-77</th>
<th>77-78</th>
<th>78-79</th>
<th>79-80</th>
<th>80-81</th>
<th>81-82</th>
<th>Average (Prov.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974-75</td>
<td>6.5</td>
<td>6.0</td>
<td>6.1</td>
<td>8.8</td>
<td>6.3</td>
<td>5.0</td>
<td>4.2</td>
<td>7.0</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

PERCENTAGE(GAGE) INCREASE OF L.G. GOODS EXPORTS OVER PREVIOUS YEARS

L.G. EXPORTS

TABLE-X

<table>
<thead>
<tr>
<th>Year</th>
<th>36%</th>
<th>52%</th>
<th>39%</th>
<th>-29%</th>
<th>26%</th>
<th>37%</th>
<th>114%</th>
</tr>
</thead>
</table>

Despite fluctuating percentage change of L.G.'s exports over previous years, the leather Goods percentage in total leather exports has been more or less stable. It was highest in 1977-78 (Rs.20.07 Crores) with 8.8% share in total Leather exports. It was lowest in 1980-81 (Rs.11.57 Crores) with 4.2% share. Average Percentage of leather goods in leather exports was 5.3%. Leather Good's export is most encouraging in 1981-82 with 7% in total Leather Goods (Rs.3.92 Crores). Percentage increase over previous year was 114%.

Now it is better to compare 1979-80 and 1980-81 figure (See below) to know the most stable market which withstand the difficult period (Rs.18.26) Crores in 1979-80 and Rs.11.57 crores in 1980-81 for leather goods.
TABLE XII

<table>
<thead>
<tr>
<th>Countries</th>
<th>1979-80</th>
<th>1980-81</th>
<th>Percentage decrease or increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>West European countries**</td>
<td>12.10</td>
<td>6.64</td>
<td>-50% in value</td>
</tr>
<tr>
<td>E.E.&amp;C. Countries</td>
<td>1.00</td>
<td>.77</td>
<td>-33% in value</td>
</tr>
<tr>
<td>USA &amp; Canada</td>
<td>2.41</td>
<td>1.48</td>
<td>-39% in value</td>
</tr>
<tr>
<td>South America, Cuba</td>
<td>0.03</td>
<td>0.05</td>
<td></td>
</tr>
<tr>
<td>W. Indies</td>
<td>0.06</td>
<td>0.05</td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>2.45</td>
<td>2.32</td>
<td>-5% in value</td>
</tr>
<tr>
<td>East Asia &amp; South Asia</td>
<td>0.18</td>
<td>0.23</td>
<td>+27% in value</td>
</tr>
<tr>
<td>West Asia &amp; N. Africa</td>
<td>18.26</td>
<td>11.57</td>
<td>-37%</td>
</tr>
</tbody>
</table>


** Italy had shown an increase (65 lakh in 1979-80 to 78 lakh in 1980-81).

The above data indicate that as West (Western Europe, EEC countries and North America) had shown about 4% decrease in import with India, East Asia and south Asia shown only 5% decrease and West Asia shown 27% increase. The 37% (Rs.18.27 to Rs.11.57 crores) was decrease in India's total leather exports was due to crack down in Western Europe where its fall was from Rs.12.10 Crores to Rs.6.64 Crores.
1. LEATHER GOODS: As the area of threats (West) and opportunities (East Asia and South Asia and Middle East) are somehow guessed, we shall discuss the two areas in respect of leather goods (especially travel goods) excluding leather Garments. The case of leather Garments would be separately dealt with.

(a) Western Market: Leather goods market in west may be divided into two—high-fashion lines (leather luggage) and non-fashion line. Western Europe and North America are dominated by former due to mounting consumer affluence there. Eastern European countries have already acquired a substantial share of the import trade in non-fashion lines such as small leather goods, brief cases and document cases and travel and shopping bags. Lebanon, for example, has successfully penetrated the market with good skin travel shopping bags.

The choice of the consumer rests on three main features (described in decreasing manner of preference) such as—Price—High, medium and low.
- Weight.
- Colour.

In the high and medium priced leather luggage the retail mark-ups are about 100% in many specialised shops.

One more thing we should understand that our biggest importer in W. Europe, is West Germany who imported leather

In W. Germany, 90% of the leather goods are sold through agents and 10% of the total trade is accounted for wholesalers. With a population of over 6 crores people and high level of per capita income, W. Germany is the second largest world market for leather goods, the largest market being the U.S.A. So how we can neglect them.

India's main competitors are Taiwan, Hong Kong, South Korea and Brazil.

(b) East Asia and South Asia Market: The main exporting countries in the area are Australia, Japan, Singapore, Hong Kong etc. In 1980-81, India's import to from Australia, Indonesia, Malaysia and Phillipines was Nil. (* Australia may be considered as a part of West.).

According to an IIFT study, the 1980 Sept, the leather handbags and small leather goods sector constituting bulk of the demand in these countries is segmented on the basis of PRICE - High, Medium, and Low.

The high and medium segment, having a lion's share of the market are growing in both size and importance with the increase in the purchasing power and in built consumer preference for the genuine leather goods. The consumer patronising high to medium price leather goods are Fashion and Brand conscious. They have developed a preference for European fashion and brands beside

* IGCC report 1979
quality and finish. Price, however, pays an important role in the low price segment which is comparatively small.

India is confined to Shantiniketan type leather good which caters to the requirements of either low end segment of the leather goods market or re-export sector which are smaller. India has to take advantage of the growing demand for medium to high chrome tanned leather good having a sufficiently large and growing market.

2. LEATHER GARMENTS:

During the last ten years, the international market for leather garments and accessories has changed considerably. In the late sixties and early seventies the developed countries were the major suppliers of leather garments to the different world markets. However, because of the continuous sharp increase in labour cost, the developed countries were forced to confine themselves to the production of high quality leather garments which enabled the developing countries to enter the market with low and medium quality garments.

Despite Raw Material and cheap labour, India’s leather garment industry is in the infancy, specialising only in the exports of men and women jackets, not shirts, suits, dresses trousers coats, skirts etc. On the other hand Hongkong, Taiwan, South Korea and Mexico are now dominant exporters of leather garments to the developed countri
Market segmentation: The Western Market is segmented according to the following criteria:

1. Quality and Price - Low, medium, High.
2. Style and Colour - Fashion and Classical
3. Leather Used - Variety of origin (goat, cow, calf etc.) variety of finish (Suedes, split, napa etc.)
4. End Use - Women's and men's wear.

Among them quality and price are most important.

(Source: ITC Study.)

(a) Price-segment may be of three types: High, medium and low. High priced quality garments segment, constituting a smaller segment, is dominated by exports from developed countries like Italy. Classical type suede leather garments are very popular. Quality, a high degree of workmanship and finish, style and price are of paramount importance for increased sales of these segments. They do not depend so much on change in fashion.

Low and medium priced segment, constituting a very big segment is dominated by exports from developing countries. For the buyer of low price segments fashion and price are more important than quality.

The fashion type garments of medium quality and price, are preferred by younger consumer and account for bulk of sales while quality of leather used is a secondary consideration with these
consumers who are unable to judge quality), they are very much concerned with fashion and price.

(b) Style and type of leather: Jackets (belted, Safari type and blazers), windsheeters and shirts have come to stay as the most important skin garments for men, while short blouses, combined with loose, free flowing skirts beyond the knee has become the most popular dress for women. Nappa and suede are the varieties of leather preferred for garments. Leather garments for the international market are required in a variety of skins, which are soft, flexible and elegant. However, most commonly used hides and skins are cow hides and sheep skins. Very expensive and exotic skins of rare animals are meant for highly stylish and quality conscious markets.

(c) Role of fashion: The international market for leather garment is getting more and more sophisticated in terms of quality and style with advances in research for producing ever softer, lighter and "easy to care for" leather in uniform thickness, shape and texture. Besides this, fashion plays an important role in the sale of leather garments. By and large, leather fashion follows the general fashion trends of textiles. Being relatively expensive, the fashion created in leather garments is designed to last for more than one season, particularly for the expensive, medium quality and the classical type garments, although minor changes
in style are made to avoid repetition. Paris and Rome are the fashion leaders and others are followers. However developed countries also introduce their own styles in leather garments. Peak periods for leather garments — July—October (in the West). India's leather export has Rs.5.20 crore in 1981-82. With buyers—U.K., W. Germany & USA. 1965 is target for leather garments is of 11 million pieces (of Rs.40 crores).

In view of availability of Best quality sheep skins in the world (Red Hair sheep) India can turn to be a leading exporter of garments.

(3) Saddlery etc.:— During the period 1968-72, the overall demand for saddlery and harness goods increased rapidly in most developed countries where horse riding has become an increasingly popular sport and spare time activity.

But its manufacturing has been nil in these countries. It is because of the fact that this industry is highly labour-intensive industry and possibilities of mechanized production is limited and there is a lack of Raw Material also. (For details see International Trade Centre's publication—Saddlery and Harness-Makers' Goods Geneva, 1974.

So India with her large labour force and abundant R.M. can becoming a leading exporter of saddlery items. After 1977-78 its export is continuously increasing. There was about 214% increase (in earning) in 1981-82 over 1980-81 (See Annexure-I & II).
India may also have good markets in Middle East where horse riding is quite a known thing.

**FOOTWEAR**

In the following table, the main buyers in different regions are shown. The percentage (\%) increase or decrease in 1980-81 over 1979-80 is also given Table XIII below.

**TABLE-XIII**

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Qty.</td>
<td>Value</td>
<td>Qty.</td>
</tr>
<tr>
<td>West Europe</td>
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</tr>
<tr>
<td>ECM Countries:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Frence</td>
<td>378</td>
<td>1.68</td>
<td>858</td>
</tr>
<tr>
<td>Italy</td>
<td>397</td>
<td>1.09</td>
<td>869</td>
</tr>
<tr>
<td>U.K.</td>
<td>730</td>
<td>2.53</td>
<td>1370</td>
</tr>
<tr>
<td>Others</td>
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</tr>
<tr>
<td>Sub Total= 1986</td>
<td>6.83</td>
<td>3688</td>
<td>9.70</td>
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<tr>
<td>Others</td>
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<tr>
<td>Total: West Europe=2041</td>
<td>7.00</td>
<td>3749</td>
<td>9.80</td>
</tr>
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<td>E.E.&amp; C.Countries:</td>
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<tr>
<td>U.S.S.R.</td>
<td>38</td>
<td>0.44</td>
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<td>Others</td>
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</tr>
<tr>
<td>Sub-Total= 51</td>
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<td>50</td>
<td>0.276</td>
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<td>North America:</td>
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<tr>
<td>U.S.A.</td>
<td>1102</td>
<td>4.01</td>
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<tr>
<td>Canada</td>
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<td>1.12</td>
<td>363</td>
</tr>
<tr>
<td>Sub-Total=</td>
<td>1436</td>
<td>5.13</td>
<td>1749</td>
</tr>
<tr>
<td>South America:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Cuba&amp;W.Indies</td>
<td>36</td>
<td>0.05</td>
<td>31</td>
</tr>
<tr>
<td>Sub-Total=</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### West Asia & N. Africa:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dubai</td>
<td>37</td>
<td>0.19</td>
<td>86</td>
<td>0.37</td>
<td></td>
</tr>
<tr>
<td>Iran</td>
<td>-</td>
<td>-</td>
<td>40</td>
<td>0.08</td>
<td></td>
</tr>
<tr>
<td>Kuwait</td>
<td>22</td>
<td>0.14</td>
<td>105</td>
<td>0.50</td>
<td></td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>41</td>
<td>0.12</td>
<td>88</td>
<td>0.27</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
</tbody>
</table>

Sub-Total=170  0.71  395  1.55  132% in Qty.  118% in Value

### Africa:

<table>
<thead>
<tr>
<th></th>
<th>Qty 1980-81</th>
<th>Value 1980-81</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dubai</td>
<td>97</td>
<td>0.88</td>
</tr>
<tr>
<td>Iran</td>
<td>118</td>
<td>0.60</td>
</tr>
</tbody>
</table>

Grand Total= 51,21  18.04  74.45  20.59*  Qty+0.45%  Value, 014%  *In 1981-82 it was Rs.19.276

### 2. FOOTWEAR COMPONENTS:

<table>
<thead>
<tr>
<th>Countries</th>
<th>1979-80</th>
<th>1980-81</th>
<th>Increase/Decrease</th>
<th>Value in Crore</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Europe:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E.C.M. COUNTRIES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>3.00</td>
<td>0.90</td>
<td>-8%</td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>1.66</td>
<td>1.48</td>
<td>-11%</td>
<td></td>
</tr>
<tr>
<td>U.K.</td>
<td>1.41</td>
<td>1.26</td>
<td>-16%</td>
<td></td>
</tr>
<tr>
<td>West Germany</td>
<td>1.98</td>
<td>1.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>+</td>
<td>+</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sub-Total= 8.37  5.36  -34% in value

| Other E. Countries | +     | +     |
| Total West Europe  | 8.80  | 6.17  | -30% |
| E.E. & C. Countries |       |       |     |
| E. Germany         | 8.38  | 1.58  |
| U.S.S.R.           | 3.68  | 0.36  |
| Others             | +     | +     |

Sub-Total= 12.68  2.05  -84% in value
<table>
<thead>
<tr>
<th>Region</th>
<th>1980-81</th>
<th>1981-82</th>
<th>Increase in Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.A.</td>
<td>6.27</td>
<td>7.72</td>
<td>+26% in value</td>
</tr>
<tr>
<td>Canada</td>
<td>0.02</td>
<td>0.21</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6.30</td>
<td>7.94</td>
<td></td>
</tr>
<tr>
<td>East &amp; South Asia:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>1.51</td>
<td>0.60</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1.72</td>
<td>0.72</td>
<td></td>
</tr>
<tr>
<td>West Asia &amp; North Africa:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>0.02</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.02</td>
<td>0.01</td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td>29.56</td>
<td>16.94*</td>
<td>-43%</td>
</tr>
</tbody>
</table>

* In 1981-82, it was Rs. 59.03 Crore


It was clear from the Footwear Export table that increase in number of pairs was not corresponding to the increase in their value. Increase in quality was 45% and increase in value was only 14%. The main regions of footwear export are ECM (Rs. 9.70 crores), North America (Rs. 4.10 crores), and West Asia (Rs. 1.55 crores in 1980-81).

The disparity in increase in quantity and value shows that price is becoming competitive factor, which is especially true for ECM where increase in quality was 84% which increase in value was 42%.
In the footwear components exports table, only North America had shown positive figures (26% increase). The disastrous figures was shown in the case of EE&C countries who export figure fell down from 12.69 crores in 1979-80 to 2.05 crores in 1980-81.

**TABLE - XV.**

<table>
<thead>
<tr>
<th>Value and %AGE INCREASE/DECREASE (SHOWN IN BRACKETS) IN PREVIOUS YE</th>
<th>Value in Crores indicated in bra</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974-75 75-76 76-77 77-78 78-79 79-80 80-81 81-82</td>
<td>19.18 25.75 19.61 15.00 18.04 20.59 19.27</td>
</tr>
<tr>
<td>Footwear</td>
<td>(19) (34) (-26) (-22) (20) (14) (-7)</td>
</tr>
<tr>
<td>Footwear Components</td>
<td>1.43 0.98 6.10 15.31 8.37 29.56 16.94 59.03</td>
</tr>
<tr>
<td>(-32) (522) (150) (-46) (253) (-43) (248)</td>
<td></td>
</tr>
</tbody>
</table>

**SOURCE:** E.P.C.Kanpur.

The figures indicates that the Footwear component export is showing tremendous success in foreign market. Although fluctuation is also seen here. Footwear leather export figure has to reach and cross her own 1976-77 figures when its export was 25.75 crores.

**The Market:**

During the last few years, the exports of Footwear have not shown progress. The export of Footwear components has shown some positive results but it has not been very stable. The main reasons:
are* poor quality of leather used for the manufacture of shoes
unattractive designs, weak and irregular construction, use of
sub-standard auxiliaries and components and inadequate finish.
Since the demand for leather footwear in the domestic market is
inelastic any substantial increase in production can take place
only by way of increase in exports.

The main competition for Indian leather footwear and
components comes from South East Asian countries like Taiwan,
Hong Kong, Korea. The main

The three most important aspects in segmentation of market
are price, quality and style. With the help of these criterions,
one can divide the market into :-

- low Price Sector.
- Medium price, medium quality shoes.
- Fashion shoes.
- High price, high quality shoes

So far, the developing countries were only able to establish
themselves in the low price Sector. This is a direct result of the
fact, that with this type of shoes (gym shoes, sandals, house shoes
made from textile materials etc.) European manufactures do not find
it possible to compete, mainly because of ever rising wage costs.

The medium price and quality segment consists of mainly
of shoes having leathers uppers and soles made from synthetic
materials.

High Price and quality shoes are made fully from leather. Style are classic, workmanship excellent and the material very durable and expected to last long.

Like garments, fashion plays its role in footwear industry also.

For traditional items like sandals, house shoes, leather uppers, there is considerable scope for export. According to an IGGC Report, 1979, due to non-availability of precision shoe making machinery, the Indian footwear Industry has not been able to make any significant break-through into the sophisticated Western market. This difficulty is mainly faced by the manufacturers of Closed Shoes, which is no doubt the most profitable sector, but one which is totally dominated by the highly developed countries. Therefore it hardly seems possible for the Indian footwear Industry to enter this sector within the next 5 to 10 years, unless workmanship and quality of shoes can be brought up to the required standard (See also Annexure I & II).

**FOREIGN COOPERATION AND JOINT VENTURE**

With the rising cost of labour and decreasing population growth, developed countries were forced to confine themselves to highly mechanised methods of producing very high quality and high price leather manufactures. Low and medium quality and price manufactures and labour intensive techniques were left for develop
ing countries. Developed countries shifted their technology to
deviloping countries. Taiwan, Hongkong, Singapore and South
Korea have been main beneficiaries till now.

India with their cheap labour and abundant Raw Material
could be a fine place for the foreign collaboration and joint
venture.

It generally takes two years or more for an approval for
foreign collaboration to reach the stage of production. Follow up
of the approval and watching the implementation thereof is the
responsibility of the administrative ministries and no centralised
information is available about the no. of approvals which have
frustrified and the profits if any made by these Companies.

**TABLE-XVI**

*LIST OF FOREIGN COLLABORATION CASES APPROVED BY THE GOVT.*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Leather, Leather Goods and pickers</td>
<td>1</td>
<td>3</td>
<td>6</td>
<td>2</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>39 Industries+1 Miscellaneous</td>
<td>227</td>
<td>267</td>
<td>307</td>
<td>267</td>
<td>526</td>
</tr>
</tbody>
</table>

**SOURCE:** Answer to a question in the Parliament, Nov., 1981.

Figures are not available for Joint ventures abroad. (See
Annexure VIII for names and address of Indian Co and their foreign
Collaborators in footwear).

****
CHAPTER III/2

Summary of Findings

1. Despite the presence of enormous inputs like large livestock population, cheap labour and other resources, India has not made much progress in overall finished leather and leather manufactures export, since 1976-77.

2. There is a ban on the export of raw hides and skins. Semifinished leather and finished leather's export are discouraged by the government. Now only export of leather manufactures are encouraged by the government.

3. There is no common agreement on the precise definition of finished leather. However, about 1000 items come under the category.

4. Due to government ban on cow slaughter in many states in particular and people's attitude towards animal slaughters in general, most of the hides and skins are obtained from fallen animals. Hides are generally not obtained from slaughtered animals which are of comparatively good quality. So they are generally of poor quality suffering from grain defect etc. However, industries is in better position in
regard to availability of skin as compared to that of hides. Poor health of animals in India also disturbs the quality of skins of hides.

5. Cost of production of finished leather mainly depends on the cost of hides and skin, and its cost is very fluctuating in domestic market.

6. Manufacture-exporters complain that quality chemical materials and finishes are not available in the market. Although much progress has been made in chemical sector, it is yet to reach the international standards.

7. The machineries are available in the market or allowed to be imported under OGL etc., but most of the Cos are not utilizing this facility.

8. Employees are not well paid. Incentives and benefits are inadequate. It may be due to fluctuating nature of the leather trade.

9. Factories with 50 labours and 2 Hours Powers are charged with Excise duty which restricts the employment of more Labour and further progress.

10. Very little inventory is kept by the exporting Cos. It is hardly of one or two months. The reason is unstable demands of leather and leather products.
11. Tanners or finished leather manufacturers blame the footwear and leather good manufacturers for their inability to product the leather due to: (a) Inability to forecast demand pattern for colours, quality material specifications etc. (b) Inability to maintain even minimum inventory of R.M. (c) Inability to pay price as per market pattern.

12. Quality is 'Visually' checked at three occasion namely at the purchase of R.M. processing, and before shipment by the manufactures exporters. Standard set by Indian Standard Institute (ISI) are not followed. They say that it is difficult to be followed. The only official check which is done visually at shipment stage is through the customer Authorities for the award of C.C.S. I.S.I. certification marks scheme available for a large number of leather products, semifinished leather and R.M. is operated only on voluntary bases. So there are very few Cos who are adopting this scheme. There are some items for which Indian Standards still remain to be developed.

Expert Inspection Council (see up under the export Q. & Inspection Act, 1964), does not come into the picture at all.

13. For identifying prospective foreign markets or introducing themselves to foreign buyers, majority of exporters in Kanhur
seldom use government and non govt. facilities available in India. Most of them are ignorant of IIFT, TDA, TFA etc. They believe in personal visits on their own for the above mentioned purpose. Taking recourse to only one source, they do not have contact with fashion circles, etc. Available publications are seldom utilized.

14. Due to lack of adequate information and contact with fashion circles and others, planning - product or business finds low place in the Scheme whole of the exporters.

15. It is buyer's market. Prices are not set by sellers but accepted by them. Indian leather exporter mostly do their business with middle price segments or low price segment of the market. However, non-price factors like quality, fashion charges, have their own importance and significance.

16. It is generally a business with low inventory. The reason is changing fashion and unstable demand. Importers in developed countries keep very low inventory of finished goods. So constant and prompt supply is very important here.

17. Majority of concerns in Kanpur are, manufacturer-exporters, who deals their export sale directly with retailers, wholesaler and importers. Agents do not come into the picture. Mostly direct sales to retailers are preferred especially
in the case of footwear. Bulk buying is made at trade fairs, there on personal visits of sellers.

18a. All the exporters in Kanpur perform same form of sales promotion measures to a limited extent. Their promotion budget is negligible. In most of Cos, no sales promotion literature is found for international advertising. They advertise in journals only. They complain about the lack of facilities for successful sales promotion.

b. Most of the exporters do not give a brand name to their products. So brand loyalty which is sometime must for fashion goods, is not gained.

c. Visits for foreign country is no problem. However, they do not take the help of TFA. Footwear exporters complain that their odd pairs of shoes which they have in their visits, are dutied every time they enter a country. It is causing hardship to the exporters. No publicity-planning is done by them.

19. A large number of govt. facilities for promotion of exports are available in India. Some are described in the Export-Import Policy announced every year. Export incentives are given by Ministry of Commerce and Ministry of Finance. Commerce Ministry provide C.C.S., AFS, REP, MDA etc. Finance Ministry gives D.D., Income tax Rebate, allocation
of foreign exchange, blanket permits etc. Various institutions like, EPC IIIFT, TFA, TDA, ECGC etc. provide various services to exporters. Apart from these facilities, there are Export Award Committee, Scope Committee, Export-Import Advisory Committee etc. which act for the benefit of Exporters in India.

(a) From the various facilities offered in export policy only OGL are utilized. REP licence which is transferable, are transferred to others. According to some of them, unimportant items are included for this facility which is useless for them.

(b) From the various facilities offered by two ministers, only CCS, A.F.S. and Duty drawback, facilities are utilised by great majority of them. Payment under C.C.S. and AFS is no problem. Duty drawback takes years for clearance.

(c) MDA and EMPA are not generally utilized by Kanpur exporters. G.S.P. is always utilized by exporters.

(d) They receive no assistance from IIIFT, TDA, TFA etc. EPC-Kanpur is providing some assistance, but it is very limited. Even fake addresses as complained by them, are supplied. ECGC is of course helping them very much.
20a. Exporters of finished leather and leather manufactures favour and adopt three methods of payments in order of priority namely Irrevocable and Confirmed Letter of Credit, Cash against documents (CAD), Documents against acceptance (DA).

b. All export units received pre-shipment finance from commercial banks in the name of 'Packing Credit' for which no complaint was made. They were quite satisfied with it. Their only demand was related to the extension or further liberalisation of credit limit.

c. The surveyed units do not receive Post-shipment finance. No problem was mentioned in this regard.

21. The time for processing of an export order varies according to the quality and type of the order. Generally an order of Rs. 10 lacs takes about one month for meeting the requirements of the importers.

No publication and act are consulted by exporters for processing of an export order. Commission agents complete most of the formalities. Air way bills, which is required for applying for cash incentives reach very late to the Exporters. Custom authorities do not complete their homework on time.
Further simplification and liberalisation of procedures are demanded by exporters.

22. The share of finished leather of India's leather trade was 60% in 1981-82. After 1978-79 (72%) its share has been decreasing which may be due to govt's attitude of discouragement of export of finished leather and encouragement to leather manufactures.

Its major importers are found in W. Europe, East Europe and Communist countries (E.E. & C), North America, East and South Asia and West Asia in decreasing order. To recent past exports increased with EESC countries and West Asia (Iran S. Arabia) more in value than in quantity. Here per unit value increased considerably. Trade developments, Authority predicts more trade with these areas.

For good export in foreign market quality requirements must be met. India is in advantageous position in respect of buffalo leather which has unique grain pattern and Goat skin leathers. Quality cow Noppa is also in great demand in West.

23a. The average share of total leather goods, has been 5.3% in total finished leather and leather manufactures exports in the last 8 years. However, its growth has been very fluctuating.
Our area of a threat is West, where leather goods exports came down from Rs.18.27 Crores to Rs.11.75 in 1980-81 and particularly West Germany whose import decreased from Rs. 5.52 Crores to Rs.3.59 Crores. Besides quality, the main fault lies with distribution channel. 90% leather goods business is done through agent in Europe, whereas Kanpur exporters never engage agents for distribution of goods. The West is dominated by fashion leather good line whereas East European countries are dominated by non-fashion leather goods line.

Areas of opportunities are South East Asia and West Asia. In South east Asia market is segmented on the basis of Price. High price and medium price and segments have the lion share in total market.

Fashion plays very important role in the leather goods trade all over the world.

U.S.A. and W. Germany are the two largest importers of leather goods in the world.

(b) India leather garments industry is in infancy, specializing only in the exports of man and women jackets. Market and leather garments is segmented on the basis of quality price, style colour, the varieties of leather used and the type of garments manufactured. Quality and price are the most important factor.
High quality leather garments export business is the monopoly of developed countries. Medium and low quantity segment is for India.

24. Since 1976-77 footwear, export is making progress. In fact Rs.25.75 Crores export in 1976-77 was the highest one. On the other hand export of footwear components is showing dramatic progress, although some set-backs may be seen in between. Now it is as high as one Rs.59.03 Crores (1981-82) approximately. For footwear exports, important things are quality of leather used for the manufacture of shoes design, strong and regular construction, use of standard auxiliaries and components and excellent finish. All must meet the fashion requirements.

The segmentation of market is like that of leather garments.

25. The main threat to leather industry may be enumerated as follows:

(i) The proposed complete ban on animal slaughters.

(ii) Rapid change in fashion.

(iii) Development of synthetic substitutes like Coform, Quox and Velvon in the Western countries.
(iv) Main Competitors: In finished leather - Brazil, Argentina; closed shoes - dominated by highly developed countries; leather footwear and its components - South Asian countries like Taiwan, Hong Kong, Korea and East European countries like Hungary and Czechoslovakia; leather goods - Italy (in high priced fashion leather goods), Taiwan, Hong Kong, S. Korea, Brazil, leather garments - Hong Kong, Taiwan, S. Korea, Mexico.

(v) Hesitation in the use of modern methods.

26. Very few foreign collaborations are found in leather and leather goods, area. It takes two years or more for an approval for foreign collaboration to reach the stage of production.

27. There is difference between domestic price and export price of finished leather and leather goods. Domestic price is higher than international market price.

28. Footwear are generally sent through ships instead of air Cargo while leather goods like hand-bags, saddlery etc. are mostly sent by air freight.

29. Most of the leather-exporters in Kanpur, are 100% exporter. They do not have backing of domestic sales of their product in home market. Although wide fluctuations have been
noticed in international leather markets. They still have preference for export business over home business.

30. Most of the exporters in Kanpur are registered with Small Scale Industry (SSI).

CHAPTER III/3
Suggestions and Recommendations

Various measures may be taken to enhance the exports of finished leather and leather manufactures. This requires closer co-operation and contact between leather industry and government. In the following lines some suggestions are given to achieve the desired results.

1. As the quality of leather depends on the quality of R.M. and finally on the lime-stocks, efforts should be made to develop animal husbandary on healthy lines. Animals are our asset, but due to government policy and people's attitudes they have become a liability for us. So realistic policies should be adopted and ban or restrictions on slaughtering should be lifted at once. Free slaughtering will be helpful in the elimination of unprofitable and unhealthy live-stock population.
2. Periodic market feedback is essential to enable local tanners to redesign and readjust their production programme. This could be achieved if the representatives from trade, research institutes, marketing organisation and government, who do study export markets, meet the tanners on return and give the benefit of their experience to the industry as a whole.

3. Exporters must be conscious of basic requirements of buyers and aim at achieving reputation for reliability.

4. It is necessary that finished leather tanners which are not properly equipped should be assisted in evolving right type of product - mix for export. This is necessary to ensure right image of suppliers as well as the country.

5. Human side of leather enterprise should never be ignored. Labours in the leather industry in pitiable condition. They are generally ill paid and ill treated. Owners should take due care to improve their lot. The government and the trade-union movement in the country should make positive efforts to organise them on the healthy line. Only then, you can motivate them to work with their heart and soul.

6. To stabilise the prices of hides and skin and R.Ms, government should make arrangements of buffer-stocks which may prevent wide fluctuations in the prices and would also
guarantee adequate and continuous supply of R.M. and other inputs.

7. There should be an exemption from excise duty on using more than two horse power and 49 workers. It will be very helpful for the progress of the industry, because most of exporters are member of S.S.I. units or come under Cottage Industry.

8a. Promotion: This would involve frequent visits to foreign markets by exporters for conducting market surveys, feasibility studies, appointment of marketing agencies and in some cases, tie-ups with foreign firms such export promotion activity should not only be encouraged but financial support should also be provided under the market development Fund (MDF). Efforts should be made to co-ordinate these activities and its benefits should be made available to other exporters also.

b. Facilities should be provided to the exporters for the preparation of sales promotion literatures. For this purpose tax-relief may be given to the spent amount.

c. Branding with the maintenance of good quality may create loyalty in the mind and heart of the foreign buyers. For this purpose India’s image should also be improved through publicity in international markets.
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d. As exporters pay duties in each country on odd pair of shoes (samples), on their foreign tours, government should compensate it to improve exports performance.

e. Agencies like TDA should provide free service for the selection of correct media for export promotion.

9. In REP Licences facility, more important items should be included in the list to make this facility more useful.

Export Finance

10. The duty drawback procedures, inspite of the recent simplification continues to be very complicated and time consuming so that maximum time limit should be fixed for the disposal of the drawback claims. After expiry of the date, immediate payment should be made to the concerned parties. The payment may be adjusted after actual acceptance of the claim.

A New Scheme: The EEC and several other countries have introduced the "value added tax" (VAT) system which enables a manufacturer to pay tax dues and at the same time get credit for tax already paid. VAT is not charged directly on exports and it provides measures for rebating the full incidence of taxes entering directly or indirectly into export cost at all stages of production.

India should also have similar scheme like of foresaid nature.
11. Although the rate of interest on export finance is relatively lower than for domestic purposes, the cost of credit in India is still higher than Korea, Japan and other competing countries (See economic trends 1, August, 1981, an ICCI's magazine) so
(a) bring down the rate of interest to 10% both for pre-shipment and post-shipment finance.
(b) the period of replenishment credit at concessional rate should be extended from the present 90 days to minimum of 180 days as was prevalent till 1974.
(c) concerned banks should also be advised to convert the pre-shipment credit into post-shipment credit if the exporters so desire, as soon as the documents are produced and handed over to the banks. It is must because these days goods are sent to importers on sight basis for 30 to 60 days i.e. exporters are paid when goods are sold by importers.

Transportation and Air freight

12a. Freight rates on export goods should be brought down by 50% in the case of railways.

b. Until Air-India has established adequate cargo capacity other international air lines should be permitted to operate freighter service, including charters for cargo exports and Air-Freight subsidy (AFS) should also be applicable to them.

c. The difference in air freight charges between Indian Air Lines (domestic) and Air India (International) should be ended for export cargoes.
13. Some South-East Asian Countries like South-Korea, Singapore, Taiwan, Hong Kong have made great progress in their finished leather goods exports in the world market. A study of these countries leather industry and its progress will prove helpful for us. Brazilian, Argentinean leather industry should also be studied, they are our competitors in finished leather exports. Assistance should be provided for quick modernizations.

14. Quality image should be improved. The quality demands should therefore be met as standardized by I.S.I. or required by importers. Stringent measures should be taken to implement the same. For this purpose incentives may also be given.

In finished leather growth of fungus should be checked. Attempts should also be made to eliminate swelling of the leather goods by the use of synthetic oil in tanning of leather. Chemicals should be standardized for the leathers.

15. Fashion plays very important role in leather trade. Industry should be aware of the fashion changes. Close contacts are needed between European fashion leaders and Indian Exporters. In South-East Asian nations also, Indian products should follow the European fashion, quality and finish for exploiting the demand potentials in these markets.
16. The accessories such as Zips, buttons, locks, rivets, frames and carness, buckles etc. indigenously manufactured and currently used in leather goods are not of acceptable qualities. Only imported fittings should be used.

17. **Concentrate then Expand:** Exporters of finished leather should concentrate their marketing efforts in EEC countries and West Asian countries and other high profit areas. Buffalo leather, goat skin and cow Nappa are in great demand in these areas - more particularly in the former.

As U.S.A. and West Germany are largest importers of leather goods in the world, exporter should further try to penetrate the two markets, besides other things. For any product, past trend should never be ignored.

18. **Distribution Channel:** Our marketing network is not very wide and stable so there is a need of right distribution of channel for leather exports. As 90% of the leather goods business is done through agents in Europe, exporters from India must utilize this channel for exports. For other products suitable channel should be chosen.

19. Besides men and women jackets, India should also produce other leather garments like shirts, trousers etc.

20. As leather good markets are segmented on the basis of quality, price, colours, variety of leather used etc., special efforts
should be made to know the characteristics of the different segments of the market, and product planning should be done accordingly. So first concentrate in one market segment and then expand in others.

21. For footwear exports, important things are price, quality and style - all with excellent finish. Finishing should be mechanized. Duty free imports of capital goods are finishing machines which are not indigenously produced may help exporters to a great extent.

22. Development of synthetic substitute is a threat to the leather industry. CLRI and related institutions should work in a planned way to meet the threat and they should guide the industry in the technological field. For this purpose close co-operation between industry and CLRI (and other institutions engaged in the work) are needed. Regular feedback from industry is also a must.

23. Foreign Collaboration and joint ventures: Foreign collaboration in India and joint ventures abroad shall be encouraged by the government. The lead time between the approval of foreign collaboration and actual production should be minimized though minimum paper work, financial help and fewer restriction on foreign Cos. The success of South Korea, Taiwan, Hong Kong etc. lies in their ability to attract foreign companies.
24. An Indo-European Leather Industry Association needs to be formed to bring together representatives of India and European leather industries on a common platform, so that healthy growth of Indian industry could be planned and co-operation may be obtained.

25. Dissemination of Information: (a) As it was found that most of the exporters are not aware of the government facilities in the field of exports, measures should be adopted to educate and inform the exporters. For this purpose, daily programmes on different aspects of export-import should be broadcasted on Radio and T.V. (b) Apart from the above there is a need of a centralised information system (CIS) for the benefit of exporters. The government has already agreed to set-up a National Trade Information Centre (Economic, Trends, 1.8.1981; an ICCI's magazine). Effective measures have yet to be taken for its implementation. This has to be expedited. (c) Trade section of Indian Embassies shall be well equipped to provide quick and detailed information.

26. Trade Statistics and monitoring of Export Performance:
Directorate General of Commercial Intelligence and Statistics (DGCI and S) Calcutta takes 15 to 20 months to supply 'latest' data on foreign trade and statistics. It should get itself fully equipped to supply the same within at least 2 or 3
months (as many countries for less developed than India are doing) because business decisions are based on these data.

27. **Commercial Practices:** Once a market has been penetrated manufacturers should strictly observe the accepted commercial practices of the country concerned, in particular the following

(a) Delivery schedule
(b) Confirmity of shipment with sample and orders.
(c) Acceptance by the exporters of legitimate complaints by importers.

28. **Manufacture-Exporters** (especially those registered as SSI* unit) should be provided with more facilities and assistance than Merchant-Exporters, because the manufacture-exporters are directly involve in the job and they are taking more risks than others. So it may be made obligatory to leather exporters to mention on their letter-heads that whether they are merchant-exporter or manufacture-exporter. This will facilitate the importers to contract directly with manufacture-exporters.

29. It was suggested that a **Free Trade Zone (FTZ)** like that of Kandla (Gujrat) and Santa Cruz (Bombay) should be established in Kanpur for 100% leather exporters which should be provided with all the modern facilities, technological know-how incentives etc.

* SSI = Small Scale Industry
 Combination Export Manager (CEM). In India the system of CEM is still not in operation, but we can start now. In this system small manufacturers can take advantage of the services of the CEMs, who work for several principles at the same time. Here two or three firms can join together to appoint a CEM. The CEM uses the letterheads and signs as an export Manager of the firm he seeks to represent, while handling a particular transaction. The foreign customer feels that he is directly dealing with the producer. The costs of operating through a CEM are evidently lower as overheads are distributed over a large number of Cos.
### ANEXURE-I

**INDIA'S EXPORT OF LEATHER AND LEATHER PRODUCTS**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Chrome Tanned</td>
<td>4073</td>
<td>6127</td>
<td>7274</td>
<td>5279</td>
<td>3932</td>
<td>2816</td>
<td>27,99</td>
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</tr>
</tbody>
</table>

**Value Rs. Lac**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Finished leather</strong></td>
<td>30,56</td>
<td>54,83</td>
<td>10527</td>
<td>107,76</td>
<td>180,25</td>
<td>265,06</td>
<td>186,09</td>
<td>205,05</td>
</tr>
<tr>
<td><strong>Tanned Furs</strong></td>
<td>723</td>
<td>724</td>
<td>851</td>
<td>361</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Leather Garments</strong></td>
<td>88</td>
<td>82</td>
<td>305</td>
<td>784</td>
<td>357</td>
<td>213</td>
<td>520</td>
<td></td>
</tr>
<tr>
<td><strong>Hairness and Saddlery</strong></td>
<td>131</td>
<td>80</td>
<td>170</td>
<td>248</td>
<td>21</td>
<td>474</td>
<td>228</td>
<td></td>
</tr>
<tr>
<td><strong>Leather goods (Wallets, Handbags)</strong></td>
<td>473</td>
<td>760</td>
<td>965</td>
<td>975</td>
<td>1064</td>
<td>18,25</td>
<td>870</td>
<td>1649</td>
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<tr>
<td><strong>Industrial bags etc., Leather manufacture</strong></td>
<td>108</td>
<td>95</td>
<td>66</td>
<td>111</td>
<td>325</td>
<td>3,61</td>
<td>1124</td>
<td>1103</td>
</tr>
<tr>
<td><strong>Footwear</strong></td>
<td>1603</td>
<td>1918</td>
<td>2575</td>
<td>1961</td>
<td>1568</td>
<td>16,04</td>
<td>20,59</td>
<td>1922</td>
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<tr>
<td><strong>Footwear components</strong></td>
<td>143</td>
<td>98</td>
<td>610</td>
<td>1531</td>
<td>837</td>
<td>29,36</td>
<td>15,94</td>
<td>5903</td>
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<tr>
<td><strong>Bristles &amp; other Hairs</strong></td>
<td>161</td>
<td>84</td>
<td>94</td>
<td>150</td>
<td>28</td>
<td>14</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td><strong>Brushes for Paints &amp; Varnish</strong></td>
<td>20</td>
<td>35</td>
<td>66</td>
<td>41</td>
<td>Neg.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**T.T.L.** = 105,79 15506 23525 2264 23725 28409 27451 34236

**Source:** EPC for finished leather and Leather Manufacture Kanpur, DGCI & S Cal (1974-75 to 1977-78.)

*Delhi figure only for April - Nov 1981.
### FIGURES IN MILLIONS

**EXPORT PRODUCTION INDEX FOR PULP & PAPER MANUFACTURES K.PIL.**

**COMPARATIVE STATEMENT OF EXPORT OF LEATHER & LEATHER PRODUCTS FOR THE PERIOD (APRIL OF B.E. 2524-1984-85)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Last year (pieces)</th>
<th>Current yr. (pieces)</th>
<th>Variations (kgs)</th>
<th>Last year Current Variations %</th>
<th>Last year Current Variation %</th>
<th>Val. (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B.T. TANNED HIDES &amp; SHINS:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Cow Hides</td>
<td>0.35</td>
<td>0.75</td>
<td>111</td>
<td>1.00</td>
<td>1.99</td>
<td>100</td>
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<tr>
<td>Cow calf skins</td>
<td>0.47</td>
<td>1.02</td>
<td>119</td>
<td>0.43</td>
<td>1.02</td>
<td>135</td>
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<tr>
<td>Buffalo Hides</td>
<td>0.02</td>
<td>0.03</td>
<td>63</td>
<td>0.04</td>
<td>0.07</td>
<td>55</td>
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<tr>
<td>Buffalo calf skins</td>
<td>1.15</td>
<td>1.05</td>
<td>-8</td>
<td>1.06</td>
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</tr>
<tr>
<td>Sheep skins</td>
<td>0.91</td>
<td>0.73</td>
<td>-20</td>
<td>0.29</td>
<td>-13</td>
<td>-17</td>
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<tr>
<td>Goat skins</td>
<td>1.07</td>
<td>1.74</td>
<td>63</td>
<td>0.58</td>
<td>0.83</td>
<td>45</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>3.98</td>
<td>5.32</td>
<td>34</td>
<td>3.45</td>
<td>5.19</td>
<td>51</td>
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<td><strong>NET BLUE &amp; TANNED HIDES &amp; SHINS:</strong></td>
<td></td>
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</tr>
<tr>
<td>Cow</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.80</td>
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<td></td>
<td></td>
<td></td>
<td>.31</td>
</tr>
<tr>
<td>Goat skins</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>245.92</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>247.03</td>
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<tr>
<td><strong>FINISHED LEATHER</strong>:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cow hides</td>
<td>214.2</td>
<td>149.66</td>
<td>-30</td>
<td>130-05</td>
<td>87.78</td>
<td>-33</td>
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<tr>
<td>Cow calf' skins</td>
<td>22.85</td>
<td>43.77</td>
<td>92</td>
<td>144.81</td>
<td>264.40</td>
<td>78</td>
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<tr>
<td>Buffalo hides</td>
<td>57.19</td>
<td>33.05</td>
<td>-42</td>
<td>39.17</td>
<td>19.75</td>
<td>-50</td>
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<tr>
<td>Buffalo calf skins</td>
<td>72.69</td>
<td>146.47</td>
<td>99</td>
<td>62.62</td>
<td>130.88</td>
<td>109</td>
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<tr>
<td>Sheep skins</td>
<td>271.57</td>
<td>365.57</td>
<td>33</td>
<td>244.06</td>
<td>273.40</td>
<td>12</td>
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<tr>
<td>Goat skins</td>
<td>831.84</td>
<td>910.46</td>
<td>9</td>
<td>888.66</td>
<td>944.80</td>
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<tr>
<td><strong>SUB - TOTAL</strong></td>
<td>1471.56</td>
<td>1648.98</td>
<td>12</td>
<td>1379.67</td>
<td>1483.01</td>
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</table>

P.T.O.
**Death Figures Available May 1-30 for April - November 1962**

Sydney: Customs Daily Lists, Sydney, Brisbane, Melbourne, Adelphi, Calcutta, Cochin, Vishakhapatnam & Delhi

The statement is based on the date of the deposit.

The statement is based on the date of the deposit.

The statement is based on the date of the deposit.

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</thead>
<tbody>
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<td>29</td>
<td>3.47</td>
<td>4.5</td>
<td>5.0</td>
<td>5.5</td>
<td>6.0</td>
<td>6.5</td>
</tr>
<tr>
<td>26</td>
<td>3.99</td>
<td>4.0</td>
<td>4.5</td>
<td>5.0</td>
<td>5.5</td>
<td>6.0</td>
</tr>
<tr>
<td>21</td>
<td>4.5</td>
<td>5.0</td>
<td>5.5</td>
<td>6.0</td>
<td>6.5</td>
<td>7.0</td>
</tr>
<tr>
<td>16</td>
<td>5.5</td>
<td>6.0</td>
<td>6.5</td>
<td>7.0</td>
<td>7.5</td>
<td>8.0</td>
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<tr>
<td>11</td>
<td>6.5</td>
<td>7.0</td>
<td>7.5</td>
<td>8.0</td>
<td>8.5</td>
<td>9.0</td>
</tr>
<tr>
<td>10</td>
<td>7.0</td>
<td>7.5</td>
<td>8.0</td>
<td>8.5</td>
<td>9.0</td>
<td>9.5</td>
</tr>
<tr>
<td>9</td>
<td>7.5</td>
<td>8.0</td>
<td>8.5</td>
<td>9.0</td>
<td>9.5</td>
<td>10.0</td>
</tr>
</tbody>
</table>

**Imports**

- Other goods
- Leather garments
- Belts & watch straps
- Handbags & hangers

**Exports**

- Finished goods
- Raw materials
- Other finished goods

---

**Table:**

|-------------|------|------|------|------|------|------|

---

**Notes:**

1. The statement is based on the date of the deposit.
2. The statement is based on the date of the deposit.
## ANNEXURE -III

**LIVESTOCK POPULATION IN INDIA**

Livestock (thousand heads, end of September).

<table>
<thead>
<tr>
<th>Year</th>
<th>Horse (incl. ponies)</th>
<th>Mule - Mullets</th>
<th>Asses (donkeys) Anex</th>
<th>Cattle</th>
<th>Pigs</th>
<th>Sheeps</th>
<th>Goats</th>
<th>Buffalows</th>
<th>Camels</th>
<th>Chickens (Millies heads)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969</td>
<td>1050</td>
<td>80</td>
<td>1020</td>
<td>17708‡</td>
<td>5887</td>
<td>40991</td>
<td>66036</td>
<td>55364‡</td>
<td>1100</td>
<td>123</td>
</tr>
<tr>
<td>1970</td>
<td>1000</td>
<td>85</td>
<td>1000</td>
<td>177442</td>
<td>6202</td>
<td>40656</td>
<td>66526</td>
<td>56118</td>
<td>1110</td>
<td>127</td>
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<tr>
<td>1971</td>
<td>980</td>
<td>87</td>
<td>980</td>
<td>17814</td>
<td>6533</td>
<td>40323</td>
<td>67026</td>
<td>56876</td>
<td>1120</td>
<td>132</td>
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<tr>
<td>1972</td>
<td>941</td>
<td>106</td>
<td>1984</td>
<td>178380</td>
<td>6884</td>
<td>39993</td>
<td>67517</td>
<td>57428</td>
<td>1109</td>
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<tr>
<td>1973</td>
<td>930</td>
<td>100</td>
<td>1000</td>
<td>178331</td>
<td>7252</td>
<td>40000</td>
<td>68018</td>
<td>58649</td>
<td>1130</td>
<td>139</td>
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<tr>
<td>1974</td>
<td>900</td>
<td>110</td>
<td>1000</td>
<td>178580</td>
<td>7639</td>
<td>40000</td>
<td>68523</td>
<td>59560</td>
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<tr>
<td>1975</td>
<td>850</td>
<td>120</td>
<td>1000</td>
<td>179457</td>
<td>8048</td>
<td>40000</td>
<td>69032</td>
<td>60150</td>
<td>1150</td>
<td>141</td>
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<tr>
<td>1976</td>
<td>829</td>
<td>125</td>
<td>1000</td>
<td>180350</td>
<td>8479</td>
<td>40000</td>
<td>69544</td>
<td>60398</td>
<td>1150</td>
<td>142</td>
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<tr>
<td>1977</td>
<td>797</td>
<td>125</td>
<td>1000</td>
<td>181092</td>
<td>8932</td>
<td>40352</td>
<td>70060</td>
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<td>1150</td>
<td>143</td>
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<tr>
<td>1978</td>
<td>771</td>
<td>125</td>
<td>1000</td>
<td>181992</td>
<td>9410</td>
<td>40700</td>
<td>70580</td>
<td>60398</td>
<td>1150</td>
<td>144</td>
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<tr>
<td>1979</td>
<td>760</td>
<td>125</td>
<td>1000</td>
<td>181845</td>
<td>9900</td>
<td>41000</td>
<td>71000</td>
<td>6065‡</td>
<td>1150</td>
<td>145</td>
</tr>
</tbody>
</table>

**SOURCE:** Statistical Year-book for Asia and the Pacific - 1979.
ANNEXURE - IV

LIST OF LEATHER PROCESSING MACHINE WHICH CAN BE IMPORTED UNDER OPEN GENERAL LICENCE (O.G.L.).

1. Tanning machines required for finished units.
3. Hydraulic/Pneumatic sammying machines.
4. Combined hydraulic seeming and setting machines.
5. Hydraulic-Pneumatic/Injectronic setting machines.
8. Air blast dust removing machines.
15. Hydraulic ironing and embossing press.
17. Embossing plates and engraved rollers for leather.
18. Leather thickness measuring gauge.
20. Hydraulic sulphide application.
22. Leather polishing machine and creasing machine.
23. Portable PH Meter for tanneries.
25. Pneumatic glazing machines.
26. Paste drying units.
27. Seco Therm type drying units.
   (ii) Leather footwear machinery, leather goods machinery and machinery for leather apparel.
   (1) Strap cutting machine.
   (2) Strap folding machine.
   (3) Upper folding machine.
   (4) Insole covering machine.
   (5) Flat bed-double needle sewing machine.
   (6) Post bed-single needle sewing machine.
   (7) Post bed-double needle sewing machine.
   (8) Post bed-single needle under edge trimming.
   (9) Raised cord sewing machine.
   (10) Sewing machine zig-zag flat bed.
   (11) Sewing machine cylinder bed.
   (12) Automatic lock stitching cylinder bed batracker.
   (13) Coarse stitch sewing machine for ruffled work and genuine mocassius.
   (14) Pulling over machines.
   (15) Pulling over and cement lasting machines.
   (16) Tack lasting machines.
   (17) Kambosion lasting machines.
   (18) Out sole stitching machines.
   (19) Heel seat cement lasting machine.
   (20) Mokay stitching machines.
   (21) Automatic punching and eyeletting machine.
   (22) Band knife splitting machines.
   (23) String lasting machines.
   (24) Buckle stapling machines.
   (25) Clicking machine hydraulic (beffom)
(26) Insole attaching machines.
(27) Fore part lasting machines (Astra type).
(28) Side lasting machine (hydraulic).
(29) Edge trimming machines.
(30) Conveyor moulding machines.
(31) Counter tightening machines.
(32) Heel brasting machines.
(33) Heel building machines.
(34) Stamping machines for upper/lining/socks.
(35) Upper forming machines.
(36) Upper perforating machines.
(37) Patterns grading machines.
(38) Upper seem rubbing machines.
(39) Upper reinforcing machines.
(40) Upper cementing machines.
(41) Mocassion lining trimming machines.
(42) Mocassion lining trimming machines.
(43) Mocassion lining performing trimming machines.
(44) Band knife splitting machines incising device.
(45) Heavy leather Isplitting machines.
(46) Folding machines for sides for brief cases.
(47) Blind cyletting machines (Automatic).
(48) High speed corner stitching machines.
(49) High suitcase stitching machines.
(50) Heavy duty cylinder bed industrial sewing machines.
(51) Two needles, lock stitching machines heed only.
(52) Button hole (eyelets end) machines, heed only.
(53) Button sewing machine
(iii) Machines for the manufactures of woven leather.
   (1) Electrical leather for cutting and slanting straps.
   (2) Automatic machines to control, to slant and to glue leather straps.
   (3) Electro-pneumatic weaving machines for leather.
   (4) Bobbin machines with counter.

(iv) Pattern making machines.
   (1) Pattern binding machines.
   (2) Pattern corner cutting and binding machines.
   (3) Hole punching machines.
   (4) Shears for cutting pattern.
   (5) Vice for holding pattern.
   (6) Punches for model room.
   (7) Knife making equipment for cold steel. and forged steel.
   (8) Cold steel knife motions and materials for making forged knives.
   (9) Punches of all varieties.

(v) Closing room machines.
   (1) Upper embossing machines.
   (2) Cementing machines and cementing june.
   (3) Upper edge inking machines.
   (4) Automatic lacing machines.
   (5) Stitch working machines.
   (6) Living trimming machines.
   (7) Toe cap application thermoplastics.

(vii) Sewing machines.
   (1) High speed flat bed single needle industrial sewing machine (more than 3000 stitches per minute).
(vii) Unit sole/counters/insoles/heels.
(1) Channeling and grooving.
(2) Automatic roughing machines for sole and insoles.
(3) Heel attaching machines.
(4) Nett(hand) attaching machines.
(5) Heel and sole brushing machines.
(6) Heel and sole buffing machines.
(7) Evening and roughing machines for sales & insoles.
(8) Edge inking machines for soles.
(9) Heel waiting machines.
10) Edge pre-trimming machines.
(11) Recessing and roughing soles.
(12) Recessing welt.
(13) Scouring and blending machines.
(14) Studs attaching machines.
(15) Heel building machines.
(16) Heel covering machines pneumatic.
(17) Leather cover cutting machines for heels.
(18) Heel attaching machines.
(19) Screwing machines.
(20) Loose nailing machines.
(21) Top lift lugging machines.
(22) Channel closing machines.
(23) Humidifier for uppers.
(24) Ironing and conditioning machines.
(25) Sole levelling machines.
(26) Twin sole attaching machines.
(27) Reactivating plant for shoes and soles.
(28) Last removing machines-pneumatic/hydraulic.
(29) Edge setting machines.

.....
### ANNEXURE V-A

**INFORMATION PERTAINING TO ISI CERTIFICATION MARKS SCHEME**

<table>
<thead>
<tr>
<th>INDIAN STANDARD</th>
<th>LICENSOR</th>
</tr>
</thead>
</table>
| 1. IS:578-1971 Full chrome upper leather | i) Leather Corporation of Orissa Ltd.  
|  | Unit: Titlagarh Tannery. |
| 2. IS:583-1969 Ankle boots for general purpose. | i) Leather Corporation of Orissa Ltd.  
|  | Unit: Shoe Factory, Cuttack |
|  | ii) TAFCO, Kanpur  
|  | iii) Raj Raman Industries, Kanpur  
|  | Bihar State Leather Industries Development Corporation(P) Ltd.  
|  | iv) Unit: Ranchi  
|  | v) Unit: Darbhanga  
|  | vi) Unit: Bettiah  
|  | vii) R.I.C.Ltd., Calcutta.  
|  | viii) Leather Corporation of Orissa Ltd.  
|  | Unit: Shoe Factory, Cuttack |
INDIAN STANDARD

LICENSEE
ix) H. Maula Bukhsh Sons & Co., Kanpur.
x) Eastern Industries, Kanpur.
xii) Jadav Leather Works, Sangli.
xiii) Ashoka Boot Factory, Agra.
xiv) U.P. State Leather Development & Marketing Corporation Ltd., Agra.
XVI) Hiron Small Scale Industries, Calcut
xvii) Chotanagpur Leather, Jamshedpur.

5. IS: 2573-1975
Leather Gauntlets and mittents

6. IS: 6994 (Part I)
Part I Leather and Cotton Gloves) Type 15).
ANNEXURE V-B

INDIAN STANDARDS ON LEATHER AND LEATHER PRODUCTS

a) Raw Materials:
   IS: 1960-1979 Guidelines for trimming Indian hides and cattle hides.

b) Semi Finished Leathers:
   IS:1639-1960 East India tanned kips and skins.
   IS:5034-1960 Chrome goat skin in wet-blue condition.
   IS:8121-1976 Chromed buff-calf skin in wet blue condition.

c) Finished Leathers:

ii) Glove leathers:
    IS:5866-1979 Chrome leather for high altitude gloves (for defence use)

iii) Industrial leathers:
    IS:580-1973 Harness leather (second revision)
    IS:581-1976 Vegetable tanned hydraulic leather (second revision)
    IS:1637-1971 Cycle saddle leather (first revision)
    IS:2954-1978 Vegetable tanned leather for belting (first revision)
iv) Lining leathers:
IS:3840-1976  Lining leather first revision

v) Shoe upper leathers:
IS:576-1971  Glazed kid for shoe uppers (first revision)
IS:578-1971  Full chrome upper leather (second revision)
IS:2961-1973  Chrome retan finished upper leather (first revision)

v) Sole leathers:
IS:579(Pt I) 1973  Sole leather: Part I Vegetable tanned sole leather (second revision)
IS:1936-1960  Chrome waxed sole leather

vii) Sports goods leathers:
IS:3985-1966  Leather for rugby ball
IS:4102-1967  Leather for shuttlecock caps
IS:4191-1966  Leather for volleyball
IS:4207-1967  Leather for football
IS:4553-1967  Leather for cricket ball
IS:5597-1970  Leather for boxing gloves

viii) Upholstery leathers:
IS:577-1954  Upholstery leather.

ix) Miscellaneous leather:
IS:1017-1966  Chamois leather (first revision)
IS:2960-1964  Bookbinding leather
IS:3946-1966  Leather for leg guard.
d) **Leather Products:**

1) **Footwear:**

- IS:583-1969 Ankle boots for general purpose *(first revision)*
- IS:584-1964 Chaplis, frontier pattern, for general purposes *(revised)*.
- IS:1938-1969 Sizes and fittings of footwear *(first revision)*
- IS:1989(Pt I) -1978 Leather safety boots and shoes for miners *(third revision)*.
- IS:1989(Pt.II)1978 Leather safety boots and shoes for heavy metal industries *(third revision)*.
- IS:2051-1976 Leather footwear, methods for sampling *(first revision)*.
- IS:2060-1962 Gents leather shoes.
- IS:4128-1980 Fireman's leather boots.
- IS:6478-1972 Shoes for nurses.
- IS:7568-1975 Direct moulded sole ankle boots for general purposes.
IS:8085(Pt I)-1976  Footwear, method of test for: Part I
Dimensions, fitting and adhesion test

IS:8751(Pt I)-1978  Footwear sizes in monodopoint system,
Part I - Fundamental characteristics

IS:8751(Pt II)-1978  Footwear sizes in monodopoint system
Part II - Length grading.

ii) Other Leather Products:
IS:416-1978  Cricket and hokey balls
IS:1015-1956  Leather pump buckets made from vegetable
             tanned leather.
IS:1225-1972  Leather picking bands for looms
IS:1273-1958  Leather pump buckets made from chrome
             tanned leather
IS:1903-1977  Recommendations on shape and dimensions
             of jute loom pickers.
IS:2240-1976  Vegetable tanned leather belting for
             power transmission
             (first revision)
IS:2241-1976  Round leather belting for small
             machines (first revision).
IS:2472-1969  Protective gaiters
IS:2573-1975  Leather gauntlets and mittens
             (first revision)
IS:3031-1964  Leather cash bags.
IS:5458-1969  Rounders ball
IS:5459-1969  Base ball
IS:5660-1969  Soft balls
IS:5535-1969  Rugby ball
IS:6994(Pt I)-1973  Industrial safety gloves: Part I Leather
                     and cotton gloves.
IS:7721-1975  Chrome tanned leather laces for heavy
              duty footwear.
IS:7954-1976  Suitcases
IS:8087-1976  Brief cases
<table>
<thead>
<tr>
<th>IS:8155-1976</th>
<th>PortaBolios</th>
</tr>
</thead>
<tbody>
<tr>
<td>IS:8517-1977</td>
<td>Bag, air travel</td>
</tr>
<tr>
<td>IS:8518-1977</td>
<td>Suitcase, air travel</td>
</tr>
<tr>
<td>IS:8546-1977</td>
<td>Requirements for leather or raw-hides exclusively used in the manufacture of pickers</td>
</tr>
<tr>
<td>IS:9023-1978</td>
<td>Hand Bag lady's.</td>
</tr>
</tbody>
</table>
ANNEXURE-V-C

ITEMS IN THE PROGRAMME OF WORK ON WHICH
INDIAN STANDARDS ARE YET TO BE DRAFTED

a) RAW MATERIAL

i) Classification of hides and skins on weight and area basis.

ii) Classification of defects in hides and skins.

b) FINISHED LEATHERS:

i) Glove leather - Dress, suede, utility.

ii) Lining suede.

iii) Upper leather - Aniline, semi-aniline.

iv) Upper leather - Shrunken grain.

v) Upper leather - Nappa/Softie.

vi) Clothing leathers.

vii) Kattai leather.

viii) Bunwar leather.

ix) Leather for suitcase.

c) LEATHER GOODS:

Footwear:

i) Safety leather shoes for women workers in mines.

ii) Methods of test for footwear.


iv) Boxing boots.

v) Horse riding shoes.

vi) Spiked boots.

vii) Sking boots.

viii) Mountaineering shoes.

ix) Protective footwear for oilfield workmen.

LEATHER PRODUCTS:

i) Dust shields.

ii) Leather bellows.

iii) Leather sealing cups other than 'U' cups.

iv) Safety leather gloves (Part II).
## Annexure - VI

### Commodity-wise Value of Risks Covered

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Engineering good with steel</td>
<td>56.49</td>
<td>73.43</td>
<td>140.72</td>
<td>175.79</td>
<td>179.79</td>
<td>210.59</td>
<td>99.88</td>
</tr>
<tr>
<td>2. Readymade garments</td>
<td>31.61</td>
<td>48.20</td>
<td>58.20</td>
<td>86.63</td>
<td>75.90</td>
<td>92.43</td>
<td>31.11</td>
</tr>
<tr>
<td>3. Leather</td>
<td>23.30</td>
<td>19.86</td>
<td>29.37</td>
<td>62.45</td>
<td>71.85</td>
<td>88.38</td>
<td>62.05</td>
</tr>
<tr>
<td>4. Tea</td>
<td>25.97</td>
<td>21.10</td>
<td>25.45</td>
<td>38.47</td>
<td>82.53</td>
<td>68.52</td>
<td>30.57</td>
</tr>
<tr>
<td>5. Jute</td>
<td>33.47</td>
<td>34.40</td>
<td>22.28</td>
<td>31.04</td>
<td>53.98</td>
<td>63.59</td>
<td>22.82</td>
</tr>
<tr>
<td>6. Cotton cloth</td>
<td>26.78</td>
<td>34.47</td>
<td>3.11</td>
<td>51.92</td>
<td>86.25</td>
<td>61.39</td>
<td>24.59</td>
</tr>
<tr>
<td>7. Jewellery &amp;</td>
<td>5.37</td>
<td>7.91</td>
<td>19.58</td>
<td>30.50</td>
<td>42.07</td>
<td>57.74</td>
<td>28.82</td>
</tr>
<tr>
<td>9. Others</td>
<td>73.67</td>
<td>61.88</td>
<td>82.71</td>
<td>121.99</td>
<td>151.86</td>
<td>143.99</td>
<td>81.85</td>
</tr>
</tbody>
</table>

**Total** = 252.38 292.39 414.47 573.79 745.02 781.02 377.16

### Risk Value Under Policies, Guarantees & Special Schemes (Rs. Lakh)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific policies</td>
<td>37.25</td>
<td>47.27</td>
<td></td>
</tr>
<tr>
<td>standard policy</td>
<td>73.47</td>
<td>782.24</td>
<td></td>
</tr>
<tr>
<td>Guarantees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Packing credit Gua.</td>
<td>2969.57</td>
<td>3734.44</td>
<td>4014.79</td>
</tr>
<tr>
<td>Post-Shipment Gua.</td>
<td>255.36</td>
<td>331.88</td>
<td>972.40</td>
</tr>
<tr>
<td>Export Fin. Gua.</td>
<td>20.73</td>
<td>16.27</td>
<td>13.38</td>
</tr>
<tr>
<td>Export Prod. Fin. Gua.</td>
<td>30.70</td>
<td>20.26</td>
<td>11.22</td>
</tr>
<tr>
<td>Export Perf. Gua.</td>
<td>66.30</td>
<td>82.80</td>
<td>211.25</td>
</tr>
<tr>
<td>Special scheme</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer Gua.</td>
<td>5.35</td>
<td>78</td>
<td>2.18</td>
</tr>
<tr>
<td>Line of credit</td>
<td>20.39</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Buyers credit</td>
<td>-</td>
<td>6.19</td>
<td>-</td>
</tr>
<tr>
<td>Overseas Invet. Ins. Pol.</td>
<td>-</td>
<td>-</td>
<td>-8.84</td>
</tr>
</tbody>
</table>

**Total** = 4149.44 4698.76 6303.24
Rs. in Lakh

3. Guarantees in Force:

<table>
<thead>
<tr>
<th>Guarantee Type</th>
<th>1978</th>
<th>1979</th>
<th>1980</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Poaching Credit Guarantee</td>
<td>1019</td>
<td>671.25</td>
<td>79318</td>
</tr>
<tr>
<td>Post-shipment Guarantee</td>
<td>825</td>
<td>5635</td>
<td>15677</td>
</tr>
<tr>
<td>Export Fin Guarantee</td>
<td>376</td>
<td>1367</td>
<td>1167</td>
</tr>
<tr>
<td>Export-Prod. Fin. Guarantee</td>
<td>55</td>
<td>1990</td>
<td>1294</td>
</tr>
<tr>
<td>Export Performance Guarantee</td>
<td>1,158</td>
<td>8111</td>
<td>14416</td>
</tr>
</tbody>
</table>

**TOTAL** = 13433  84228  3471  111923  3776  14690
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name and address of Indian Company</th>
<th>Name and address of foreign collaborator under collaboration</th>
<th>Item of manufacture</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>M/s South East Footwear Ltd., Madras.</td>
<td>M/s Spettibile Calzaturificio Italy (Technical) and M/s Mihaila Sashohra Switzerland (Financial)</td>
<td>Leather Footwear</td>
</tr>
<tr>
<td>2</td>
<td>M/s Aruna Footwear Enterprises Footwear Ltd., Bombay</td>
<td>M/s Bally International Ltd., Bally Shoe Factory Ltd., Switzerland.</td>
<td>Leather Footwear</td>
</tr>
<tr>
<td>3</td>
<td>M/s Bagrian Shoes Ltd., Chandigarh.</td>
<td>M/s Schon and CIE GmbH and H.R.U. Sieneckhof West Germany. M/s GIT Industries Inc. USA.</td>
<td>Leather Footwear</td>
</tr>
<tr>
<td>4</td>
<td>M/s Tannery &amp; Footwear Corp.of India INC USA Ltd., Kanpur.</td>
<td>M/s GITC Industries Ltd., Kanpur.</td>
<td>Leather Footwear</td>
</tr>
<tr>
<td>6</td>
<td>M/s Florind Shoe, Madras.</td>
<td>M/s Floria Shine USA</td>
<td>Leather Footwear</td>
</tr>
<tr>
<td>7</td>
<td>M/s Liberty Enterprises, Karnal.</td>
<td>M/s Technoimpex, M/s Konsumex, M/s Inter Corporation, Buda Post, Hungary.</td>
<td>Leather Footwear</td>
</tr>
</tbody>
</table>
### ANNEXURE-VIII


<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Number</td>
<td>Value</td>
<td>Number</td>
</tr>
<tr>
<td>1</td>
<td>Actual Users (Non Industrial)</td>
<td>2254</td>
<td>205.30</td>
<td>1856</td>
</tr>
<tr>
<td>2</td>
<td>Actual Users Incl. (Non DGTD, Non SS)</td>
<td>1266</td>
<td>686.14</td>
<td>1001</td>
</tr>
<tr>
<td>3</td>
<td>Actual Users (DGTD Units)</td>
<td>3835</td>
<td>755.06</td>
<td>3571</td>
</tr>
<tr>
<td>4</td>
<td>Small Scale Industries.</td>
<td>8125</td>
<td>211.59</td>
<td>7664</td>
</tr>
<tr>
<td>5</td>
<td>Registered Exporters (REP)</td>
<td>38275</td>
<td>1089.57</td>
<td>48780</td>
</tr>
<tr>
<td>6</td>
<td>Capital Goods</td>
<td>3498</td>
<td>647.18</td>
<td>4183</td>
</tr>
<tr>
<td>7</td>
<td>Heavy Electrical Plants.</td>
<td>85</td>
<td>89.96</td>
<td>74</td>
</tr>
<tr>
<td>8</td>
<td>Adhoc</td>
<td>305</td>
<td>95.49</td>
<td>421</td>
</tr>
<tr>
<td>9</td>
<td>Customs Clearance permits</td>
<td>1303</td>
<td>68.00</td>
<td>1538</td>
</tr>
<tr>
<td>10</td>
<td>State Trading Agencies</td>
<td>253</td>
<td>207.89</td>
<td>230</td>
</tr>
<tr>
<td>11</td>
<td>DGS &amp; D Contracts</td>
<td>46</td>
<td>1.29</td>
<td>36</td>
</tr>
<tr>
<td>12</td>
<td>Railway contracts</td>
<td>599</td>
<td>89.80</td>
<td>117</td>
</tr>
<tr>
<td>13</td>
<td>Government or against Govt. contracts</td>
<td>78</td>
<td>9.42</td>
<td>53</td>
</tr>
<tr>
<td>14</td>
<td>Replacement Lic.</td>
<td>55</td>
<td>46.08</td>
<td>42</td>
</tr>
<tr>
<td>15</td>
<td>Others</td>
<td>118</td>
<td>3.43</td>
<td>200</td>
</tr>
</tbody>
</table>

**TOTAL** = 60094 4206.20 69766 5340.43 53793 5536.2
FULL CHROME FINISHED LEATHER

Present status of the Industry:

The manufacture of finished leather from hides is predominately being done in the small scale sector and cottage sector. DGTD contributes hardly about 20% to the total production. In case of skins the contribution of the DGTD units is about 70%. All the available raw hides and skins are being converted into semi-finished leather and finished leather and the present install/licensed capacity for all the sectors i.e. organised sector, cottage sector and small sector is about 34 million pcs. of hides and 69 million pcs. of skins. Additional capacity covered by way of industrial licenses/letters of Intent etc. under implementation is 2.5 million pcs. of finished leather from hides and 14.00 million pcs. from skins.

(E) Production:

<table>
<thead>
<tr>
<th>Name of the item</th>
<th>1980</th>
<th>1981</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished leather from hides</td>
<td>2.7 million</td>
<td>4.9 million</td>
</tr>
<tr>
<td>Finished leather from skins</td>
<td>23.5</td>
<td>25.4</td>
</tr>
</tbody>
</table>

(The above production is in respect of organised sector)

(C) Demand:

All the available raw hides and skins are being converted into finished leather and after meeting the internal demand, the same are being exported.

(D) Licensing Policy

As regards finished leather is concerned any tanning unit would need an industrial licence if the labour employ is more than 50 without power or 100 with power.

(E) Imports/Exports:

<table>
<thead>
<tr>
<th>Name of the Item</th>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Qty.</td>
<td>Value</td>
</tr>
<tr>
<td>Finished leather</td>
<td>1979-80</td>
<td>-</td>
<td>Rs.266.00 Crores</td>
</tr>
<tr>
<td></td>
<td>1980-81</td>
<td>-</td>
<td>Rs.186.00 Crores</td>
</tr>
</tbody>
</table>
ANNEXURE-IX B

SHOE UPPERS AND LEATHER FOOTWEARS

Present status of the Industry

(a) Capacity: Shoe Uppers

There are at present 8 Units borne on the list of DTD engaged in the manufacture of shoe uppers for a total capacity of 4+76 lakhs pairs. Industrial licence/Letters of intent have been issued to five units for additional capacity (of 18.29 lakh pairs). Thus the present installed/licenced approved capacity adds up to 63.05 lakh organised sector.

As regards leather footwear the total installed capacity in the organised sector (DGT) is around 21.5 million pairs and additional capacity by way of industrial licences/Sectors of intent is covered to the extent of 9.5 million pairs.

(b) Production

<table>
<thead>
<tr>
<th>Year</th>
<th>Leather footwear Production</th>
<th>Shoe upper</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>12.2 million pairs</td>
<td>8.28 lakh</td>
</tr>
<tr>
<td>1980</td>
<td>16.3 million pairs</td>
<td>5.25 lakh</td>
</tr>
</tbody>
</table>

(The above production is in respect of organised sector only)
(c) **Demand:**

All the Shoe uppers produced are being exported. For all types of footwear, the demand at the end of 6th plan would be 330 million pairs whose capacity requirement would be 400 million pairs.

(d) **Licensing Policy:**

The items leather shoe/uppers/shoes are reserved for development in the **small scale sector**. It is also four in cottage sector.

(e) **Import/Export:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Leather 1979-80</th>
<th>Shoe uppers 1980-81</th>
<th>Leather 1979-80 Footwear</th>
<th>Shoe uppers 1980-81 Footwear</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Qty. N/A</td>
<td>Qty. N/A</td>
<td>Qty. -</td>
<td>Qty. -</td>
</tr>
<tr>
<td></td>
<td>Value Rs.29.58</td>
<td>Value Rs.16.94</td>
<td>Value Rs.10.05</td>
<td>Value Rs.20.59</td>
</tr>
</tbody>
</table>
"Problems faced by Exporters of finished leather and leather manufactures of Kanpur" - A case study.

**GENERAL I**

1. Name of the concerned.
2. Year of Establishment.
3. Type of concern- Merchant Exporter/Manufacture Exporter/ Export house/Manufacture only.
4. When did you stated Export Business.
5. Which major item you produce or export( Productwise)
   Manufacture:- finished leather, footwear, Travel goods, L. garments, other L. goods Export :-
6. To which countries are you exporting( give name of the count)
7. What % age of your total production was exported last year.

**QUALITY CONTROL:**

1. At howmany pts. quality, checked before Export ?
2. What means you adopt for Q.C.
3. Problems faced by you in Q.C.
4. Problems faced by you in adopting ISI standards ?

**INVENTORY POSITION(A.B.C. Analysis):** On what basis to you clarify your inventory. high consumpti-/Unit cost/Importance/availability/ value item. /other

<table>
<thead>
<tr>
<th>A item</th>
<th>B item</th>
<th>C item</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
% age of cost ? R.M.& chemicals - Total cost of the product.

Inventories:-

<table>
<thead>
<tr>
<th>R.Materials' Monthly requirement</th>
<th>Stock kept.</th>
<th>Finished Stock &amp; Monthly delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Problems of Inventories :-
- What type of storage facilities you have :

PERSONNEL III

1. What is your organisation structure ?

2. How many employees are there ?
   (a) Executive  (b) Non-Executive
   (c) Regular employees  (d) Casual.

2. Do you have any separate export Deptt.? ?

3. How many persons may be categorised as (a) Skilled
   (b) Un-skilled  (c) Semi-skilled.

4. Wage & salary (a) Minimum monthly salary including allowance
   (a) Minimum monthly salary  (b) Daily wage.
5. What type of incentives and benefits give to your employees?

6. How many labour unions are found in your concern. Give the name of prominent ones with their affiliations.

7. Employees and Employer relationship
   (a) Strike
   (b) Lockout
   (c) Others

8. What are your personnel problems?

MARKETING & FINANCE-IV

1. Are you a member of any leather organisation? Yes/No
   If you mention the names of the organisation.

2. To which organisation you are most related in your export business.
   Promotion Products Internationally

2. Do you advertise in Internal Market? Yes/No.
3. Objection in Advertising?
   Medium used. Budget allotted.

4. Trade Fairs: No. of times Places Problems
   Exhibition
   Visits

1. How do you come to know about the demand of your product or
or How do you Identify the profit foreign market?

Branch Strology:

Which brand strobology you adopt for your products in Export
business = Your own brand/No. of brand/distribitory brand. If you
are using your own brand, name the brands

In Export: (Family brand/Individual brand)

Product live/Br Sales growth Profitability Market share
items Increasing/decreasing I, D, S, F
stable/fluctuality

1. New Product Development Strategy:
1. Do you have permanent Marketing Research deptt- Yes/No.
2. How many personnels are there?
3. How many new and modified products were produced by you
in the last 5 years( give names)
4. Which are profitable
5. How many products abandoned by you( give names also)?
6. Reasons.
Tariffs & Non Tariff barriers exchange control etc.

State your problems in details.

A. Promoting Export Production.
B. For Reducing Price disadvantages.
C. In marketing of produces.
D. Other facilities.

(a) Important facilities as actual Users.

<table>
<thead>
<tr>
<th>Important facilities</th>
<th>Utilize item produced</th>
<th>Amount spent and for which facilities were utilized.</th>
</tr>
</thead>
<tbody>
<tr>
<td>O.G.L.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automatic Licence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplementary Licence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(B) Import Replenishment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Licence for Registered Exporter</td>
<td></td>
<td></td>
</tr>
<tr>
<td>REP Licence for Export already made.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advance licences.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Import licence before Export take place (Imprest licence).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial R.M. Assitance Centre (R.T.MAC)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
B. Other
1. Duty drawback.
2. Cash compensatory support.
3. Manufacture in Bond
4. Air Freight Subsidy.
5. Tax concession for Import of Technics knowhow
6. Registration of long term contract.
7. Others

(C). Making Development Assistance.

2. Export Market Dev, Allowances.

3. G.S.P.

<table>
<thead>
<tr>
<th>Source of Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institution.</td>
</tr>
</tbody>
</table>

1. IIFT.
2. EPC - Kanpur.
3. Trade Development Authority.
4. Trade Fair Authority
5. Govt. arranged house set up by R.D.A.
6. Foreign Trade Information system set up by T.D.A.
7. Others.
METHOD OF PAYMENTS

Wheat 'Methods of Payments' are adopted by you for receiving payments from importers. Also state your problem.

Export Finance

2. Pre-shipment finance

<table>
<thead>
<tr>
<th>Sources</th>
<th>Risks or Costs it</th>
<th>Rate of interest</th>
<th>Amount</th>
<th>Problems &amp; Suggestions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receiving</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not Receiving</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Post-shipment finance

<table>
<thead>
<tr>
<th>Sources</th>
<th>Risks or Costs it</th>
<th>Rate of interest</th>
<th>Amount</th>
<th>Problems &amp; Suggestions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receiving</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not Receiving</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Export documents and Procedures

1. Generally how much time is heeded in the processing of a Export order.

2. Problems is the regard.

3. Names the most important Acts/Publication what are consult by you( as exporter) in connection with the proceeding of an Export order.
4. Important documents which are usually demanded by the Importer. State the relative problems also.

5. Time required for obtaining clearance of the Excise Authority + Procedural problems.

6. Time required for fulfilling export order.

7. Export Inspection Agency — Problem.

8. Marine Insurance — Problems

9. Outside Storage and warehousing facilities— problems and suggestion.

10. Shipping bill — Problems.


12. Other problems & suggestions.
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BOOKS
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19. LE F R O T S Study, Kolhapur, Chappal.
20. IIFT Study (Commodities series No.14).

JOURNALS & MAGAZINES
1. Indian Press Index (Monthly).
2. Guide to Indian Periodic literature (Quarterly).
3. India Index (Quarterly).
9. Tanners (Monthly)
12. Industrial Research (monthly).
13. EXPORT-Kanpur (Monthly).
15. Financial Express (Daily).
20. Foreign Trade Review (IIFT - Quarterly).
23. Leather (Monthly).
24. Yojana (Monthly).
25. Commodity Trade Statistics (Quarterly & Annual) - published by UNO.
27. Indian Express (Daily).
<table>
<thead>
<tr>
<th>Column</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>IMPORTER'S NUMBER</td>
</tr>
<tr>
<td>(2)</td>
<td>MANUFACTURER'S NO.</td>
</tr>
<tr>
<td>(3)</td>
<td>DETAILED DESCRIPTION</td>
</tr>
<tr>
<td>(4)</td>
<td>CATEGORY</td>
</tr>
<tr>
<td>(5)</td>
<td>MATERIALS OF SOLE</td>
</tr>
<tr>
<td>(6)</td>
<td>MATERIALS CHIEF VALUE OF SOLE</td>
</tr>
<tr>
<td>(7)</td>
<td>MATERIALS OF UPPER</td>
</tr>
<tr>
<td>(8)</td>
<td>MATERIAL CHIEF VALUE OF UPPER</td>
</tr>
<tr>
<td>(9)</td>
<td>MATERIAL CHIEF VALUE OF ENTIRE SHOE</td>
</tr>
<tr>
<td>(10)</td>
<td>PERCENT BY WEIGHT OF ENTIRE SHOE</td>
</tr>
<tr>
<td>(11)</td>
<td>PERCENT BY AREA OF MATERIAL OF EXTERIOR SURFACE OF UPPER</td>
</tr>
<tr>
<td>(12)</td>
<td>GENDER</td>
</tr>
<tr>
<td>(13)</td>
<td>TYPE</td>
</tr>
<tr>
<td>(14)</td>
<td>HEIGHT</td>
</tr>
<tr>
<td>(15)</td>
<td>NUMBER OF PAIRS</td>
</tr>
<tr>
<td>(16)</td>
<td>VALUE PER PAIR</td>
</tr>
<tr>
<td>(17)</td>
<td>TOTAL VALUE</td>
</tr>
<tr>
<td>(18)</td>
<td>IF SUCH OR SIMILAR FOOTWEAR IS SOLD FOR HOME CONSUMPTION STATE PRICE</td>
</tr>
</tbody>
</table>

CUSTOMS FORM 5523 (2-4-74)
## DEPARTMENT OF THE TREASURY
### UNITED STATES CUSTOMS SERVICE

19 U.S.C. 1481, 1482, 1484

### SPECIAL CUSTOMS INVOICE

(Use separate Invoice for purchased and non-purchased goods)

---

**1. SELLER**

**2. DOCUMENT NR**

**3. INVOICE NR AND DATE**

**4. REFERENCES**

**5. BUYER (if other than consignee)**

**6. ORIGIN OF GOODS**

---

**7. NOTIFY PARTY**

**8. TERMS OF SALE, PAYMENT AND DISCOUNT**

**9. ADDITIONAL TRANSPORTATION INFORMATION**

---

**10. CURRENCY USED**

**11. EXCH. RATE (if fixed or agreed)**

**12. DATE ORDER ACCEPTED**

---

**13. MARKS AND NUMBERS ON SHIPPING PACKAGES**

**14. NUMBER OF PACKAGES**

**15. FULL DESCRIPTION OF GOODS**

**16. QUANTITY**

**17. UNIT PRICE**

**18. MARKET**

**19. INVOICE TOTALS**

---

**20. SPACE FOR CONTINUING ANSWERS**

---

**21.** If the production of these goods involved furnishing goods or services to the seller (e.g., assisst such as dies, molds, tools, engineering work) and the value is not included in the invoice price, check box (21) and explain below.

---

**22. PACKING COSTS**

---

**23. OCEAN OR INTERNATIONAL FREIGHT**

**24. DOMESTIC FREIGHT CHARGES**

---

**25. INSURANCE COSTS**

**26. OTHER COSTS** (Specify Below)

**27. DECLARATION OF SELLER/SHIPPER (OR AGENT)**

I declare:

If there are any rebates, drawbacks or bounties allowed upon the exportation of goods, I have checked box (A) and itemized separately below.

Further declare that there is no other invoice differing from this one (unless otherwise described below) and that all statements contained in this declaration are true and correct.

(C) SIGNATURE OF SELLER/SHIPPER (OR AGENT)

---

"Invoice required generally if rate of duty based upon or regulated by value of goods and purchase price or value of shipment exceeds $500. Otherwise use commercial invoice."