

Indian Footwear Industry

Potential for growth and collaboration



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Advantage India

7.5% and 7.7% growth projected for Indian economy by International Monetary Fund in 2019 and 2020 respectively, as against 3.5% and 3.6% growth of global economy in 2019 and 2020 respectively

Highest Youth Population in the world in age group of 10 to 24 years (356 million)

Organised retail and online retail to grow by CAGR of 18% and 27% respectively by 2021

Why India for Investments ?



Advantage Global Footwear Market

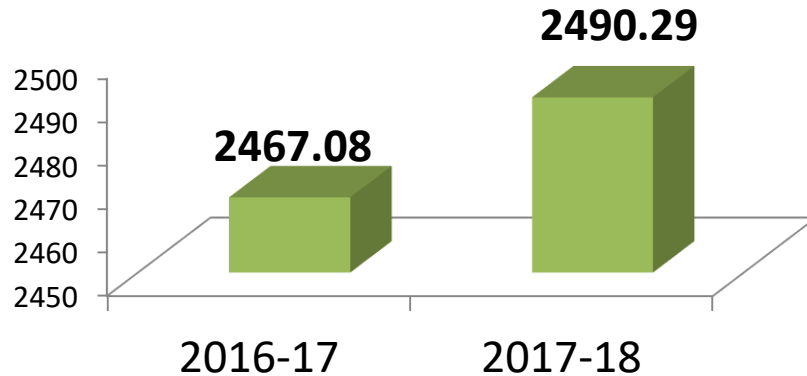
- ❑ 2 percent increase in global footwear production from 23 billion pairs to 23.5 billion pairs in 2017.
- ❑ Increase in global exports of footwear by 0.7% in terms of quantity and 3.7% in value terms
- ❑ Asia being the powerhouse of footwear, having 87 percent share in global footwear production and 54 percent share in global consumption in terms of quantity.
- ❑ India overtaking USA as the second largest consumer of footwear, next only to China. *(About 2409 million pairs of footwear are produced in India, out of which 90% are consumed in domestic market)*
- ❑ 3 percent increase in the world average export price for footwear to reach a record \$9.18 per pair, a continuation of a trend that has seen the average export price for shoes increase 40 percent over the last decade

Indian Footwear Industry - Fact Sheet

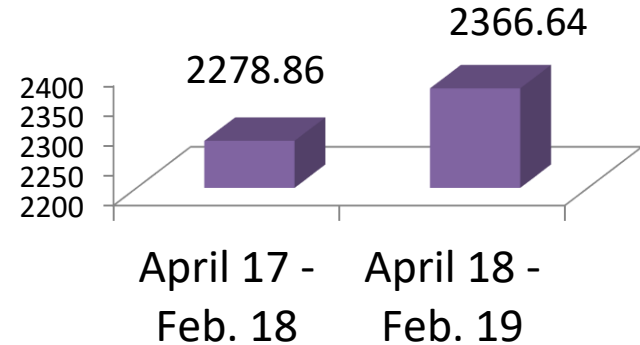
Workforce	1 Million
Exports	USD 2.49 Billion (2017-18)
Domestic Industry	USD 10 billion (2017-18)
Imports	USD 6.66 billion (2017-18)
Production	2 nd largest Producer
Consumption	2 nd largest Consumer

Indian Footwear Industry - Export Growth

Export Growth – Last year
Million USD

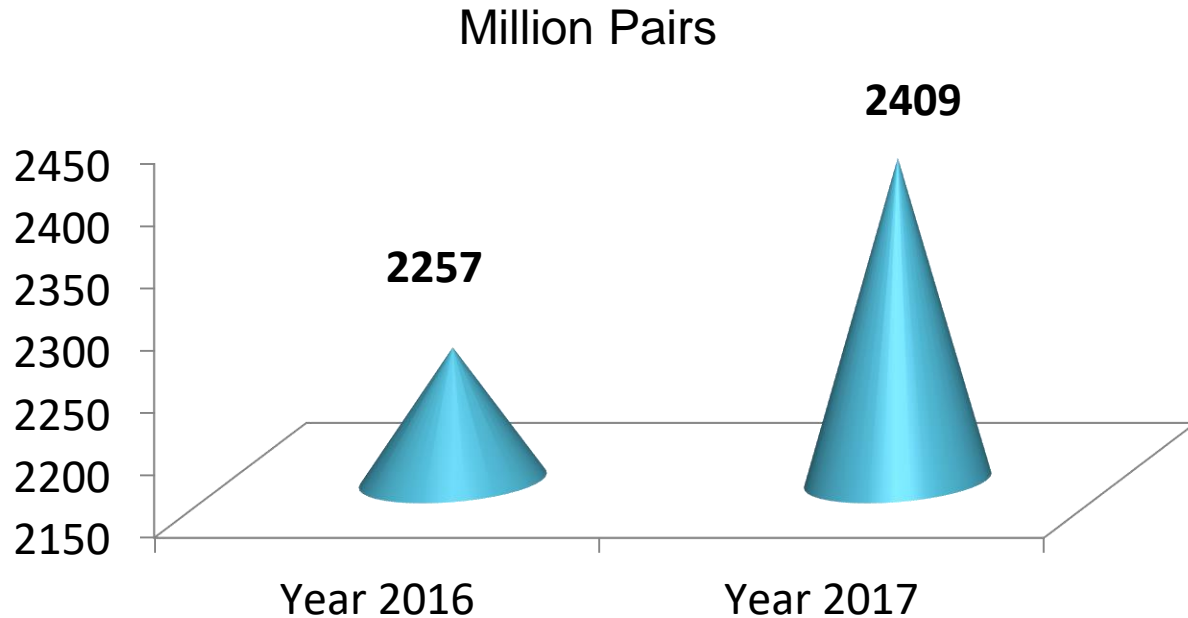


Export Growth – Current Year
Million USD



The export growth was 1% in 2017-18 but grew by about 4% this year.

Indian Footwear Industry - Production Growth

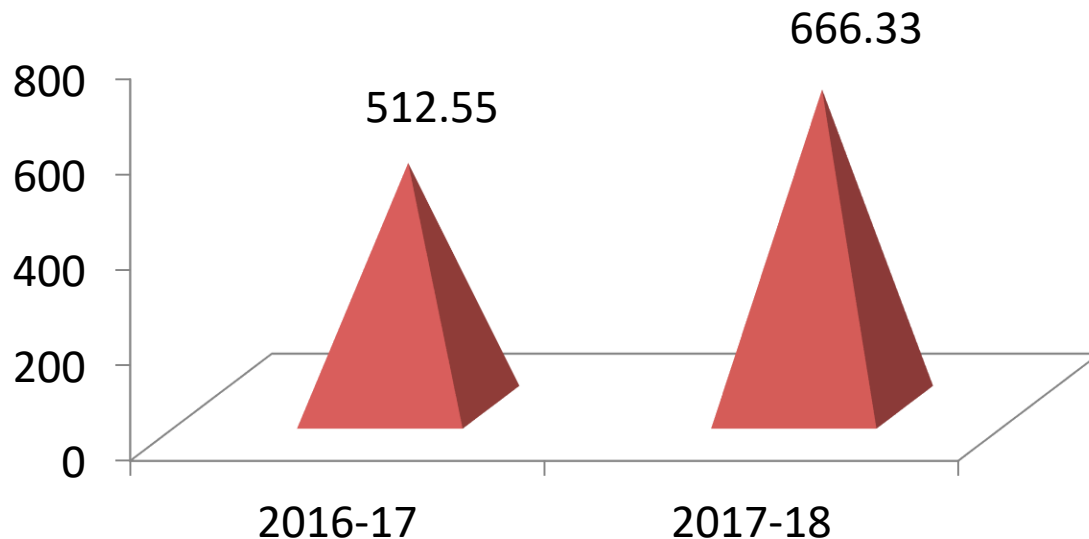


India has 11.5% share in global footwear production in quantity terms.

The production grew by 7% in quantity terms, but the industry turnover remained at about USD 10 billion

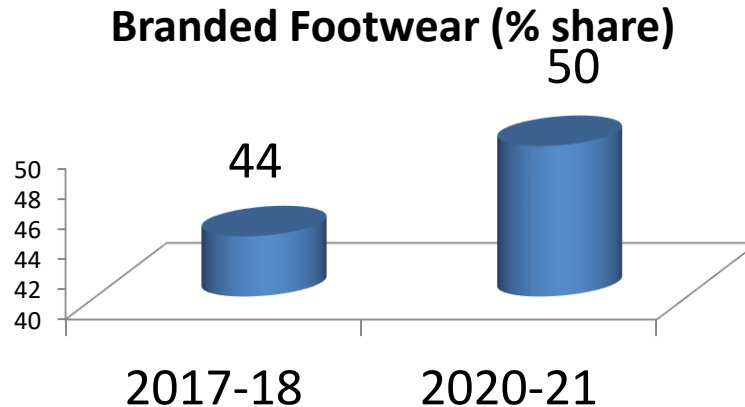
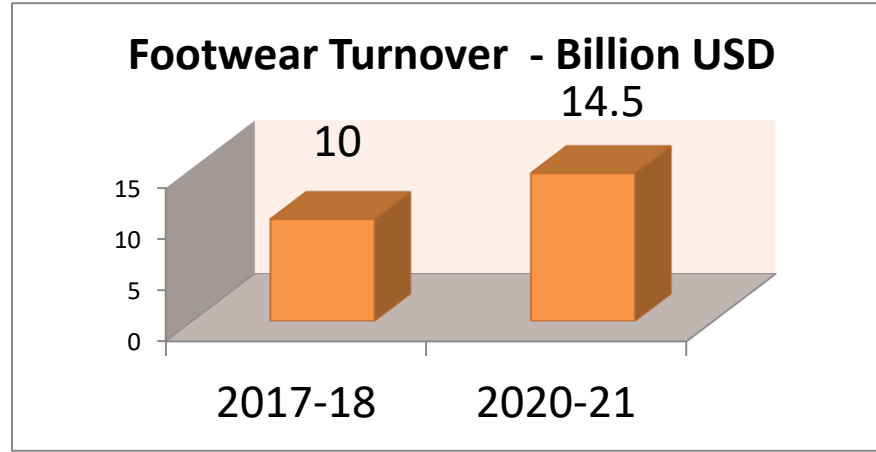
Indian Footwear Industry - Imports

Million USD



The import grew by 30% in value terms, which indicates growing market

Indian Domestic Footwear Industry - Growth Projections



Indian Footwear Industry – Strengths



- ❑ **Highly Labour Intensive** – Has potential to generate additional 1 million jobs by 2022-23
- ❑ **Diversified Product Mix** - Produces entire gamut of footwear – Sports, Casual, Industrial
- ❑ Is a **Focus Sector under Make in India** initiative of Govt. of India, which aims at attracting investments and joint ventures.
- ❑ **Huge Domestic Market:** Domestic Market projected to register 10% annual growth.



Skilling Institutions in India for Footwear Sector



Footwear Design and Development Institute

Central Leather Research Institute

Leather Sector Skill Council

Central Footwear Training Institute

National Institute of Fashion Technology

India – Significant Steps taken for Ease of Doing Business

e-BRC (Bank Realisation Certificate) introduced (realization of export proceeds directly transferred from bank to DGFT service)

24 x 7 Customs Clearance facility introduced

Authorised Economic Operator Programme (AEO) of Customs facilitates faster clearance for import and export consignments.

Single Window programme implemented for imports and exports – This facilitates online NOC clearance from Animal Quarantine, Wild Life etc.,

Mandatory documents for export & import brought down to 3
(Bill of Lading/Airway Bill, Invoice-cum-Packing List, Shipping Bill/Bill of Entry)



Support Measures under Make in India for Indian and Foreign Companies

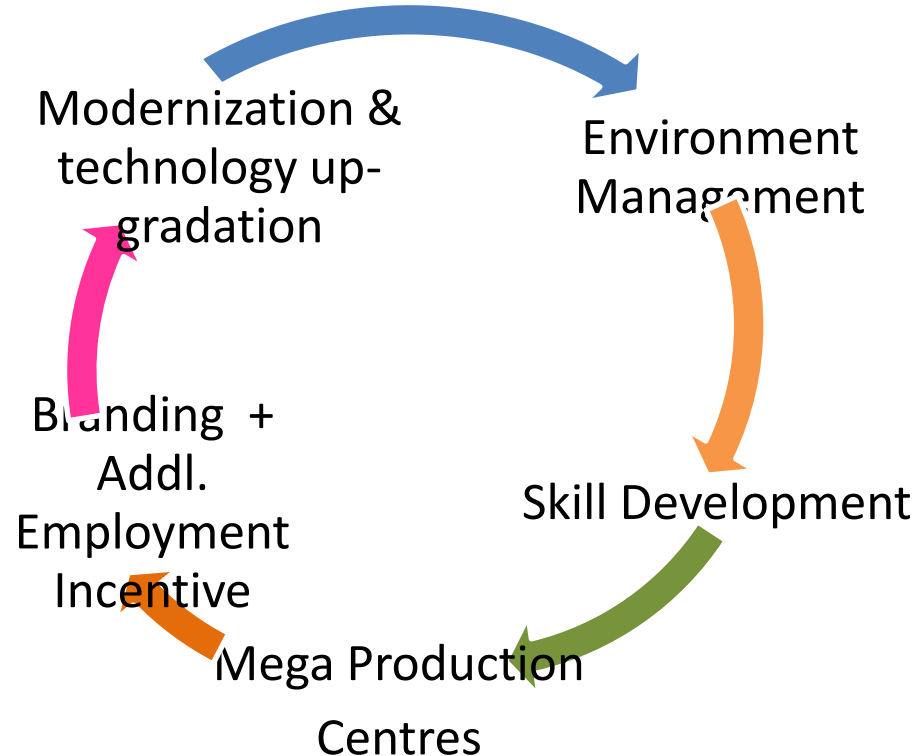
Indian Footwear, Leather and Accessories Development Programme (IFLADP)

Sl.No	Name of the Sub-Scheme	Outlay (Rs. in Crore)	USD (Million)
1	Human Resources Development (HRD)	696.00	100.50
2	Mega Leather, Footwear & Accessories Cluster (MLFAC)	360.00	52.00
3	Integrated Development of Leather Sector (IDLS) Scheme	425.00	61.00
4	Leather Technology, Innovation and Environmental Issues	782.00	113.00
5	Establishment of Institutional Facilities	147.00	21.00
6	Promotion of Indian Brands in Leather, Footwear & Accessories Sector	90.00	13.00
7	Additional Employment Incentive for Leather, Footwear & Accessories Sector(AEILFA)	100.00	14.50
	Total	2600.00	375.00



Support Measures under Make in India for Indian and Foreign Companies

Indian Footwear, Leather and Accessories Development Programme (IFLADP)





Support Measures under Make in India For Indian and Foreign Companies (Green Field and Brown Field Units)

PURCHASE OF NEW MACHINERY

- 30% govt. support on the cost of plant and machinery for Micro and Small units and 20% for other units - Ceiling of Rs. 3 crore (USD 0.43 million) for each product line.

SKILLING

- Govt. Grant : Rs, 15,000 per person (USD 217 per person approx) - for skilling & employing unemployed people. Already 144 thousand unemployed people trained in 2017-18. Objective is to train a total of 432 thousand people during 2017-18 to 2019-20.
- Also, upgrading skills of 75,000 existing employees planned



Support Measures under Make in India For Indian and Foreign Companies

NEW CLUSTERS

- Govt. Grant : 50% of eligible project cost with ceiling Rs.125 crore (USD 18 million approx) for establishment of new clusters.
- 4 new clusters likely to come-up in Andhra Pradesh, Haryana, Uttar Pradesh and West Bengal.

ENVIRONMENT MANAGEMENT

- 70% Govt. assistance for up-gradation or installation of Common Effluent Treatment Plants (CETPs)



Support Measures under Make in India

Foreign Direct Investment (FDI) : 100% Foreign Direct Investment (FDI) permitted through the automatic route (no prior approval required from Government). In December 2018, the Government of India revised FDI rules related to e-commerce. 100 per cent FDI is allowed in market placed model of e-commerce (i.e. providing of an information technology platform by an e-commerce entity on a digital & electronic network to act as a facilitator between buyer and seller).

FDI in retailing : 100% FDI is permitted in single brand retailing (i.e. for selling only one brand) . FDI upto 51% is allowed under Government approval route in multi-brand retail trading sector, subject to specified conditions and approval of the State Government.

FDI in Duty Free Shops : 100% FDI under automatic route allowed for establishment of duty free shops in customs bonded area at International sea ports/airports/Land Custom Stations.

Repatriation of profits : 100% repatriation of profit and dividends allowed if investment made in convertible foreign currency.

Why Indian Leather & Footwear Industry is a favourable Investment Destination ?

Growth : 9% to 10% annual growth projected both on exports and in domestic market.

Consumption : Per Capita Consumption of footwear to grow from 2.25 to 4.5 pairs in next 5 years .

Imports : India's footwear import grew by 30% in current year (April 18 – Feb. 19)

Productivity : Industry attained substantial increase in productivity levels due to skill development. About 0.5 million trained workers employed in leather industry in last 5 years



Areas of Collaboration with Asian Footwear Manufacturers

Asian companies/ Entrepreneurs can set-up production units in India as 100% Foreign Direct Investment unit or in Partnership with Indian Companies. Large scope for exporting products and selling in domestic market.

As Indian footwear sector is growing, there is huge scope for Machinery manufacturers to sell in India.

Consumption of footwear in India to increase to 4.5 billion pairs from present 2.25 billion pairs in next 4-5 years. Hence, huge scope for Indian and Overseas brands to produce and sell footwear in India.

Scope for joint collaboration in Branding

Entry Options for Foreign Companies

- ❑ Incorporate a Company under Companies Act 2013 as a Joint Venture or a Wholly Owned Subsidiary
- ❑ Set-up a Liaison Office/ Representative or a Project Office or a Branch Office of the Foreign Company

For documentation requirements, please refer

<https://www.investindia.gov.in>



Thank you !