



**ENVIRONMENTAL SUSTAINABILITY VITAL FOR GROWTH
OF LEATHER INDUSTRY**

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MAKE IN INDIA – LEATHER

- Leather sector identified
- Leather – 2 bn. sft. to 6 bn. sft. By 2020
- Turnover – 11 bn. \$ to 27 bn. \$ by 2020
- Exports – 6 bn. \$ to 14 bn. \$ by 2020
- Employment – 2.5 mn. to 6 mn. By 2020



TARGETS BROKEN DOWN



- Tanning to increase from 3000 tpd to 9000 tpd
- Footwear export to go up from 2.6 bn \$ to 8.4 bn \$ @14\$ per pair, 600 mn pairs export required
- Add 600 mn pairs for likely domestic demand
- Approx 1 bn pairs of footwear additional capacity
- Leather goods production to double to double export and meet domestic demand
- Critical to growth – availability of leather

RAW MATERIAL FOR TANNING

- Domestic availability – about 2500 tpd (10% global availability)
- Inelastic global supply – likely low growth - <2%pa
- Reliable sources: developed countries (US, Canada, EU, Australia, New Zealand, Japan) tanning disappeared
- Market crowded – China major player
- Middle East, Africa, South America – most have thriving tanning sector – many adopt 'India model'
- With aggressive efforts, perhaps india can add about 2000 tpd with imported material!



RAW MATERIAL STRATEGY



- Focus on developed countries to source RM – seasonal imports – help with finance
- Can large, struggling, tanneries in developed countries be lured to India?
- Embrace tanning sector of developing countries of Middle East, Africa – help them grow – JVs? – import of finished leather/ semi finished products?
- CLRI/FDDI already in many African countries
- Promote large tanneries in India? Big investment
- Approx 15000 crores of additional investment needed to increase capacity by 3000 tpd

CONSTRAINTS TO INCREASING TANNING CAPACITY

- Availability of raw material
- Location: existing clusters can't expand due space constraints, local resistance
- Few states interested to welcome tanning
- Environmental challenge – key issue



ENVIRONMENTAL CHALLENGE TO TANNING INDUSTRY

- Current discharge: 120,000 cubic meters/day
- ETPs/CETPs exist but not efficient at all places
- Conventional biological treatment (CBT) everywhere except Tamil Nadu where ZLD plants operate
- CBT can't treat TDS (Dissolved Solids)
- Treated effluent high in TDS a threat to soil and ground water
- Foreign buyers insist on environmental compliance



DESIRABLE ENVIRONMENTAL POLICY



- Should be location specific
- High TDS effluent – dilution by sewage, marine discharge, relax norms where recipient can absorb
- Local PCBs should be free to choose appropriate standards location wise
- Tamil Nadu – ZLD – very expensive
- Locate new tannery clusters close to sea/port a good strategy – (Eg. Krishnapatnam)
- Needs speedy deliberations and definite policy framework

ZLD – TAMIL NADU'S EXPERIENCE – PROS AND CONS



- 11 CETPs & many ETPs under ZLD – 9 CETPs operational
- Capex – Upgradation + Addition – Rs. 1.5 lakhs/cu.m – Greenfield project: Rs. 2 lakhs/cu.m.
- Opex – Rs. 280 – 320 per cu.m.

ZLD – TAMIL NADU'S EXPERIENCE – PROS AND CONS

PROS

- >95% water recovered to be used for process
- Due to good quality, chemical consumption reportedly reduced
- Prevention of contamination of soil and groundwater, helping them rejuvenate
- Better relationship with surrounding community
- Complying with leading buyer's requirement

CONS

- High capital cost – needs support of govt.
- High opex – need five year industry adjustment support
- Life of costly equipment yet to be assessed
- Replacement costs high
- O&M a challenge, technically and financially
- Too sophisticated a technology for tanning industry
- Disadvantage vis-à-vis non-ZLD areas
- Safe use or disposal of recovered salt still a question

FOOTWEAR AND LEATHER GOODS

- Need for large well developed industrial areas – mega leather clusters
- Relocation of large factories from china/vietnam/indonesia? Large factories versus clusters
- Direct assistance to private manufacturers for skill upgradation – assistance to clusters
- Brand building
- Design /product development capacity



DOMESTIC MARKET



- Expected to grow @ 10% or more if GDP grows at 7% p.a.
- Growing demand for better designed/branded products
- Scope for domestic large brands to emerge
- Many Intl. Brands already on the scene
- Local excise/taxation system to be revamped
- Retail business landscape changing – e-tailing – trend to catch on

CAN WE DO IT?



- Can availability of leather be augmented to increase production of footwear / leather goods – with good strategy and policy support, yes, we can
- Can footwear/leathergoods production be enhanced? With necessary infrastructure development & aggressive investment promotion, yes, we can.
- Can skilled employment be increased to meet target? By placing faith in private sector through proper policy, yes, we can
- Can environmental sustainability of leather industry be achieved? – with rational policy and required support of govt., yes, we can.

YOUTUBE CHANNEL