

3. Initiatives for Promoting Leather Industry

Prelims Level: Industries – Textiles, E-commerce, Pharma, Service

Mains Level: GS-III Effects of Liberalization on the Economy, Changes in Industrial Policy and their effects on Industrial Growth.

Why in News?

- The government aims at the development of infrastructure for the leather sector, address environment concerns specific to the leather sector, facilitate Additional Investments, Employment Generation and increase in production.

Merchandise Exports from India Scheme (MEIS):

- MEIS was introduced in the FTP from 01.04.2015, providing rewards for exporters of specified goods.
- The objective of the MEIS is to offset infrastructural inefficiencies and associated costs involved in exporting goods/products which are produced/manufactured in India.
- The scheme incentivizes exporters in terms of Duty Credit Scrips at the rate of 2, 3, 4, 5, 7 % of FOB Value of exports realized.
- Goods and Service Tax (GST) Rates for selected leather industry items have been reduced.
- Duty-Free Import of Inputs: Enhancement of duty-free limit (Basic Customs duty exemption) for import of critical import by manufacturer exporters of footwear and other leather products.
- Interest equalization rate was enhanced from 3% to 5% for Micro Small and Medium Enterprises units. Removal of Animal Quarantine clearance for most of the categories of finished and crust leathers imported into India
- In order to promote Green Tanning, the Union Budget 2017-18 announced the reduction of Basic Customs Duty on Vegetable Tanning Extracts.

Indian Footwear, Leather & Accessories Development Programme:

- Human Resource Development (HRD) sub-scheme: HRD sub-scheme provides assistance for Placement Linked Skill Development training to unemployed persons and skill up-gradation training to employed workers.
- Integrated Development of Leather Sector (IDLS) sub-scheme: IDLS sub-scheme incentivizes investment and manufacturing including job creation by providing backend investment grant/subsidy at 30% of the cost of new Plant and Machinery to Micro, Small & Medium Enterprises (MSMEs).

- Establishment of Institutional Facilities sub-scheme: The sub-scheme provides assistance to Footwear Design & Development Institute (FDDI) for up-gradation of some of the existing campuses of FDDI into “Centres of Excellence” and establishing 3 new fully equipped skill centres alongside the upcoming Mega Leather Cluster.
- Mega Leather, Footwear and Accessories Cluster (MLFAC) sub-scheme: The MLFAC sub-scheme provides infrastructure support to the Leather, Footwear and Accessories Sector by the establishment of Mega Leather, Footwear and Accessories Cluster.
- Leather Technology, Innovation and Environmental Issues sub-scheme: Under this sub-scheme, assistance is provided for upgradation/installation of Common Effluent Treatment Plants (CETPs) at 70% of the project cost.
- Promotion of Indian Brands in Leather, Footwear and Accessories Sector sub-scheme: Under this sub-scheme, the eligible units approved for Brand Promotion are assisted.
- Additional Employment Incentive for Leather, Footwear and Accessories Sector sub-scheme: Under this sub-scheme, employers’ contribution of 3.67% to Employees’ Provident Fund for all new employees in Leather, Footwear and Accessories sector, are provided for enrolling in EPFO for first 3 years of their employment.