



## Leather Industry In Maharashtra: An Overview

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**ABSTRACT** The paper analyzes the development trends of leather industry in Maharashtra State. The focus of the study on reviewing the growth of leather industries, Capital investment, employment, production. The study is based on secondary data. The study has showed unsatisfactory growth of leather industry. It is suggested that the state government should support leather industry in the state by providing adequate infrastructure, finance and marketing facilities.

### KEYWORDS

Leather Industry, Employment, Capital, Production.

### Introduction:

Leather industry is the one of the traditional industry in India. It is contributing to the gross domestic products Indian economy. This sector is having lot of potential to generating job opportunities in India. The state of Maharashtra is leading states in India. It has been changed structurally in to different such as leather garments, leather bags, leather footwear etc. maximum leather entrepreneurs can seen in both organized and unorganized sector in rural and urban area. The center and state government has been changes in industrial policy and attracting to entrepreneurs through offering various types of schemes like start up, Mudra schemes, seed capital etc. The importance micro, small and medium leather entrepreneurs are attributable to its potential of employment generation, low capital requirement, use of local human resources, use of traditional method, skills etc. leather entrepreneurs contributes significantly to the production output, exports in state and also India.

Maharashtra has the potential to play a significant role in increasing India's share of international leather trade. As per reports of Council for Leather Exports, export of leather and leather products from Maharashtra has increased from Rs. 9761.40 mn in 2010-2011 to Rs. 9915mn in 2011-2012, recording an increase of 1.58 %. Export of leather footwear alone accounts for a major share of 60.83 % in total leather export trade of Maharashtra, followed by finished leather with a share of 22.78 % and leather goods 8.09 %. Maharashtra accounts for a share of 4.25 % in India's total leather and leather products export trade. The Department of Industrial Policy & Promotion (DIPP) is implementing a sub-scheme "Mega Leather Clusters" under "Indian Leather Development Programme (ILDPP)" for establishment of leather clusters during 12th Plan period (2012-2017) to provide the infrastructure support to Indian leather industry all over India including the State of Maharashtra.

### Literature review:

A number of studies have been conducted on entrepreneurs, leather entrepreneurs and leather industry. M. A. Lokhande (2006) concluded that Marathwada is lagging behind in industrial development due to infrastructure deficiencies and very low pace of entrepreneurship development in general and in SC/STs in particular and the process of entrepreneurship development among SC/STs in Marathwada is very slow. He was noticed that the indifferent attitude of the government officers towards SC/ST beneficiaries was discouraging. He strongly recommended that such type of attitude must be rooted out and beneficiaries should given respectable treatment so they are motivated and encouraged. Sahasranaman A. (2000) says that the CLRI has taken the initiative to include occupational safety and health as a separate theme in its "Vision Beyond Mission" proposal which attempts to define the future path of development for the Indian leather industry in the coming 7 – 10 years. Lokhande, M. A. (2008) said

that Micro finance can be an effective weapon to fight against poverty and unemployment. Deshpande A. and Sharma S. (2013) clear found that the share of SC-ST ownership has declined among the period 2001-2 and 2006-7. SC-ST enterprises tend to be smaller, more rural than urban, have a greater share of owner-operated (single employee) units. The interstate variation in share of ST-SC businesses reveals that with the exception of the tribal majority north-eastern states, SC and ST businesses are underrepresented as compared to their share in state populations. Lokhande, M. A. (2015) concluded that Today's young generation is enthusiastic, dynamic and ready to achieve their goals. the study disclosed that have a very strong will to achieve, to be ahead of others, self-reliance and creation of separate identity coupled with making money/wealth out of ventures. There are numerous emerging growth centers in rural and semi-rural areas wherein entrepreneurial activities are being undertaken by young person's having different socio- economic backgrounds. The need of the hour is to guide, assist and support them properly to achieve the national goal of Make in India. Gonca Telli Yamamoto, Özgür Şekeroğlu and Eser Eke Bayramoğlu (2011) concluded that in India addition to the very high number of employees, the number of associations and unions that represent the leather industry is also very high. Kale, B. (2015) noticed that the growth of these sectors enhances employment, investment and exports of the state as well as in our country. Entrepreneurship Development is considered as a key factor to fight against unemployment, poverty and achieve overall socio economic growth in our state. Last but not the least, growth rate of MSME's is very good and healthy sign towards progress and prosperity of Maharashtra. Lokhande, M. A. (2015) the fact found that occupational background of marginalized/ underprivileged group people is not supportive to entrepreneurship as majority of them are engaged in traditional and low income generating activities. They also prefer to join secured jobs in public sector. Singh, A. concluded that in spite of the initiative taken by the Government of Maharashtra to develop Addnl Ambernath as a globally competitive leather zone, the beneficiaries are neither interested nor willing to shift base from Dharavi. Lokhande, M. A. (2016) suggested that to boost entrepreneurship among these marginalized sections, special entrepreneurial education and training programme should be designed. Start-ups should be properly nurtured and supported with financial and marketing support. Youngsters, coming with innovative ideas, should be properly advised, encouraged to commercialize their ideas. Skill India and Digital India should not be just slogans but the strategic efforts to develop and encourage youngsters to start their own ventures. Ricardo J. Hernández Pardo, T. Bhamra and R. Bhamra (2012) concluded that it is an industry very oriented to economic incentives and with tight financial budgets to introduce new projects in areas that are not directly related to production and that do not show savings in short term. Anup Kumar Bhandari (2012) observed that there exists a significant positive association between firm size and its technical efficiency. Government may

also encourage the preferred organizational structures for the potential new entrant into the industry. Lokhande, M. A. (2009) concluded that micro-finance programme has a significance role to play in Indian economy for boosting micro entrepreneurial activities for creating productive assets coupled with employment generation. To cover all the poor households, particularly BPL households, there is need for providing full support by the government, financial institutions and NGOs to SHGs programme.

Bhandari, A (2010) discussed, the policy makers face a dilemma from the demand side regarding whether the Indian leather industry is to be expanded at the face of on-going global economic slowdown. Analyzing supply side factors concluded that there should not be any such hesitation in expanding the industry. Lokhande, M. A. (2008) said that micro finance programme is the most promising strategic weapon for attacking poverty by way of providing development funds to so far neglected target groups. If poor people are given opportunities to undertake entrepreneurial activities supported by proper access to credit, it will certainly enable to them to come out of poverty trap. Mahashwari D. and Sahu. S. (2013) the government it is important to realize that the goal of small business owners will be to remain self-employed. There is needs because self-employed people will represent an important segment in economic revitalization. V. P. Kharbanda (2001) concluded that generic heads of a conducive policy framework, knowledge acquisition and dissemination, new technology demonstration and networking, and financing and institutional support systems these barriers must be clearly identified and enabling strategies developed so that the technological capacity-building process in SMEs becomes meaningful, in terms not only of international trade and business or of the environment, but also of making it responsive to the needs of the people.

**Statement of the Problem:**

In recent years, leather industry is proving job opportunities in Maharashtra state also India but leather entrepreneurs are less day by day. There is requiring looking into this industry for generation new entrepreneurs. The present study is an attempt to investigate the research question a, is leather industry development in Maharashtra state?

**Objectives of the study:**

- To study the development of leather industry in Maharashtra.
- To evaluate performance of leather industry in Maharashtra.

**Research Methodology:**

This study is based on secondary data and descriptive analytical. Secondary data were collected from the economic survey of Maharashtra, Journals and devoted to the topic. The data analytical tools applied were growth percentage, compound annual growth rate.

**Data analysis and Results:**

**Leather Industry**

The chart 1 indicated that the highest growth of leather industry (55.05 %) was noticed in the year 2010-11 whereas the negative growth (-29.68 %) was seen in the year 2007-08. During 2009-10 to 2011-12 number of leather industry was increasing. It is to be noted that overall development of leather industry in Maharashtra state was low during study period.

**Chart 1 year wise leather industry in Maharashtra state**

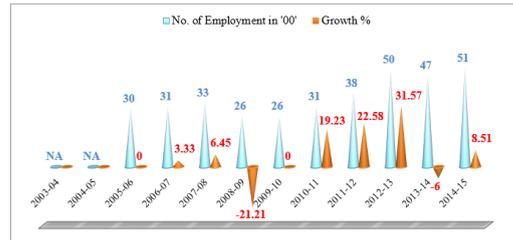


Source: Economic survey of Maharashtra, 2005 to 2013.  
Note: N. A. shown in Not Available

**Employment**

The figure of employment in tanning and dressing of leather and leather products in Maharashtra State given in chart 2 indicated that highest employment growth 31.57 % was noticed in the year 2012-13 whereas the negative growth (-21.21 %) was seen in the year 2008-09. During 2007 to 09, 2012 to 13 employment growth was seen decreasing.

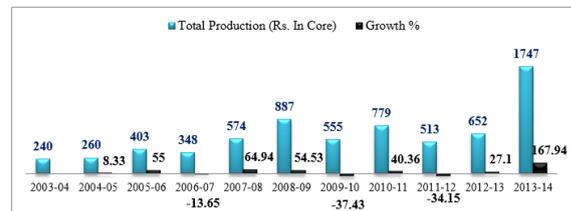
**Chart 2 Averagely Daily Employment in Tanning and Dressing of Leather and Leather Products in Maharashtra State**



Source: Economic survey of Maharashtra, 2003 to 2014.  
Note: N. A. shown in Not Available.

**Total Production Value**

This industry has low capital and high workers intensive absorption nature and it has been a major contributor towards creation of employment in rural industrialization. The viewpoint of this industry the highest growth in total production value (167.13%) was noticed in the year 2013-14 whereas the lowest growth (-37.43 %) was seen in the year 2009-10. It is observed that production performance of tanning and dressing of leather of Maharashtra state was medium during 2003-12.



**Important Characteristics of Tanning and Dressing of Leather Industries in Maharashtra state**

The data regarding important characteristics of tanning and dressing of leather industries value had shown a mixed growth trend during 2003-13. As shown in table 1, the highest growth in fixed capital (229.72%) was noticed in the year 2008-09 whereas the negative growth (-36.21 %) was seen in the year 2007-08. The highest growth in working capital (357.94%) was noticed in the year 2013-14 whereas the negative growth (-50.79 %) was seen in the year 2010-11. But in the year 2005 to 08, 2010 to 13 working capitals was increasing. The highest growth in wages to workers (78.57%) was noticed in the year 2008-09 whereas the negative growth (-7.14%) was seen in the year 2010-11. But during 2003 to 06, 2011 to 13 wages to workers was increasing. The highest growth in material consumed (116.91%) was noticed in the year 2013-14 whereas the negative growth (-44.44%) was seen in the year 2011-12. The highest growth in total input (128.97%) was noticed in the year 2013-14 whereas the negative growth (-43.94%) was seen in the year 2011-12. The highest growth in value added (311.97%) was noticed in the year 2013-14 whereas the negative growth (-21.42%) was seen in the year 2009-10.

**Table 1 Important Characteristics of Tanning and Dressing of Leather Industries in Maharashtra State** (Rs in Core)

Year	Fixed Capital	Working Capital	Wages to Workers	Material Consumed	Total Input	Value Added
2003-04	30 (-)	42 (-)	8 (-)	122 (-)	195 (-)	41(-)
2004-05	48 (60)	80 (90.48)	12 (50)	150 (22.95)	219 (12.30)	41(00)

2005-06	31 (-35.42)	43 (-46.25)	14 (16.66)	221(47.33)	335 (52.96)	64(56.09)
2006-07	58 (87.09)	60 (39.53)	15 (7.14)	181(-18.09)	261 (-22.08)	80(25)
2007-08	37 (-36.21)	104 (73.33)	14 (-6.66)	280 (54.69)	490 (87.73)	78(-2.5)
2008-09	122(229.72)	127 (22.11)	25 (78.57)	461(64.64)	703 (43.46)	168(115.38)
2009-10	85 (-30.33)	63 (-50.39)	28 (12)	318 (-31.01)	412 (-41.39)	132(-21.42)
2010-11	131 (54.12)	-3(-50.79)	26 (-7.14)	387 (21.69)	603 (46.35)	161(21.96)
2011-12	107(-18.32)	76 (145.16)	26 (00)	215 (-44.44)	338 (-43.94)	165(2.48)
2012-13	115 (7.48)	107 (40.79)	33 (26.92)	333 (54.88)	497 (47.04)	142(-13.93)
2013-14	182 (58.26)	490(357.94)	36 (9.09)	721(116.51)	1138(128.97)	585(311.97)

Source: Economic survey of Maharashtra 2006-15.

Note: The figures in brackets indicate growth percentages.

### Observations:

**Table 2 Important Characteristics of Tanning and Dressing of Leather Industries**

Characteristics	No. of Industry	Average Employment	Fixed Capital	Working Capital	Wages to Workers	Total Production	Material Consumed	Total Input	Value Added
CAGR %	-0.01	0.06	0.20	0.28	0.16	0.22	0.19	0.19	0.30

The leather industry has decreased from 128 in 2006-07 to 116 in 2013-14, compounded annual growth rate had (-0.01%) negative during 2006-2013; Averagely Employment has increased from 30 in 2005-06 to 51 in 2014-15, CAGR-(0.06 %); Fixed Capital has increased from Rs. 30 core in 2003-04 to Rs. 182 core in 2013-14, CAGR-(0.20 %); Working Capital has increased from Rs. 42 core in 2003-04 to Rs. 490 core in 2013-14, CAGR-(0.28 %); Wages to Workers has increased from Rs. 8 core in 2003-04 to Rs. 36 core in 2013-14, CAGR-(0.16 %); Total Production has increased from Rs. 240 core in 2003-04 to Rs. 1747 core in 2013-14, CAGR-(0.22 %); Material Consumed has increased from Rs. 122 core in 2003-04 to Rs. 721 core in 2013-14, CAGR-(0.19 %); Total Input has increased from Rs. 195 core in 2003-04 to Rs. 1138 core in 2013-14, CAGR-(0.19 %); Value Added has increased from Rs. 41 core in 2003-04 to Rs. 585 core in 2013-14, CAGR-(0.30 %).

### Conclusion:

Leather industry is one of the significant resource based industry providing employment to leather workers, artisans and distribution. However, the performance of the industry has been unsatisfactory. In order to enhance the performance of leather industry, there is need of modernization, proper marketing and adequate investment.

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