



**ORIGINAL RESEARCH PAPER**

**Economics**

**THE PERFORMANCE OF LEATHER INDUSTRY IN ANDHRA PRADESH**

**KEY WORDS:**

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**ABSTRACT**

Human Resource Development mission targets non-traditional potential work force in the rural areas. This project is intended to train and prepare individuals in the rural areas to be fit to work in medium to large industrial units that are likely to be set up. Up gradation of skills of persons already employed in the sector besides training for trainers / supervisors is also be undertaken. The scheme, Integrated Development of Leather Scheme (IDLS), lays stress on skill development and technical development especially in cutting and stitching. The training proposed under the scheme is to be output linked where at least 75 per cent of those trained would be placed in the industry. Till date about 22,000 unemployed persons have been provided skill development training and placed in the leather sector under this scheme. Besides it, 1200 employed workers have been provided skill up gradation training. The sub-scheme is being implemented in Uttar Pradesh, West Bengal, Madhya Pradesh, Haryana, Uttarakhand, Rajasthan, Maharashtra, Andhra Pradesh, Orissa, Karnataka, Himachal Pradesh and Tamil Nadu. Hence, the present paper aims to examine the progress of leather industries in the state of Andhra Pradesh from 2000-01 to 2011-12.

**INTRODUCTION**

The Leather Industries Development Corporation of A.P. Ltd, is established on 4<sup>th</sup> October 1973 under Companies act 1956 with the Share Capital of One crore rupees initially with twin objectives viz., i) To promote the Leather Industry in Andhra Pradesh; and ii) To uplift the Leather artisans in the State. On 1.9.1974, the Government of Andhra Pradesh through Commissioner of Industries has transferred the following four sick units together with 72 no. of staff working in the units and assets of the units. (i) Hyderabad Tanneries, Hyderabad; (ii) Guntakal Tanneries, Guntakal; (iii) Model Leather Goods Manufacturing Unit, Vijayawada, and; (iv) Utility Leather Goods Centre, Hyderabad.

The Leather Industries Development Corporation of Andhra Pradesh (LIDCAP) Vision is to ensure that all the people in the state depending on leather sector are provided with employment or self-employment opportunities in the process of value addition of the states' huge raw material resources using modern technologies, best practices and by creation of enabling infrastructure and also by utilizing the states' ultimate market potential

**The main objectives of LIDCAP are:**

1. Optimum utilization of the resource such as Raw Materials, skilled manpower and existing infrastructure.
2. Providing employment / self-employment oriented training.
3. Creation of sound infrastructure for promotion of leather sector in the state such as Leather Parks, Institutions of excellence, warehouse, market outlets etc.,
4. Utilization of Government Market and Public Market in the process of promoting employment to the local people.
5. Promotion of skilled manpower in the leather sector through providing quality training.
6. Promotion of production centers both in public and private and also in PPP mode.
7. Implementation of best practices and modern technologies.
8. Effective environmental management through establishment of adequate Common Effluent Treatment Plants / Waste disposal system.
9. Finance for promotion of self-employment ventures by the weaker section.
10. Strengthening of LIDCAP with required technical manpower, training for the staff, implementation of the best practices, effective resource planning etc.

Therefore, the main objective of the present paper is to observe the progress of leather industries in the state of Andhra Pradesh.

The progress and position of leather industries in total industrial sector is shown in tables 1.1 and 1.2. The table reveals that the

total number of all factories have increased to 19,338 in 2010-11 from 14,029 during 2000-01, i.e., an increase of 1.4 times, but declined tremendously to 11,195 during 2011-12 i.e., a decline of 0.6 times. Correspondingly the total number of leather industries have also increased to 72 during 2008-09 from 67 during 2000-01 i.e., an increase of 1.2 times, but declined to 40 during 2011-12 i.e., a decline of 0.6 times. The percentage share of leather industries in total industrial sector ranges between 0.3 percent and 0.4 per cent during the study period. The index in table 1.2 indicates the growth rate of total industries is higher than the growth rate of leather industry from 2003-04 to 2005-06, during 2007-08 and 2009-10 whereas in the remaining years the growth of leather industry is higher than the growth of the total industrial sector. The compound and linear growth rate of the entire industrial sector account for 0.856 and 1.109. Hence, the progress of the entire industries is not significant both at 0.05 per cent (2.201) and 0.01 (3.106) levels as the calculated 't' value accounts 0.720426 which is less than the tabular value. Correspondingly the compound and linear growth rate of leather industry in Andhra Pradesh shows negative growth rate during the study period which accounts- 4.65732 and - 4.39436 and is not significant as the calculated 't' value is 2.923374 which is less than the tabular 't' value at 0.05 per cent (2.201) and 0.01 per cent (3.106) levels as shown in table 1.1.

**TABLE-1.1 YEAR –WISE PERCENTAGE SHARE OF LEATHER INDUSTRIES IN TOTAL INDUSTRIAL SECTOR OF ANDHRA PRADESH (In Number)**

S. No.	Year	Total Factories	Leather Factories	Percentage to Total
1.	2000-01	14029	67	0.5
2.	2001-02	14237	74	0.5
3.	2002-03	14635	96	0.7
4.	2003-04	15126	84	0.6
5.	2004-05	15568	75	0.5
6.	2005-06	15790	57	0.4
7.	2006-07	15931	74	0.5
8.	2007-08	16841	54	0.3
9.	2008-09	17329	72	0.4
10.	2009-10	17471	45	0.3
11.	2010-11	19338	65	0.3
12.	2011-12	11195	40	0.4
	CGR	0.856162	-4.65732	
	LGR	1.109139	-4.39436	
	't' value	0.720426	2.923374	

**Source:** Compiled from Annual Survey of Industries from 2000-01 to 2011-12, Govt. of A.P, Statistical Abstract, D E &S, Hyderabad.

**TABLE-1.2 YEAR -WISE INDICES OF NUMBER OF LEATHER INDUSTRIES AND TOTAL INDUSTRIES IN ANDHRA PRADESH**

Year	Total Industries	Leather Industries
2000-01	100.00	100.00
2001-02	101.5	110.4
2002-03	102.8	129.7
2003-04	103.4	87.5
2004-05	102.9	89.3
2005-06	101.4	76.0
2006-07	100.9	129.8
2007-08	105.7	73.0
2008-09	102.9	133.3
2009-10	100.8	62.5
2010-11	110.7	144.4
2011-12	57.9	61.5

**Source:** Compiled from table 1.1.

The progress of leather industries in total industrial sector in terms of Productive capital is shown in tables 1.3 and 1.4. The tables reveals that the total productive capital of all industries has increased to Rs.2,05,55,689 lakhs in 2011-12 from Rs.32,20,469 lakhs during 2000-01 i.e., an increase of 6.4 times. Correspondingly the productive capital of leather industries has also increased to Rs. 17,454 lakhs during 2011-12 from Rs. 2,619 lakhs. i.e., an increase of 6.7 times. The percentage share of productive capital of leather industries in total industrial sector ranges between 0.1 per cent and 0.2 per cent during the study period. The index in table 1.4 indicates the growth of productive capital of total industries is higher than the leather industry from 2001-02 to 2002-03, during 2005-06 and 2009-10 whereas in the remaining years the growth of productive capital of leather industry is higher than the growth of productive capital of the total industrial sector. The compound and linear growth rates of total productive capital of entire industrial sector account for 20.103 and 18.484 whereas it was 28.537 and 22.381 for the leather industry in Andhra Pradesh. The growth rate of productive capital for the entire industries is significant both at 0.05 per cent (2.201) and 0.01 (3.106) levels as the calculated 't' value accounts 12.312 whereas it was significant only at 0.05 per cent level ( 2.201) in the case of leather industry as the calculated 't' value of it accounts 2.219 as shown in table 1.3.

**TABLE-1.3 YEAR -WISE PERCENTAGE SHARE OF LEATHER INDUSTRIES IN TOTAL PRODUCTIVE CAPITAL OF ALL INDUSTRIES IN ANDHRA PRADESH (Rs. In Lakhs)**

S. No.	Year	Total Industries Productive Capital	Leather Industries Productive Capital	Percentage of leather to total industries
1.	2000-01	3220469	2619	0.1
2.	2001-02	3666630	2250	0.1
3.	2002-03	3948833	2368	0.1
4.	2003-04	4255789	2879	0.1
5.	2004-05	4452596	3770	0.1
6.	2005-06	4467175	2510	0.1
7.	2006-07	7109281	5670	0.1
8.	2007-08	9385949	12818	0.1
9.	2008-09	11050205	22532	0.2
10.	2009-10	15721853	12217	0.1
11.	2010-11	19104885	16202	0.1
12.	2011-12	20555689	17454	0.1
	CGR	20.10321	28.53699	
	LGR	18.18391	22.38149	
	't' value	12.31242	2.218733	

**Source:** Compiled from Annual Survey of Industries from 2000-01

to 2011-12, Govt. of A. P, Statistical Abstract, D E &S, Hyderabad.

**TABLE-1.4 YEAR-WISE INDICES OF PRODUCTIVE CAPITAL OF LEATHER INDUSTRIES IN ANDHRA PRADESH**

Year	Total industries Productive Capital	Leather Industries Productive Capital
2000-01	100	100
2001-02	113.9	85.91
2002-03	107.7	105.2
2003-04	107.8	121.6
2004-05	104.6	130.9
2005-06	100.3	66.58
2006-07	159.1	225.9
2007-08	132	226.1
2008-09	117.7	175.8
2009-10	142.3	54.22
2010-11	121.5	132.6
2011-12	107.6	107.7

**Source:** Compiled from table 1.3.

The progress and position of leather industries in total industrial sector in terms of workers is shown in tables 1.5 and 1.6. The tables explains that the total industrial workers of all industries in organized sector have increased to 3,695,540 in 2011-12 from 7,63,892 during 2000-01 i.e., an increase of 4.8 times. Correspondingly the workers of leather industries have also increased to 9,090 during 2011-12 from 1,921 during 2000-01 i.e., an increase of 4.7 times. The percentage share of workers in leather industries in total industrial sector varies from 0.1 per cent and 0.8 per cent during the study period. The index in table 1.6 indicates the growth of workers of total industries is higher than the leather industry during 2001-02, 2005-06, 2009-10 and 2011-12, whereas in the remaining years the growth of workers of leather industry is higher than the growth of workers of the total industrial sector. The compound and linear growth rates of total workers of the entire industrial sector account for 8.054656 and 11.5426 whereas it was 19.41964 and 19.05651 in the case of leather industry in Andhra Pradesh. The growth rate of workers for the entire industries is significant only at 0.05 percent (2.201) level as the calculated 't' value accounts 2.677111 whereas it was significant both at 0.05 percent level (2.201) and 0.01 percent (3.106) levels in the case of leather industry as the calculated 't' value of it accounts 4.478894 as shown in table 1.5.

**TABLE-1.5 YEAR -WISE PERCENTAGE SHARE OF LEATHER INDUSTRY WORERS IN TOTAL INDUSTRIAL WORKERS OF ANDHRA PRADESH (In Number)**

S. No.	Year	Total Industries Workers	Leather Industries Workers	Percentage of Leather to Total Industries
1.	2000-01	763892	1921	0.3
2.	2001-02	751010	1395	0.2
3.	2002-03	864825	1667	0.2
4.	2003-04	875583	1765	0.2
5.	2004-05	784015	1606	0.2
6.	2005-06	819703	927	0.1
7.	2006-07	813887	1511	0.2
8.	2007-08	972081	3450	0.4
9.	2008-09	966903	6179	0.6
10.	2009-10	910106	5559	0.6
11.	2010-11	1086461	8422	0.8
12.	2011-12	3695540	9090	0.3
	CGR	8.054656	19.41964	
	LGR	11.5426	19.05651	
	't' value	2.677111	4.478894	

**Source:** Compiled from Annual Survey of Industries from 2000-01 to 2011-12, Govt. of A. P, Statistical Abstract, D E &S, Hyderabad.

**TABLE-1.6 YEAR -WISE INDICES OF WORKERS OF LEATHER INDUSTRY IN TOTAL INDUSTRIAL SECTOR OF ANDHRA PRADESH**

Year	Total Industries Workers	Leather industries Workers
2000-01	100	100
2001-02	98.31	72.6
2002-03	115.2	119.5
2003-04	101.2	105.9
2004-05	89.5	91.0
2005-06	104.6	57.7
2006-07	99.3	163
2007-08	119.4	228.3
2008-09	99.5	179.1
2009-10	94.1	90.0
2010-11	119.4	151.5
2011-12	340.1	107.9

Source: Compiled from table 1.5

The progress and position of output of leather industries in total industrial sector is shown in table 1.7 and 1.8. The tables reveals that the total industrial output has increased to Rs.30,841,913 lakhs in 2010-11 from Rs. 6,134,702 lakhs during 2000-01 i.e., an increase of 5.0 times but declined to 20611886 in 2011-12. Correspondingly the total output of leather industries has also increased to Rs. 36,653 lakhs during 2011-12 from Rs. 9,002 lakhs during 2000-01 i.e., an increase of 4.1 times. The percentage share of total output of leather industries in total industrial sector's output ranges from 0.1 per cent to 0.4 per cent during the study period. The index in table 1.8 indicates the growth of output of total industries is higher than the leather industry during 2001-02 to 2004-05, during 2006-07, whereas in the remaining years the growth of output of leather industry is higher than the growth of output of the total industrial sector. The compound and linear growth rates of output of entire industrial sector account for 14.75776 and 11.8988 whereas it was 18.47234 and 17.75121 for the leather industry in Andhra Pradesh. The growth rate of output for the entire industrial sector and leather industry also is significant both at 0.05 per cent (2.201) and 0.01 (3.106) levels as the calculated 't' value accounts 7.12478 and 3.34757 respectively as shown in table 1.7.

**TABLE-1.7 YEAR -WISE PERCENTAGE SHARE OF TOTAL OUTPUT OF LEATHER INDUSTRY IN TOTAL INDUSTRIAL SECTOR OUTPUT OF ANDHRA PRADESH (Rs. In Lakhs)**

S. No.	Year	Total Industries Total Output	Leather Industries Total Output	Percentage of Leather to Total Industries
1.	2000-01	6134702	9002	0.2
2.	2001-02	6391951	7843	0.1
3.	2002-03	8228630	8728	0.1
4.	2003-04	9576758	8755	0.1
5.	2004-05	19236470	8848	0.1
6.	2005-06	11801646	5775	0.1
7.	2006-07	16964695	8110	0.1
8.	2007-08	19929606	10281	0.1
9.	2008-09	22619778	16568	0.4
10.	2009-10	22711756	23995	0.1
11.	2010-11	30841913	35978	0.1
12.	2011-12	20611886	36653	0.2
	CGR	14.75776	18.47234	
	LGR	11.8988	17.75121	
	't' value	7.12478	3.341757	

Source: Compiled from Annual Survey of Industries from 2000-01 to 2011-12, Govt. of A. P, Statistical Abstract, D E & S, Hyderabad.

**TABLE-1.8 YEAR- WISE INDICES OF OUTPUT OF LEATHER AND TOTAL INDUSTRIAL SECTOR IN ANDHRA PRADESH**

Year	All Industries Total Output	Leather Industries Total Output
2000-01	100	100
2001-02	104.19	87.13
2002-03	128.73	111.3
2003-04	116.38	100.3
2004-05	200.87	101.1
2005-06	61.35	65.27
2006-07	143.75	140.4
2007-08	117.48	126.8
2008-09	113.5	161.1
2009-10	100.41	149.0
2010-11	135.8	149.9
2011-12	66.831	101.9

Source: Compiled from table 1.7.

**Conclusion:**

The leather Industry has a crucial place in Industrial sector of Andhra Pradesh. Mostly it is a labour intensive Industry. But the progress of this industry is not so significant during the study period. Even though the progress of leather industry is not significant, the increase in productive capital investment, employment generation and increase in output is significant. Therefore, by increasing the number of leather industries by providing necessary facilities, the government can increase the total output and employment generation in the state of Andhra Pradesh.

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