

Standing Committee Report Summary

Indian Leather Industry: Analysis and Prospects

- The Standing Committee on Commerce (Chair: Ms. Dola Sen) presented its report on 'Indian Leather Industry: Current Analysis and Future Prospects' on August 12, 2025. Key observations and recommendations of the Committee includes:
- **Availability of quality raw materials:** The leather industry requires raw materials such as raw hides and skins. The Committee noted the shortage of raw hides and skins, and the poor quality of cattle hides due to the lack of a well-organised animal husbandry system in India. It recommended: (i) improving leather collection and processing infrastructure, (ii) educating the workforce about techniques and material to produce high quality leather, and (iii) developing domestic capabilities to reduce dependency on imports.
- **Financial assistance to the leather industry:** Leather and related products are given financial assistance such as lower GST rates and reduced export duty. The Committee noted the need for specific financial assistance to MSMEs. It recommended: (i) conducting an assessment to identify funding gaps for MSMEs, (ii) providing incentives for large-scale investments, (iii) providing credit at low interest rates, and (iv) faster implementation of the Focus Product Scheme for Footwear and Leather Sector. The Focus Product Scheme provides support for design capacity, component manufacturing and machinery required for production of leather goods.
- **Export Promotion:** The Committee observed that India's share in global import of leather, leather products and footwear was about 2% in 2023. The Committee recommended increasing exports by: (i) leveraging existing Free Trade Agreements (FTAs), (ii) negotiating FTAs with major markets such as the EU and USA, and (iii) increasing participation in international trade events to enhance visibility of Indian products.
- **Research and development facilities:** The Committee observed that there is an urgent need to increase research and development facilities. It recommended: (i) establishing new design and testing centres, (ii) increasing partnerships between leather units and research institutes, (iii) engaging young designers in product development, (iv) expanding the capacity of existing training institutes, and (v) providing financial support for faculty recruitment and infrastructure development, particularly in advanced technologies like 3D printing and automation.
- **Developing skilled labour workforce:** The Committee observed that dependence on foreign technical manpower has hampered the productivity of Indian workers. It identified challenges such as limited exposure of the workforce to modern technologies, insufficient capacity building, and an outdated training model. The Committee recommended greater investment in skilling, building international collaborations for design improvement, and following the training of trainer approach for capacity building.
- **Central portals to organise fragmented industry:** The Committee observed that there was a lack of data on the leather industry, given its fragmented nature and the small size of individual units. There is also a need to measure the impact of the skilling initiatives undertaken by the government. The Committee recommended establishing central portals under the Council for Leather Exports and the Leather Sector Skill Council. These portals will be leveraged for organising the sector and real-time tracking of upskilling training.
- **Adoption of green and sustainable practices:** The Indian Footwear and Leather Development Programme (IFLDP) aims to address environmental concerns in the leather industry. The Committee observed the increasing demand for eco-friendly products. The Committee also noted challenges such as a lack of eco-friendly machinery, slow adoption of sustainable and green practices, and insufficient CETPs. It recommended: (i) establishing treatment plants, (ii) providing incentive for use of eco-friendly chemicals, and (iii) spreading awareness about chemicals, dyes or processes that are banned in various countries.

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