

Concept Note on accessing IFLDP, DPIIT for Footwear, Leather and non-leather product manufacturing units in NCT Delhi

Udyog Nagar, Bawana, Narela Industrial Area are three prominent areas which accommodate footwear, leather and non-leather goods manufacturing, repairing units in Delhi. These units manufacture finished items viz. leather and non-leather footwears, leather and non-leather goods and accessories. Some of these units manufacture semi-finished items viz. shoes upper, bottom sole, footwear components, etc. Another set of units are providing services viz. cutting, clipping, pasting and finishing, repairing etc.

There is a variety of footwear products manufactured in Delhi viz. casual shoes, canvas shoes, comfort shoes, fancy shoes, half shoes, kids shoes, sports shoes, PU footwear, ladies flip flop, eva sandals, flip flop footwear, flat slippers, lightweight footwear etc. There are also few customized footwear manufacturing units present in Delhi who work with renowned designers or celebrities. It is observed that footwear price ranges from INR 12 (kids slippers) to INR 30000 (designed customized footwear) available in NCT Delhi.

According to Economic Survey of Delhi 2021-22, there are 1473 units get registered for leather and related products (except repair) between 2015- 2020. These units provide 64340 employment in NCT Delhi. The summary results of ASI 2017-18 revealed that around 6.53% of factories in Delhi engaged in leather and related products (NIC15) manufacturing. It has been observed during discussion with industry associations that there are around 2500 – 3000 micro units in footwear and accessories sector operational in Narela and Bawana areas, generating average employment between 11-15 workers per unit with average turnover INR 8-10 Cr. Around 5-7% of such units are manufacturer cum exporter and exporting 55-60% footwear products. Preferred export destination is Middle East Countries.

The existing micro manufacturing units are unorganized and scattered. These units need upgradation / modernization to compete with neighboring footwear manufacturing clusters situated in Haryana and Uttar Pradesh. These units also need to establish their Brand. Existing infrastructure of leather complex at Wazirpur also needs renovation / upgradation with modern infrastructure having digital equipment and facilities.

Indian Footwear and Leather Development Programme (IFLDP) of Department for Promotion of Industry & Internal Trade (Leather and Footwear Section), Ministry of Commerce and Industry, GOI encourages development of infrastructure for leather and footwear sector, address environment concerns specific to the leather and footwear sector, facilitate additional investments, employment generation and increase in production. This programme has following six sub-schemes.

1. Sustainable Technology and Environmental Promotion (STEP)

Under this sub-scheme, the financial support is being provided to leather clusters to meet the prescribed pollution control discharged norms by setting up/up gradation of common effluent treatment plant (CETP). A SPV will be formed from entrepreneurs, who will submit the DPR for the approval of DPIIT. The Project up to Rs. 15 Crore will be approved by the Steering Committee and the proposal above Rs. 15 Crore be submitted for the approval to the Empowered Committee of the Department. Central Leather Research Institute (CLRI) would act as a appraising agency and also as Project Monitoring Consultant (PMC).

The total Central Govt. Assistance (grant-in-aid) under this component would be 80% of the total project cost for North Eastern Region and 70% of the total project cost for other areas, subject to a limit of Rs. 200 Crore while the shares of the industry/beneficiary would be 20% for North Eastern areas and 30% of the project cost for other areas respectively. SPV may receive the contribution from State Govt, if involved, within their shares of the project.

2. Integrated Development of Leather Sector (IDLS)

The objective of the sub-scheme is modernisation of tanneries, footwear and footwear components units, leather products and accessory units, harness and saddler units. The financial assistance under the

Scheme will be investment grant to the extent of 40% of cost of Plant and Machinery to the Micro, Small & Medium Enterprises (MSMEs) units and 30% of cost of Plant and Machinery to other units established in North eastern Areas; and the financial assistance under the scheme will be 30% of cost of plant and machinery to Micro, Small & Medium Enterprises (MSMEs) units of other areas and 20% of cost of Plant and Machinery to other units, for technology up-gradation/modernization and/or expansion and setting up a new unit subject to a ceiling of Rs. 15 crore.

All the MSMEs in the Footwear and Leather Industry including tanneries, leather goods, saddler, leather footwear, leather footwear components, non-leather footwear and non leather footwear components sector having cash profits for 2 years, undertaking modernisation or capacity expansion or technology up-gradation on or after 1st January, 2020 are eligible for assistance. With a view to attract investment into the sector, the assistance for new units would also be provided. In addition to this, 5% additional financial assistance of the cost of plant and machinery will be provided for the domestically manufactured machinery.

3. Mega Leather, Footwear and Accessories Cluster Development (MLFACD)

The objective of the sub-scheme is to create world class infrastructure and to integrate the production chain in a manner that caters to the business needs of the leather and footwear industry. These mega clusters will assist the entrepreneurs to set up world-class units with modern infrastructure, latest technology and adequate training and Human resource Development (HRD) inputs. Preference shall be given for development of Brownfield clusters.

The minimum common facilities to be mandatorily provided in the cluster and land development cost will include secured compound wall, wire fence and site development. The SPV will prepare a DPR and submit to the DPIIT for their approval. The Financial Assistance under the scheme is available as per given below:-

The total Project Cost for the purpose of the Mega Footwear and Leather sub-scheme shall comprise the cost on account of Land development, Infrastructure, Capacity Building and Engagement of Consultant by SPV. GOI assistance can be up to @70% of the project cost for North Eastern Areas or @ 50% of the Project Cost for other regions, subject to the limitations as follows, depending on the total land areas of the MLFACD:

- a. MLFACD of area upto 60 acres land - GOI assistance limited to Rs. 50 crore;
- b. MLFACD of area upto 100 acres land - GOI assistance limited to Rs. 70 crore;
- c. MLFACD of area upto 150 acres land - GOI assistance limited to Rs. 105 crore;
- d. MLFACD of area upto 151 acres land - GOI assistance limited to Rs. 125 crore;

The SPV/industry will have to bring in the land for the project at its own cost. The preference will be given to those SPVs which are already in possession of the land whether at their own cost or through state govt.

4. Establishment of Institutional Facilities in Footwear and Leather Sector

The objective is providing infrastructure by way of upgrading the existing infrastructure of campuses of Footwear Design and Development Institute (FDDI). The financial assistance will be provided as one time grant in-aid for establishment/up-gradation of the institutional infrastructure of FDDI.

5. Brand Promotion of Indian Brands in Leather and Footwear Sector

The objective is providing international branding support to leading Indian manufacturers in footwear and leather sector to achieve brands as assets and higher valuations for their products and facilitate access to Indian products in the international market. The following eligible activities are permitted;

- (a) Displays in International Departmental Stores.
- (b) Publications of World Class Catalogues
- (c) Registration charges for Indian Brand/Logo overseas
- (d) Publicity Campaign and Brand Promotion

The financial assistance under the scheme would be restricted to 50% of total project cost for all eligible activities as per the approval of Steering Committee based on the total project cost of detailed project proposal submitted, subject to a limit of Rs. 3 crore for each brand, each year for the next 3 years. The share of the Indian manufacturer would be balance 50% of the project cost. An appropriate amount would be paid to the designated agency for implementation and monitoring of the projects.

6. Development of Design Studios in Leather and Footwear Sector

The objective is to setup facilitation centre and design labs providing design services, pattern making and prototype production facilities, serves as a resource centre for the latest information on fashion/market trend, colours and design, facilitate in certification process to ensure quality products. The studios will promote marketing/export linkages, facilitates buyer-seller meets, displays designs to international buyers and work as interface for the trade fairs.

The Government assistance under this sub-scheme of FLADP would be restricted to 50% of total project cost as per the approval of Steering Committee based on the total project cost of detailed project proposal submitted, subject to a limit of Rs. 10 crore to each Design Studio.

The share of the beneficiary would be balance 50% of the project cost. Assistance would be provided as a onetime grant in aid for setting up/up gradation of studios/ labs. However, financial assistance would not be provided for construction of infrastructure or purchase of land. No recurring cost would be provided by the Department. An appropriate amount would be paid to the PIU for implementation and monitoring of the projects.

After going through the above sub-scheme, it is suggested that the sub-scheme mentioned at 1, 2, 3 & 5 are very useful sub-schemes for up-gradation of existing infrastructure including modernisation of leather and footwear MSMEs. MSMEs situated in leather complex and industrial state like Udyog Nagar, Bawana etc. may be considered in first stage for up-gradation/modernisation. These schemes will also be very useful in reducing the pollution level including quality standard of leather products of International Standard.

Proposal for accessing IFLDP, DPIIT for Footwear, Leather and non-leather product manufacturing units in NCT Delhi

Indian Footwear and Leather Development Programme (IFLDP) of Department for Promotion of Industry & Internal Trade (Leather and Footwear Section), Ministry of Commerce and Industry, GOI encourages development of infrastructure for leather and footwear sector, address environment concerns specific to the leather and footwear sector, facilitate additional investments, employment generation and increase in production. This proposal is planned to access four sub-schemes (1, 2, 5 & 6) for leather and non-leather footwear, leather goods and accessories manufacturing sector of NCT Delhi.

Sub-Scheme 1. Sustainable Technology and Environmental Promotion (STEP)

The proposal is made to upgrade existing CETPs in Wazirpur, Udyog Nagar and Narela. The existing CETPs are operational at 35-40% capacity and it requires upgradation / installation of modern techniques for neutralizing hazardous waste, sludge utilization/ management/ salinity aspects.

Under this sub-scheme, the financial support is being provided to leather clusters to meet the prescribed pollution control discharged norms by setting up/up gradation of common effluent treatment plant (CETP). A SPV will be formed from entrepreneurs, who will submit the DPR for the approval of DPIIT. The Project up to Rs. 15 Crore will be approved by the Steering Committee and the proposal above Rs. 15 Crore be submitted for the approval to the Empowered Committee of the Department. Central Leather Research Institute (CLRI) would act as an appraising agency and also as Project Monitoring Consultant (PMC).

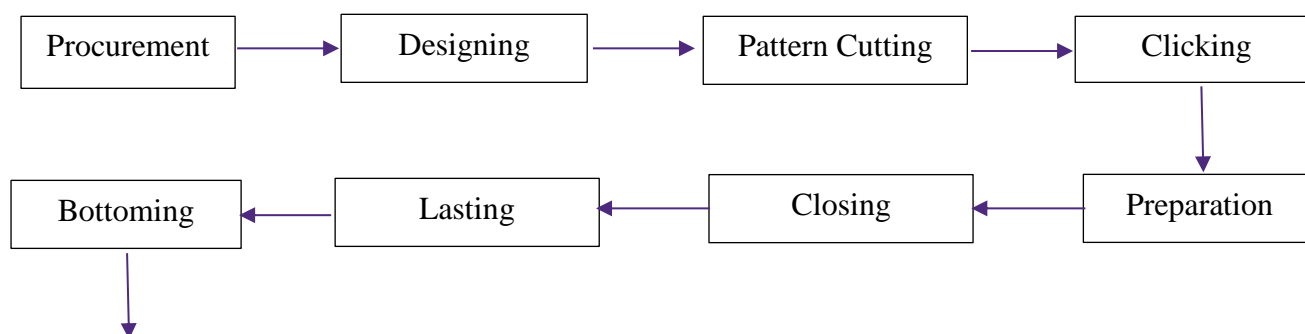
The total Central Govt. Assistance (grant-in-aid) under this component would be 70% of the total project cost for NCT Delhi, subject to a limit of Rs. 200 Crore while the shares of the industry/beneficiary would be 30% of the project cost for other areas respectively. SPV may receive the contribution from State Govt, if involved, within their shares of the project.

SPV need to maintain project specific Trust and Retention Account (TRA) with any nationalized bank and fund will be released into that account. Financial assistance would be released in 4 instalments to the SPV.

Sub-Scheme 2. Integrated Development of Leather Sector (IDLS)

Delhi is known for manufacturing and supplying of footwear component across India. Major leather and non-leather products manufacturing neighbouring states viz. Haryana, Uttar Pradesh, Punjab, Rajasthan procure footwear component and accessories from Delhi. There are nearly 2500-3000 footwear, footwear components and accessories manufacturing enterprises operational in Udyog Nagar, Narela and Bawana Industrial area. 50% of these enterprises manufacturer component and accessories. These enterprises are manufacturing sole, insole, lasts, toe puff, counter, linings, interlinings, adhesives, metallic fittings, chemical & compounds, clicking dies, eyelets, finishes and polishes, labels, laces etc. These manufacturing enterprises are mostly micro categories involving majorly manual labour. Similarly, footwear manufacturing enterprises deals in leather and non-leather footwears viz. casual shoes, canvas shoes, comfort shoes, fancy shoes, half shoes, kids shoes, sports shoes, PU footwear, ladies flip flop, eva sandals, flip flop footwear, flat slippers, lightweight footwear etc.

Production Process of footwear manufacturing units:



Finishing

Machines like flat, post & cylinder bed stitching machines, stamping & embossing machine, skiving machine, counter molding machine, punching & eyeleting machine, toe puff & toe lasting machine, upper setting machine, heat setter, wrinkle chasing machine, pounding machine, roughening machine, heat activator, sole press machine, heel nailing machine, delasting machine and finishing machine are used in manufacturing of leather and non-leather footwear, goods and accessories, and footwear components.

The proposal is made to technically upgrade 10-15% of these manufacturing enterprises approximately 400-450 enterprises located in Udyog Nagar, Narela and Bawana industrial area with demonstrable output viz. production capacity expansion, synchronise with ZED programme, better compliance to pollution control norms, and generate more employment.

All the MSMEs in the Footwear and Leather Industry in NCT Delhi which includes leather goods, saddler, leather footwear, leather footwear components, non-leather footwear and non-leather footwear components sector having cash profits for 2 years, undertaking modernisation or capacity expansion or technology up-gradation on or after 1st January, 2020 are eligible for assistance under the sub scheme Integrated Development of Leather Sector (IDLS). With a view to attract investment into the sector, the assistance for new units would also be provided only on submission of the copy of all the required registration, NOCs from all concerned Government Department for setting up of the unit.

The financial assistance under the Scheme for enterprises in NCT Delhi will be investment grant to the extent of 30% of cost of plant and machinery to Micro, Small & Medium Enterprises (MSMEs) units and 20% of cost of Plant and Machinery to other units, for technology up-gradation/modernization and/or expansion and setting up a new unit subject to a ceiling of Rs. 15 crores. In addition to this, 5% additional financial assistance of the cost of plant and machinery will be provided for the domestically manufactured machinery.

The cost of up-gradation/ setting up new units under the scheme will include i) Bill value of machinery, ii) GST, iii) Transportation and transit insurance cost, iv) import related duty, v) installation and commissioning charges including civil and electrical work restricted to 5% of total landed cost of machine.

Project Implementation Unit (PIU) will function from FDDI, Noida and service fees will be borne by the sub-scheme. PIU will conduct awareness programmes to disseminate information as and when required. PIU would be responsible for setting up of projects sanctioned by Steering Committee through an active interface with scheduled banks, manufacturing units and Government. PIU will review, monitor and verify installation as per amount to be released to each enterprise and submit report to DPIIT.

The Steering Committee shall have mandate to ensure effective implementation of the scheme, it will lay down procedures for implementation of the scheme, decide list of plant and machineries required for modernization programme, accord sanction of financial assistance from Government, monitor and follow up disbursement of financial assistance to the industrial units. The Steering Committee shall take a view on applications for modernization based on i) fair and equitable assistance to the first-time applicants, ii) competitive merit of the applicant as evidenced by financial appraisals by Bank and technical appraisal.

Sub-scheme 5. Brand Promotion of Indian Brands in Leather and Footwear Sector

The footwear and leather goods manufacturers in NCT Delhi are mostly caters to national markets. Around 5-7% of leather and non-leather goods, footwear manufacturing enterprises are manufacturer cum exporter. They export 55-60% footwear products. These manufacturers already gained technical

knowledge and have hands on experience over the years but do not take serious initiatives for promoting their brands.

The proposal is made to support 100 enterprises from Udyog Nagar, Narela and Bawana industrial area to develop and promote their brands. The brand embodies quality assurance, product service, customer familiarity, repeat purchase and customer satisfaction. The proposal is providing international branding support to manufacturers cum exporters and leading manufacturers in footwear and leather sector from NCT Delhi to achieve brands as assets and higher valuations for their products and access to Indian products in the international market.

The following eligible activities are permitted;

- (a) Displays in International Departmental Stores.
- (b) Publications of World Class Catalogues
- (c) Registration charges for Indian Brand/Logo overseas
- (d) Publicity Campaign and Brand Promotion

The financial assistance under the scheme would be restricted to 50% of total project cost for all eligible activities as per the approval of Steering Committee based on the total project cost of detailed project proposal submitted, subject to a limit of Rs. 3 crores for each brand, each year for the next 3 years. Manufacturing enterprises in footwear and leather sector having cash profits for last 3 years, having minimum exports of Rs. 50 Cr per year or having minimum domestic sales of Rs. 50 Cr per year of products manufactured by them, Indian Brands having registered logo in Indian/ overseas market and undertaking viable brand promotion programmes are eligible to apply in this sub-scheme. The share of the Indian manufacturer would be balance 50% of the project cost. The financial assistance will be released in 3 instalments.

The project proposal would be prepared by the eligible manufacturers in consultation with the designated agency appointed by the Empowered Committee. An appropriate amount would be paid to the designated agency for implementation and monitoring of the projects.

Sub-scheme 6. Development of Design Studios in Leather and Footwear Sector

The proposal is made to establish one design studio in Narela / Bawana Industrial Area which will include facilitation centre and design labs providing design services, pattern-making and prototype production facilities, serve as resource centre for the latest information on fashion/ market trends, colours and designs, facilitate in certification process to ensure quality products. The studios will promote marketing/ export linkages, facilitates buyer-seller meets, display designs to international buyers and work as interface for the trade fairs.

The Government assistance under this sub-scheme of FLADP would be restricted to 50% of total project cost as per the approval of Steering Committee based on the total project cost of detailed project proposal submitted, subject to a limit of Rs. 10 Crore to each Design Studio. One design studio would be established in one cluster within the premise or available space of beneficiary. The beneficiary of the scheme can be institutes of similar standing of FDDI/ CLRI/NID/NIFT/IBEF/IIFT or large units of the industry or group of industry with positive intention.

Project Implementation Unit shall be appointed by Empowered Committee and beneficiary would submit DPR of the project along with detailed activities and financial implications to PIU. The share of the beneficiary would be balance 50% of the project cost. Assistance would be provided as a onetime grant in aid for setting up/up gradation of studios/ labs. However, financial assistance would not be provided for construction of infrastructure or purchase of land. No recurring cost would be provided by the Department. An appropriate amount would be paid to the PIU for implementation and monitoring of the projects.