

# **LEATHER BELT**

## **1. INTRODUCTION:**

Leather belt is a popular item of leather used by everyone. The school going children, young and old invariably wear a waist belt as an item of dress. It has a functional value besides being a fashion item. The actual use of this belt is to keep the pant tight at the waist. They are made in different widths and lengths to suit customers of all age groups and build. The leather used is plain or chrome tanned cowhides of even substance in different colors and shades of mainly black and brown. The buckles used are in different attractive designs and plated. They are detachable and fitted as per customer's choice. Leather belts are more comfortable in use and long lasting than belts made of other materials. The manufacturing process of these belts is very simple. This item can easily be fabricated by small scale/cottage scale units

## **2. PRODUCT & ITS APPLICATION:**

The term "leather belt" can be very misleading. It can be used to describe many different types of belts that vary in quality and price. All these belts look like a simple strip of leather with a buckle, but conceptual differences abound in their manufacturing process. Depending on the exact material, a leather belt can exhibit different levels of strength, durability and flexibility.

**Synthetic Leather Belt:** The synthetic leather contains no leather at all. It is made out of polymer that gives the appearance and feel of leather. Their manufacture is very easy, which makes them highly affordable and accessible in all sorts of colors, designs, and patterns. Faux leather belts are a good choice for those who wish to swap different belts with their wardrobe. They are not very durable, but if you do not use them often, they can last for years.

**Bonded Leather Belt:** Bonded leather belts represent the most affordable real leather option on the market. These belts are created by pressing together leather waste scraps. The small leather fibers are glued together and treated to look like a single piece of leather. Very cost-efficient, the process results in a cheap alternative to genuine leather belts.

**Genuine Leather Belt:** Genuine leather belts contain higher-grade leather. They may still have layers of leather scraps, but only as a fill in the middle. The outer layers are top-grain leather, which increases its strength and durability. This type of belt is considerably cheaper compared to one made solely out of top-grain leather. With a little maintenance, a real leather belt can serve its purpose for a very long time.

**Full Grain Leather Belt:** The highest-grade leather belt, full grain leather belts are constructed out of top-grain leather, found only on the top layers of the animal's skin. This layer may contain blemishes, but that only adds to the belt's charm. In terms of durability, flexibility and strength, a full grain belt is unmatched. However, one can cost as much as several bonded leather belts. Full grain belts are a good choice for those who prioritize quality over quantity.

**Formal or Casual:** Leather belts are an essential part of men's formal clothing, and a few rules apply to choosing an appropriate one. The chosen men's formal belt should be same color, contrast, hue, and tone as the shoes. In addition, it should measure between 3 and 4.5 cm wide and 3 mm thick. Men's casual belts are not that constrictive and do not need to be leather at all. Still, many casual leather belts can be an interesting addition to your wardrobe.

### **3. DESIRED QUALIFICATIONS FOR PROMOTER:**

Graduate in any graduate.

#### **4. INDUSTRY LOOK OUT AND TRENDS**

The leather industry occupies a place of prominence in the Indian economy in view of its massive potential for employment, growth and exports. Endowed with the largest cattle population in any country of the world and cheap and abundant manpower, India is well-equipped to have the comparative advantage in the production of leather and leather goods. The country is among the top four producers of finished leather apart from countries like Italy, Korea and China accounted for 40% share of the total world leather production. There has been a shift with the industry moving to low-cost labour countries such as China, Indonesia, Thailand and India; and yet, the Indian share in the total market has remained low. India and China are entering into a cooperation phase in certain areas of leather industry, such as technology, training and tackling environmental and other global issues.

The Indian leather industry suffered from the handicap of low investment and sub-standard technology. As a consequence, India's share in the global market remains at a low of 3%. Of late, the country has emerged as a significant exporter with more sophisticated and value-added products. In fact, it is fast changing from a raw material exporter to an exporter of more upgraded finished products. The product range has got widened and with greater innovation a substantial value addition is being secured.

#### **5. MARKET POTENTIAL AND MARKETING ISSUES, IF ANY:**

The market for belts is estimated at Rs 8.5 billion which includes leather belts, leather lookalikes and fabric belts. Leather belts command the highest market share of 41%, followed closely by leather lookalikes at 31% and fabric belts at 28%. Leather belts are mostly purchased from organized formats owing to the assurance factor attached to their quality. Presence of brands is limited and there are a handful of branded players which offer belts as a part of their extended portfolio. In India, leather industry is in a predominant position with substantial export revenue generation and thereby providing economic growth. Indian leather industry is one among the top 8 industries for export revenue generation in India, holding 10% of the global raw material, and 2% of the global trade.

India enjoys competitive benefits such as availability of abundant raw material, cheap and skilled labor, supporting institutions for industrial developments, and supportive domestic market. A recent survey states that India has the largest livestock in the world. Moreover, the country possesses the largest population of buffaloes, goat, and sheep. India also has the world's largest technically trained manpower in leather craft, which enables it to surpass its competitors in the global market. The major markets for Indian Leather & Leather Products are Germany with a share of 12.32%, the USA 11.83%, U.K. 11.57%, Italy 7.76%, France 5.72%, Hong Kong 6.50%, Spain 5.41%, Netherlands 3.46%, China 2.99%, Denmark 1.29%, UAE 4.3%, and Belgium 1.68%.

## **6. RAW MATERIAL REQUIREMENTS:**

The major raw materials are chrome tanned upper leather and split upper. Other required materials are the buckle, thread, solution etc. Additionally, you will also need to arrange the packaging consumables.

## **7. MANUFACTURING PROCESS:**

After selecting the right leather, cut the belts of different sizes by strap cutting machine. Additionally, skive it from the edges. Similarly, cut the lining of the same sizes of required leather. Then, fold the skived edges. Then the lining attached by paste. After pasting the belts, stitch them with help of stitching machine. Additionally, trim the excess of lining properly. Then carry out the other operations like buckle attaching edge setting punching according to the design. Finally, inspect the belts properly and then pack. Finally, you must maintain the quality control and standards in leather belt manufacturing. Basically, you must procure the good quality raw materials, select appropriate designs and perform strict supervision during the manufacturing process.

## **8. MANPOWER REQUIREMENT:**

The enterprise requires 6 employees as detailed below:

Sr. No.	Designation of Employees	Salary Per Person	Monthly Salary ₹	Number of employees required				
				Year-1	Year-2	Year-3	Year-4	Year-5
1	Machine Operators	12,000	12000.00	1	1	1	1	1
2	Helpers	8,000	16000.00	2	2	2	3	3
3	Production supervisor	15,000	0.00	0	0	0	0	0
4	Accounts/Stores Asst	12,500	12500.00	1	1	1	1	1
5	Office Boy	9,000	9000.00	1	1	1	1	1
	<b>Total</b>		49500.00	5	5	5	6	6

## 9. IMPLEMENTATION SCHEDULE:

The project can be implemented in 3 months' time as detailed below:

Sr. No.	Activity	Time Required (in months)
1	Acquisition of premises	1.00
2	Construction (if applicable)	1.00
3	Procurement & installation of Plant & Machinery	1.00
4	Arrangement of Finance	2.00
5	Recruitment of required manpower	1.00
	Total time required <i>(some activities shall run concurrently)</i>	3.00

## 10. COST OF PROJECT:

The project shall cost ₹ 3.63 lacs as detailed below:

Sr. No.	Particulars	₹ in Lacs
1	Land	0.00
2	Building	0.00
3	Plant & Machinery	1.50

4	Furniture, Electrical Installations	0.25
5	Other Assets including Preliminary / Pre-operative expenses	0.38
6	Working Capital	1.50
	<b>Total</b>	<b>3.63</b>

#### 11. MEANS OF FINANCE:

Bank term loans are assumed @ 75 % of fixed assets.

Sr. No.	Particulars	₹ in Lacs
1	Promoter's contribution	0.91
2	Bank Finance	2.72
	<b>Total</b>	<b>3.63</b>

#### 12. WORKING CAPITAL CALCULATION:

The project requires working capital of ₹ 1.50 lacs as detailed below:

Sr. No.	Particulars	Gross Amt	Margin %	Margin Amt	Bank Finance
1	Inventories	0.75	0.25	0.19	0.56
2	Receivables	0.38	0.25	0.09	0.28
3	Overheads	0.38	100%	0.38	0.00
4	Creditors	-		0.00	0.00
	<b>Total</b>	1.50		0.66	0.84

#### 13. LIST OF MACHINERY REQUIRED:

A detail of important machinery is given below: Power Requirement: 3 HP

Sr. No.	Particulars	UOM	Qty	Rate (₹)	Value (₹ in Lacs)
	<b>Plant &amp; Machinery / equipments</b>				

<b>a)</b>	<b>Main Machinery</b>				
i.	Strap cutting machine	NOS.	1	25000	0.25
ii.	Upper Leather skiving machine	Nos	1	50000	0.50
iii.	Sewing Machine	Nos	2	22000	0.44
<b>b)</b>					
i.	Side creasing machine	Nos	1	10,000	0.10
ii.	Hand tools	NOS.	1	21000	0.21
	<i>sub-total Plant &amp; Machinery</i>				<b>1.50</b>
	<b>Furniture / Electrical installations</b>				
a)	Office furniture	LS	1	10000	0.10
b)	Stores Almirah	LS	1	5,000	0.05
c)	Computer & Printer	L. S.	1	10000	0.10
	<i>sub total</i>				<b>0.25</b>
	<b>Other Assets</b>				
a)	preliminary and preoperative				0.38
	<i>sub-total Other Assets</i>				0.38
	<b>Total</b>				<b>2.13</b>

All the machines and equipment are available from local manufacturers. The entrepreneur needs to ensure proper selection of product mix and proper type of machines and tooling to have modern and flexible designs. It may be worthwhile to look at reconditioned imported machines, dies and tooling. Some of the machinery and dies and tooling suppliers are listed here below:

- Kamdhenu Agro Machinery  
Plot No. 6, Near Power House,  
Wathoda Road, Wathoda  
Nagpur - 440035  
Maharashtra, India

- Future Industries Private Limited  
Shed No. 15, Ambica Estate,  
Corporation Municipal Plot,  
Opposite Sadvichar Hospital,  
Naroda, Ahmedabad - 382330,  
Gujarat, India
  
- The Global Pharma Equipments  
Star Industrial Estate,  
D-32, Naik Pada,  
Near Hanuman Mandir,  
Opposite Dwarka Industrial Estate,  
Vasai East, Vasai - 401208,  
Maharashtra, India

#### 14. PROFITABILITY CALCULATIONS:

Sr. No.	Particulars	UOM	Year-1	Year-2	Year-3	Year-4	Year-5
1	Capacity Utilization	%	60%	70%	80%	90%	100%
2	Sales	₹. In Lacs	9.00	10.50	12.00	13.50	15.00
3	Raw Materials & Other direct inputs	₹. In Lacs	6.07	7.08	8.09	9.10	10.11
4	Gross Margin	₹. In Lacs	2.93	3.42	3.91	4.40	4.89
5	Overheads except interest	₹. In Lacs	2.38	2.53	2.83	2.92	2.98
6	Interest	₹. In Lacs	0.27	0.27	0.18	0.14	0.11
7	Depreciation	₹. In Lacs	1.05	0.75	0.53	0.38	0.34
8	<b>Net Profit before tax</b>	₹. In Lacs	<b>-0.77</b>	<b>-0.13</b>	<b>0.37</b>	<b>0.97</b>	<b>1.46</b>

The basis of profitability calculation:

The growth of selling capacity will be increased 10% per year. (This is assumed by various analysis and study; it can be increased according to the selling strategy.)



Energy Costs are considered at Rs 7 per Kwh and fuel cost is considered at Rs. 65 per litre. The depreciation of plant is taken at 10-12 % and Interest costs are taken at 14 -15 % depending on type of industry.

## **15. BREAKEVEN ANALYSIS:**

The project shall reach cash break-even at 63.17 % of projected capacity as detailed below:

Sr. No.	Particulars	UOM	Value
1	Sales at full capacity	₹. In Lacs	15.00
2	Variable costs	₹. In Lacs	10.11
3	Fixed costs incl. interest	₹. In Lacs	3.09
4	$BEP = FC/(SR-VC) \times 100 =$	% of capacity	63.17%

## **16. STATUTORY / GOVERNMENT APPROVALS**

As per the allocation of business rules under the Constitution, labour is in the concurrent list of subjects. It is dealt with by the MOLE at the Central and Departments of Labour under State Governments in respective States / UTs. The MOLE has enacted workplace safety and health statutes concerning workers in the manufacturing sector, mines, ports and docks and in construction sectors.

Further, other Ministries of the Government of India have also enacted certain statutes relating to safety aspects of substances, equipment, operations etc. Some of the statutes applicable in the manufacturing sector are discussed below:

### **The Static and Mobile Pressure Vessels (Unfired) Rules, 1981**

These (SMPV) Rules are notified under the Explosives Act, 1884. These rules regulate storage, handling and transport of compressed gases. These rules stipulate requirements

regarding construction and fitments, periodic testing, location, fire protection, loading and unloading facilities, transfer operations etc. in respect of pressure vessels whose water capacity exceeds one thousand litres. These rules are enforced by the Chief Controller of Explosives under the Ministry of Industry and Commerce, Govt. of India (PESO).

### **The Manufacture, Storage and Import of Hazardous Chemicals Rules (MSIHC), 1989**

These MSIHC Rules are notified under the Environment (Protection) Act, 1986. These rules are aimed at regulating and handling of certain specified hazardous chemicals. The rules stipulate requirements regarding notification of site, identification of major hazards, taking necessary steps to control major accident, notification of major accident, preparation of safety report and on-site emergency plan; prevention and control of major accident, dissemination of information etc. These rules are notified by the Ministry of Environment and Forests (MOEF) but enforced by the Inspectorates of Factories of respective States / UTs in the manufacturing sector.

### **The Factories Act, 1948 and State Factories Rules**

The Factories Act, 1948 is very comprehensive legislation dealing with the matters of safety, health and welfare of workers in factories. The Act places duties on the occupier to ensure safety, health and welfare of workers at work. Some of the salient provisions of the Act include:

- Guarding of machinery
- Hoists and Lifts; Lifting Machines and Appliances
- Revolving Machinery
- Pressure Plant
- Excessive Weight
- Protection of Eyes
- Precautions against dangerous fumes, gases etc.
- Explosive or inflammable dust, gas etc.

- Precautions in case of fire
- Safety of buildings and machinery
- Permissible limits of exposure of chemical and toxic substances
- Entrepreneur may contact State Pollution Control Board where ever it is applicable.

## **17. BACKWARD AND FORWARD INTEGRATIONS**

Chemical companies often become integrated and undergo other activities outside the chemical industry. Increased competition prompts many companies to reduce supply chain costs by looking outside the chemical sector at suppliers and customers. While most companies within the chemicals sector primarily produce chemicals, some companies also conduct other manufacturing activities. The exact proportion of chemicals sector companies that are integrated with other sector activities is unknown, but many companies actively seek vertical integration. Many manufacturers pursue vertical integration to secure suppliers and customers for their products.

Mergers and acquisitions are a common way for companies to undertake new chemical ventures. By purchasing their chemical suppliers, some manufacturers secure future chemical feedstock for their products or other chemicals that they use in manufacturing. The company making the purchase obtains valuable expertise and equipment. Some mining and petrochemical production is more cost-effective when integrated within a chemical company. Energy and feedstock costs are often a significant expense for chemical companies. Integrating chemical production with activities that secure supplies of chemical feedstock and energy is relatively common as chemical companies grow. Chemical companies are located near mines, oil fields, ammonia factories and water supplies. This reduces transportation costs and increases the reliability of supplies by reducing the distance between feedstock and the factory.

Some companies, such as Sino-Coking Coal and Coke Chemical Industries Incorporated, own their mines. BHP Billiton operates a broad range of mines and is primarily a mining company. It does, however, also produce petrochemical feedstock for the chemical industry and

therefore operates within the chemical industry as well. These companies technically operate within both the chemical and mining industries in their normal business operations.

Integrating a chemical company with other activities provides several direct benefits for the company and is becoming increasingly common. High energy costs necessitate greater control of energy resources and minimal reliance on expensive transportation. Chemical companies experience volatile profitability due to fluctuations in feedstock and energy expenses. Some companies control this volatility through careful supply chain management and by charging supply surcharges. Actively researching and developing alternative feedstock and energy supplies helps the company reduce costs.

Vertical integration supports these activities by eliminating redundant activities at multiple companies and increasing efficiency. By consolidating activity among multiple, similar operations, chemical companies achieve cost savings that contribute to higher profitability. End products are often very profitable, and some chemical companies purchase their former customers to take advantage of the marked-up prices of products further along in the supply chain.

Integration may become more common for many chemical companies as competition strengthens and traditional feedstock becomes more expensive. Market demand for chemical feedstock increases as emerging market economies grow and result in increased consumer spending around the world.

## **18. TRAINING CENTERS AND COURSES**

There is no such training required to start this business but, basic chemical bachelor's degree is plus point for enterpriser. Promoter may train their employees in such specialized institutions to grow up the business. There are few specialised Institutes provide degree certification in chemical Technology, few most famous and authenticate Institutions are as follows:

1. Department of chemical LD college of engineering  
No.120, Circular Road, University Area, Navrangpura,  
Opposite Gujarat University, Ahmedabad, Gujarat 380015

2. MIT College of chemicalEngineering, **Pune**  
Gate.No.140, Raj Baugh Educational Complex,  
Pune Solapur Highway,  
Loni Kalbhor, Pune – 412201  
Maharashtra, India

Udyamimitra portal ( link : [www.udyamimitra.in](http://www.udyamimitra.in) ) can also be accessed for handholding services viz. application filling / project report preparation, EDP, financial Training, Skill Development, mentoring etc.

Entrepreneurship program helps to run business successfully is also available from Institutes like Entrepreneurship Development Institute of India (EDII) and its affiliates.

**Disclaimer:**

Only few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.