

## About Indian Footwear Industry

The footwear sector is a very significant segment of the leather industry in India; rather it is the engine of growth for the entire Indian leather industry.

India is the second largest global producer of footwear after China, accounting for 13% of global footwear production of 16 billion pairs. India produces 2065 million pairs of different categories of footwear (leather footwear - 909 million pairs, leather shoe uppers - 100 million pairs and non-leather footwear - 1056 million pairs). India exports about 115 million pairs.

**Thus, nearly 95% of its production goes to meet its own domestic demand.**

The major production centers in India are Chennai, Ranipet, Ambur in Tamil Nadu, Mumbai in Maharashtra, Kanpur in U.P., Jalandhar in Punjab, Agra, Delhi, Karnal, Ludhiana, Sonapat, Faridabad, Pune, Kolkata, Calicut and Ernakulam. About 1.10 million are engaged in the footwear manufacturing industry.

Footwear exported from India are Dress Shoes, Casuals, Moccasins, Sport Shoes, Horrachies, Sandals, Ballerinas, Boots, Sandals and Chappals made of rubber, plastic, P.V.C. and other materials.

The Footwear sector is now de-licensed and de-reserved, paving the way for expansion of capacities on modern lines with state-of-the-art machinery. To further assist this process, the Government has permitted 100% Foreign Direct Investment through the automatic route for the footwear sector.

Conducive Investment climate towards attracting overseas investments and increasing cost competitiveness. The Government of India is setting up dedicated Footwear Complex and Footwear Components Part where footwear clusters are located.

### Footwear – Global Scenario and India's share

The global import of Footwear (both made of leather as well as non-leather) increased from US\$ 124.43 billion in 2013 to US\$ 134.943 billion in 2017, growing at a CAGR of 2.1%. During 2017, the India's share in the global import is 2%.

	(In Million US\$)				
	2013	2014	2015	2016	2017
Global import of Footwear	124312.959	131,819.943	127,818.701	128324.900	134,943.372
India's export of Footwear	2609.804	2990.733	2771.020	2747.900	2785.993
<b>% Share of India</b>	<b>2%</b>	<b>2.27%</b>	<b>2.16%</b>	<b>2.15%</b>	<b>2%</b>

*Source: ITC, Geneva & DGCI &S, Kolkata*

*Global Footwear import includes leather & non-leather*

*India's Footwear includes – Leather, non-leather and leather uppers*

### India's Export of Different categories of Footwear

(Value in USD Mn)

	2013	2014	2015	2016	2017
Leather Footwear	2018.18	2207.17	2017.22	1952.44	1933.13
Footwear Components	320.15	361.29	284.34	298.69	335.24
Non-Leather Footwear	202.06	306.44	306.74	338.21	296.68
<b>Total</b>	<b>2540.39</b>	<b>2874.9</b>	<b>2608.3</b>	<b>2589.34</b>	<b>2565.05</b>

Source: DGCI& S

Footwear is the engine of growth of the leather industry in India. India's export of Footwear touched US\$ 1933.13 million in 2016-17, accounting for a share of 45 % in India's total export from the leather sector of US\$ 5739.93Mn.

- India's export of leather footwear had increased from US\$ 2018.18 million in 2012-13 to US\$ 1933.13 million in 2016-17.
- India's export of footwear components had increased from US\$ 320 million in 2012-13 to US\$ 335.24 million in 2016-17
- India's export of non-leather footwear has increased from US\$ 202.06 million in 2012-13 to US\$ 296.68 million in 2016-17

### Major Markets:

During 2016-17, the main markets for Indian Footwear are USA with a share of 14.6%, UK14.4%, Germany12.2%, France6.4%, Italy4.8%, Poland4%, UAE3.7%, Spain 3.3%, Belgium3.2% and Netherlands2.5%. These 10 countries together accounts for 80.53% share in India's total footwear export.

Nearly 90% of India's export of footwear goes to European Countries and the USA. Future growth of Indian footwear in India will continue to be market driven. The European countries and the US are major consumers for the Indian footwear.

**A Statement showing India's Export of Footwear to different countries (leather, non-leather and uppers): (Year 2013 to Year 2017)**

India's Export of Footwear (Chp 64) to World, Country-wise													
		Exports in USD (Mn)					CAGR in % 2013-17	% Change 2017/16	Share in %				
Rank	Importers	2013	2014	2015	2016	2017			2013	2014	2015	2016	2017
	World	2609.8	2990.7	2771.0	2747.9	2786.0	1.6	1.4	100.0	100.0	100.0	100.0	100.0
1	United States of America	305.2	360.2	425.8	458.5	405.6	7.4	-11.5	11.7	12.0	15.4	16.7	14.6
2	United Kingdom	451.3	496.0	483.7	424.8	400.8	-2.9	-5.6	17.3	16.6	17.5	15.5	14.4
3	Germany	357.4	402.7	315.2	324.6	340.0	-1.2	4.7	13.7	13.5	11.4	11.8	12.2
4	France	193.0	208.2	175.7	162.8	178.9	-1.9	9.9	7.4	7.0	6.3	5.9	6.4
5	Italy	192.8	195.2	144.2	144.1	132.7	-8.9	-7.9	7.4	6.5	5.2	5.2	4.8
6	Poland	39.6	63.2	40.7	75.5	111.0	29.4	47.1	1.5	2.1	1.5	2.7	4.0
7	United Arab Emirates	106.7	178.8	170.2	118.0	102.3	-1.1	-13.3	4.1	6.0	6.1	4.3	3.7
8	Spain	124.1	135.4	114.3	102.2	91.0	-7.5	-11.0	4.8	4.5	4.1	3.7	3.3
9	Belgium	67.5	78.7	54.7	67.3	88.3	7.0	31.3	2.6	2.6	2.0	2.4	3.2
10	Netherlands	99.1	102.5	85.3	74.8	80.5	-5.1	7.6	3.8	3.4	3.1	2.7	2.9

Source: DGCI& S

**Future Trends:** - Keeping in view its past performance, current trends in global trade, the industry's inherent strengths and growth prospects, the footwear industry aims to augment production, thereby enhancing its exports from the current level of US\$ 1.73 billion.

**Domestic Footwear Industry in India**

- The Domestic Footwear Industry in India is valued at approximately US\$ 3200 million, projected growth at 11 – 12% p.a.
- Organized retail is 25% and growing fast at 35-40% pa
- Footwear retailing constitute about 9% in the total consumer market.
- Men's footwear is about 50% of the market
- Branded footwear (including store labels) is about 50% of the market, driven by men's footwear largely
- Ladies and kids footwear, Sports Footwear also have vast potential in the domestic market

Source: Private Study by Reliance

### ***Consumer preference for Footwear - Source: DMG Consulting Pvt Ltd, Noida***

- *Consumers purchase footwear throughout the year and there is no fixed period/timing of purchase. However, the beginning of an academic session seems to be a peak time for purchase of footwear.*
- *A majority of consumers (over 75 percent) in metro and non-metro urban areas showed their preference for indigenous footwear and about 17 percent indicated no preference for indigenous or imported footwear. Surprisingly more than 10 percent of consumers in non-metros towns showed their preference for imported footwear as against only 6 percent in metro cities.*
- *About 55 percent of the consumers surveyed indicated preference for leather footwear while 45 percent preferred non-leather footwear. However, in non-metros town, more than 70 percent consumers preferred leather footwear and less than 30 percent preferred non-leather footwear.*

### ***Consumer preference***

- *A little over 53 percent of consumers expressed their preference for branded footwear while around 27 percent showed their preference for non-branded footwear and 10 percent were found to be brand neutral. Interestingly the preference for branded footwear was more in non-metro towns in as much as 62 percent of consumers surveyed indicated preference for branded footwear.*
- *As against popular perception, price of footwear apparently was not a major factor in influencing consumers preference. A majority (60 percent) of consumers would rather prefer quality of footwear.*
- *Expectedly, majority of consumers (58 percent) showed distinct preference for comfortable and durable footwear, although a significant 42 percent of consumers valued fashion and design of footwear.*

### ***Competitiveness of Indian footwear vis-à-vis imported footwear***

- *The natural advantage of Indian footwear industry in terms of factor endowments like availability of leather and cheap labour apparently has not been converted in to a comparative advantage in production. Import growth has tended to rise faster than growth of exports of footwear in recent years and this may at- least partly be reflective of the loss of competitiveness of exports. Taking unit value of exports and imports of some items as proxies of prices, it is observed that the unit value of imports in majority of footwear items whether leather or non-leather, is comparatively lower than unit value of exports of these items.*

### ***Indian footwear industry poised for growth***

India has state-of-the-art manufacturing plants. The footwear sector has matured from the level of the manual footwear manufacturing method to the automated footwear manufacturing systems. Footwear production units are installed with world class machines. Manned by

skilled technicians, these machines help to turn any new innovative idea into reality. Support systems created for the sector have indeed served the footwear industry well. India has a well developed footwear component manufacturing industry. The future growth of the footwear industry in India will continue to be market-driven, and oriented towards EU and US markets. With technology and quality of the footwear improving year after year, Indian Footwear industry is stamping its class and expertise in the global footwear trade.

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