

## CHAPTER - VII

### PROBLEMS FACING THE LEATHER AND FOOTWEAR INDUSTRIES IN KOLHAPUR CITY :

The leather and footwear industries from their birth are confronted with numerous problems. Leather and footwear industries are labour oriented industries. Affliction of these industries is that this occupation is being treated as the occupation of backward class people only. The Dhor community and (Chambhars) cobblers are engaged in the x production of leather and footwear respectively.. Conventional poverty and illiteracy compalled the Dhor and Cobbler communities to do this occupation for their means of living. Further the deplorable thing is that Government of Maharashtra has not made much effort to avail the required machineries and techniques for modern production. The leather industry is a milch-cow to earn foreign currency, but this fact is unknown to many industrialists and artisans and hence this industry in Kolhapur is lagging befind. In each

small and medium tannery family members are working and only 2 to 3 outside workers are employed.

Due to insufficient capital lack of modern techniques, lack of marketing facilities and intelligence, the extreme necessity of agents to sell the products and indebtedness of the artisans etc., this industry is remained backward in Kolhapur. Leather and footwear industries <sup>are</sup> growing in a very small way, but really speaking these industries have a vast potentiality in Kolhapur for growth. Some other reasons are also causing these industries adversely such as plain negligence, lack of foresight, political ignorance etc.

Today leather industrial development corporation of Maharashtra, Kolhapur Branch itself has become a competitor to the leather and footwear industries in Kolhapur, instead of undertaking the developmental work, of these industries. The performance of the Kolhapur Branch of LIDCOM has been dismal since its birth.

Thus, a bunch of problems has become an obstacle in the way of developmental work of leather and footwear industries in Kolhapur. Broadly the problems can be grouped under the following headings.

- 1) Raw material
- 2) Poor Quality of Finished Leather .
- 3) Manpower.

...

- 4) Leather Industrial Development Corporation, of Maharashtra (LIDCOM) is a 'M.I.R.A.G.E.'
- 5) Water and Air Pollution, Improper Drainage System and Undeveloped Roads.
- 6) Finance.
- 7) Management.
- 8) Present Condition of Leather Machinery Industry in India.
- 9) Shifting and Extension Problem.
- 10) Marketing.
- 11) Technical.
- 12) Social.
- 13) Ugly Rivalry in Leather and Footwear Industries.
- 14) Heavy Taxes.
- 15) Export.

Our exports of leathers and footwears are moving a up from year to year very slowly in comparison with those of other states, <sup>I</sup> and put forth the varied problems of the industries, sort them out and analyse them as follows.

1) RAW MATERIAL :

Kolhapur had been exporting hides and skins for a long time in a raw form. S.H. Vatkari and Company has been exporting chrome leather since 1980-81. The importers naturally take the best quality leaving the bad ones, for our (Indian) leather industry. The Hides and Skins left over contained different

...

kinds of defects, parasitic and mechanical defects.

In Kolhapur, about 2.5 million hides are processed in the cottage, small scale subsistence sector located in Jawahar Nagar area and the quality of leather produced needs improvement to facilitate production of better quality footwear and other leatherwears.

The basic raw materials of the leather industries of Kolhapur are hides and skins of animals. These raw material are by-products of the slaughter houses situated in Hubli, Belgaum, Goa and Miraj. These slaughter houses are not modernised and systematic. Especially these slaughter houses are situated in unorganised sectors. Besides the existing carcass recovery and flaying centres are not improved.

The animals are slaughtered in these slaughter housea for eating purposes and not for recovery of hides and skins. It means, the main product of these slaughter houses is meat and by-product is hides and skins and therefore the methods of flaying, preservation of hides and handling of hides and skins are improper and inadequate. A general practice is to slaughter the old-aged, weak, diseased and starving animals for recovery of hides for this industry. Hides taken from this way are defingately of poor quality. Many times, hides are taken from fallen animals due to starvation, disease and old-age. The hides

...

and skins of fallen animals so collected have no quality as such. In this case, I conclude that the animals die because they have to die. In America, special husbandries are maintained for getting standard quality hides and skins. But in our country there is no animal husbandry from the point of view of getting standard and higher quality hides and skins. In many villages, there are no facilities to flay the hides of carcasses. And, therefore, a dead body of a beast is to be brought to the nearest flaying centre or to a flayer. But this is a time-killing activity. In some sectors of Kolhapur District there are no transport facilities to bring a carcass to flaying centres. Sometimes the owner of a dead animal does not know how to and where to report regarding the death of his animal. As there is no proper facility of transportation of a carcass from a Village, the carcass is dragged to flayer or flaying centre. While dragging a carcass the hide has scratched and torn. And due to all the above mentioned reasons a hide of fallen animal may be spoiled in transit as it requires much time to deliver to flaying centre.

Parasitic defects could be open warbles, ticks, flea bites, small pox, itch marks, mite damages, fork marks, etc. mechanical defects can be broadly, scars, caused by barbed wires, or scratches or horn rakes as well as brand markings by the owners of the animals. Regarding classification and

grading of raw hides and skins, and eradication of warable, ticks, and other ~~in~~ insect ~~ma~~ damages, no considerable action has been taken.

As if there are not enough, the damage to the hides and skins are also caused after the death of the animals. For example the flay outs. Putrefaction due to bacterial growth as a result of bad curing or due to skins getting heated in transit or due to rain water which washes away the curing salts are not uncommon.

As a result of the above mentioned reasons the quality of hides and skins is undoubtedly very poor. Consequently, the quality of leather produced in Kolhapur leather industry is very poor.

## 2) LOW QUALITY OF FINISHED LEATHER :

Owing to inadequate development of tanning, finishing and also primitive methods of tanning i.e. bag tanning, poor quality of live stock resulting into poor quality of hides and skins, there is a limit on the procurement of higher grades of leather.

The available basic raw material is of poor quality, how then, it would be possible to procure the leather at a higher quality. Other factors affecting the quality of finished leather

...

are the use of old fashioned tools, techniques, adoption of wrong designs, low investments, lack of market intelligence and fashion changes, lack of qualified technicians, shortage of skilled labour and lack of managerial ability.

In Kolhapur 98 per cent tanners are bag tanners who tan with their primitive methods and old fashioned tools and equipments. This, undoubtedly, causes in the production of poor quality leather. Slaughter houses are also not modernised. Besides, the handling of hides is also improper, flaying centres and preservation of hides and skins-centres are not scientific and systematic.

The quality of finishing is not uniformly good and the limit of the requisite grades is very small. The non-availability of required chemicals and machinery for conversion of leather imposes a further restraint.

Some argue that we are unable to compete because our quality of leather and leather products is below the international standard. The world leather market is still in the doldrums. Though the price trends in the world market are steady, there is an undertone of weakness. To sell Kolhapuri leather in American Market is difficult as American prices for finished leather are not more than those of ours. Kolhapur leather industry's exports

...

have a great potentiality provided infrastructural facilities can be created.

### 3. MANPOWER :

In the leather and footwear industries of Kolhapur the workers are paid wages at piece rate basis. As such these industries are labour oriented industries. The leather-labour is traditionally associated with leather. In particular, these industries have been scattered in very small units. The cobbler's profession is a hereditary occupation of economically and socially weaker classes and rated low in the economic avocations. The hereditary character, though it offers continuance of hereditary skill and craftsmanship, has virtually shut out effective competition, from other communities. The other problems are illiteracy, absenteeism and absence of the ambition to improve their lot. The organisational structure is geared to production, neglecting financial, managerial and even marketing aspects.

Traditionally, the Dhor and Chambhar families are engaged in manufacturing leather and footwear in Kolhapur. As ~~and~~ I have previously stated that the artisans in footwear industries and labourers in tanning industries are illeterate, semi-skilled, untrained and unskilled, they are unable to adopt innovations in production methods. The labourers do their work on piece rate

...



basis in Kolhapur leather and footwear industries. The wages, they earn are very low resulting in poverty and weakness that affect the productive capacity of the workers. It has been experienced in many industries that when the workers get wages they do not go to work for some days. They spend the amount of wages foolishly in mirth, dalliance and drinking liquors. It affects the production of industry as well.

ADVERSE EFFECT OF ABSENTEEISM :

The adverse effects of absenteeism are too many to be listed. I can describe them under two broad categories as under :

(I) ON INDUSTRY :

Absenteeism in industry stops machines, disrupts processes, creates production bottlenecks, hampers smooth flow of - continuity of work, upsets production targets, results in production losses, increases direct overhead costs, increases workload of the inexperienced, less experienced or sub-standard workers as substitutes. Absenteeism, on one hand, directly contributes to the rise in production costs while on the other, it deprives the industry of its hard-earned reputation due to deterioration in quality of goods produced and the delay in supply to valued customers.

...

(II) ON WORKERS :

All effects of absenteeism on those who cause it are equally baneful. Frequent absenteeism adversely affects the economy of the worker himself. It reduces his earnings and adds to his indebtedness, decreases his purchasing power, makes it difficult for him to meet necessities of life, leading to personal problems of attitude and morale, and in many cases loss of employment and resultant disaster for his dependants.<sup>18</sup>

As the artisans manufacture the products at their homes, they are not organised. They have not formed their trade union to solve their problems. The artisans produce chappals and they have to sell their products to their agents and shopkeepers only in Kolhapur. Almost all artisans have to sell their products at very low prices to their agents and shopkeepers in Kolhapur. They don't have their own shops as such to market their products directly to the customers. They work at their homes without having holidays. They do not earn satisfactory wages in comparison with their amount of work. Their residences are their residential-cum-working places. It is also found that three to four artisans go

---

18. P. C. Tripathi, Udaipur, Personnel Management (Theory and Practice), pp. 177, 178.

every day to a particular artisan's home for working. They jointly work there. Women assist the artisans in their works too. Chiefly women do sundry and delicate work. It is understood that the agents and local shopkeepers exploit the artisans in dealings. The agents purchase the products from artisans at very low prices ~~to makers~~ and sell them at very high prices to customers and earn huge profits. Due to this practice, the agents and shopkeepers are becoming richer and richer and artisans are, on the other hand, becoming poorer and poorer day by day. One more bad practice is going on in these industries is that every artisan and worker are indebted to agents and local shopkeepers. It is understood that each artisan owes a minimum amount of Rs. 2,000/- to Rs. 3,000/- to his agent or local shopkeeper at a higher rate of interest. The artisan has, therefore, to sell his products to his agent or his shopkeeper who has granted a loan to him. Due to the indebtedness of an artisan his economic conditions are dismal. The flayers and primary workers have also been facing very serious problems. The flayers have no option at the moment but to sell the hides-cured by them to the middlemen at throw-away price. The same hides are sold by middlemen at as much as four times the original cost in local markets. This applies to leather products too. Due to this situation the workers in tanning and footwear artisans live and work in - extremely dismal conditions. Consequently, their standard of

...

living is very low. The worker is ever surrounded by hides, leathers and his tools and equipments. All the labourers and artisans have to work in very bad conditions such as no - ventilation facilities, out of fashioned tools and equipments, no holidays, air and water pollution, inadequate and improper working place, undeveloped roads, and so on. Traditionally, generation after generation, the tanners had put their energies into production, not into selling, "We make leathercome and get it." was a common attitude towards customers. The tanners and artisans are skilled by tradition. They are not well-versed with modern techniques of production. The leather industry is almost entirely reserved for small scale industry. This industry is technology based industry. The technology is continuously - developing and technician has to continuously keep track, on the development. Unfortunately, there are no qualified technicians in Kolhapur. This industry's raw material is hides and skins which is natural bys-product and its quality is pre-determined. A technician with his technology can at best exploit this raw-material into sophisticated utilisable value for usage in leather wear industry. In Kolhapur no local trained-labourers are available. S. H. Vatkar and Company has brought trained workers from Madras. As there is no training facility in Kolhapur, the most of the workers are unskilled and semi-skilled. Some industries have undertaken the responsibility to train the workers of their industries. But after completion of the -

training a worker prefers jobs at Bombay or Pune or elsewhere to local jobs. The worker of this industry has a bad habit of changing the factories every now and then. Constantly, he does not wish to work in a particular factory. It means the labour turnover rate is high. The workers have their internal conflicts. Tanning workers and leather artisans have lack of market intelligence as they are unwilling to grasp innovations and changes take place in production. The very serious affliction of the labour is that the Factory and Minimum Wages Acts are applicable to them only on papers without - implementation. They do not get welfare amenities, medical facilities, provident fund facilities, fixed rate of wages, pay scales, allowances, bonus and leave rules etc.

All these amenities and facilities are available to the employees of Leather Industrial Development Corporation of Maharashtra, Kolhapur Branch as it is Government Undertaking. As these industries are cottage and home industries, there is no time limit for work and no age limit to male and female workers. Children below the age limit of 18 years work too. The Bombay Shops and Establishments Act is also silent on this point. In each tannery there are very limited number of workers for example, in a small tannery 3 to 5 and a big tannery 10 to 13 workers. In S. H. Vatkar and Company being Chemical Tannery, 60 to 75 workers have been working. But most of them are skilled

...

and are brought from Madras and Uttar Pradesh etc. They have no voice for their demands against their masters as they are very small in numbers. They are also unable to organise under one roof as they are scattered. They have no option at moment but to accept what their masters decide to grant them. Moreover, the tanning industries in this area are residential-cum-working places of labourers and owners. And, therefore, the persons engaged in this industry are suffering from the problems like water and air pollution. Unhealthy atmosphere has ever created in this area. Now-a-days, this area is mostly known a residential area and not as an industrial area.

Another major problems facing these industries is that sons of Dhor and Cobblers take education and wish to become officers, clerks even peons in any office, but do not wish to become leather or footwear manufacturers as they feel that the future of these industries is dismal and dark. Their parents also wish to see their sons as officers, clerks but not as industrialists. From the year 1979 and 1980 the industries continued to suffer from acute lack of manpower, mainly the consequence of various ambitions, national public works' programmes and indirect employment programmes promoted by the Government and which have been responsible for the shortage of labour in these industries. Thus Government is creating and giving higher jobs to the members of these communities in Government services day by day

...

and this inducement of the Government for indirect employment to these workers has been resulting in declining the manpower of these industries.

Besides, the people of other castes and especially white collared people do not wish to join these ~~ixxxx~~ industries as they think that the jobs in these industries are to be performed by backward class people only.

Thus these two industries are suffering from an accute shortage of labour. Government has also not paid proper attention to the upliftment of the labour of these industries.

4. LEATHER INDUSTRIAL DEVELOPMENT CORPORATION OF MAHARASHTRA (LIDCOM) IS A MIRAGE :

On 1st May, 1974, Leather Industrial Development Corporation of Maharashtra established its Branch in Subhash Nagar, Kolhapur to develop the leather and footwear industries in Kolhapur District. LIDCOM has planned so many gainful and attractive schemes for the development of leather and footwear industries. Really speaking, the officials of LIDCOM, Kolhapur Branch, do not know how to develop these industries. As it is understood that the Chairman of LIDCOM is a member of the Legislative Assembly who does not know the ABCD of Leather and Footwear production and that of marketing of production and the Managing Director of this Body is an I.A.S. Officer. How

...

then they would develop these industries, this is a major problem. LIDCOM itself has become an occupation, it is understood.

The disregarding of the LIDCOM in any serious consideration of the progressive growth of the industry in Kolhapur could emanate from such a contention, or be the outcome of the essential spasmodic and peripheral efforts which this body seems to have made in the several years of its existence. Many observers have had such comments to make not out of any deliberate cynicism, but only after viewing the performance of the Corporation which in most cases has been sad. It is certainly, not uncommon to see State Government undertaking constantly in the red, and a few more or less so could conceivably be of no consequence. Within the framework of development or production orientation. But when the very concept is so uncertain and hazy one does not even have any specific yardstick by which to judge and assess performance. This could be explained as being very convenient by some - frustrating by others and a sheer eroding of resources by the most discerning. LIDCOM is imparted with the responsibility of managing and running the common facility centres and one is fully aware of what has transpired in some of these cases. What sort of satisfaction the State Corporation gets from having sanctioned equipment lying idle and inoperative, or under utilised, is

...



difficult to comprehend.

I did not find any sign of developmental work in Kolhapur Branch of LIDCOM. Merely the officials of this Branch have been unnecessarily wasting their time in occupying the chairs without doing any developmental work. LIDCOM have started a production and selling centres in Kolhapur for Kolhapuri Chappals . But, unfortunately, these centres are being run in losses. This body has announced many schemes for developments of these industries, but the officials of Kolhapur Branch do not try to understand the grievances of these industries at all. How should we expect the overall development of these industries in Kolhapur from them ? It seems, today that they have their own problems.

Referring to the present crisis in running the - production and selling centres of this Body in Kolhaour, the officials are not interested in finding the causes of the losses of these centres. I, therefore, can conclude that this Body in Kolhapur is a mere show piece of development of these industries. From the last four years, these industries have been financially suffering from the depression in leather market. In this critical situation Central Leather Research Institute of Madras has granted financial assistance to these industries in Kolhapur. However, LIDCOM kept mum. LIDCOM Kolhapur Branch could not

...

minimise the dominance of the middlemen in these industries. It has created a full production capacity for 50 workers in its production centre, but, actually, 15 workers are working in this production centre. It means, today it is suffering from an acute shortage of manpower. It is also understood that it cannot get trained and skilled workers to accomplish the work-orders in a specific period. LIIDCOM has not started training centre to train the workers in footwear manufacture. Now-a-days, it incurs heavy maintenance, administrative and other miscellaneous expenses. The officials have no perfect idea regarding their production and selling activities as well as export strategy. Totally there finds an anarchy in the working of this Branch of Corporation. In short, the Kolhapur Branch of LIIDCOM is a MIRAGE to the leather and footwear manufacturers of Kolhapur. In spite of all conveniences are available to LIIDCOM, its Khari Corner Footwear Shop has been closed. LIIDCOM is a meadow of money to graze.

5. WATER AND AIR POLLUTION, IMPROPER DRAINAGE SYSTEM & UNDEVELOPED ROADS :

Apart from the technological problem, the local tanners have some other problems like undeveloped roads, disposal of tannery wastes, improper and insufficient drainage system in Jawahar Nagar area. The Kolhapur Municipal Corporation do not pay attention to these problems. Some problems are created by the local people and some of course are inevitable. Tannery sheds

...

and residential houses are built without and proper planning. Development of roads and of drainage needs huge outlays and Government resources are limited. The importance for the development of this area is all the more necessary as tanning industry is a labour oriented industry which can help to solve the unemployment problem of Kolhapur city to some extent.

The effluent resulting from leather processing activity tends to pollute soil and water sources and also air much to the detriment of the health of the people living in and around the areas of Jawahar Nagar and Subhash Nagar where leather processing units are concentrated. So far as pollution problem is concerned, prevention of Water Pollution Board has not taken any kind of efforts to solve these problems.

The tannery sheds and adjacent residential houses, all are built in a haphazard way without any plan and programme. As such some of the problems are the creation of the tanners - themselves. Nobody would deny the need for development of the area, its roads and drainage system. At present, there are no proper schemes to solve these problems which affect the health of the persons living and working in this area.

#### 6. FINANCE :

Finance has always been a problem in tanning as well as in footwear industries. These industries require huge investments.

...

~~These industries~~ Kolhapur has held the unique position of being the largest producer of leather in the State, supplying the requirements/<sup>to</sup>the local footwear industry and also producing sizeable amounts of foreign exchange. In fact, Kolhapur bagged 10% of the total exports of leathers and footwears from India. But of late it is seen that the share of export from Kolhapur has been declining gradually as other States are offering more financial assistance for creating and developing tanning and footwear industries in their own States. This should be a matter of great concern to the Government of Maharashtra, If this trend continues, Kolhapur will cease to be the forerunner of the leather and footwear industries of the country. Generally, it is found that the banks and financial institutions are reluctant to provide the financial assistance to these industries as they do not know the importance and export potentiality of these - industries. They have not studied the profitability of these valuable industries. These industries are falling behind in Kolhapur. Insufficient financial assistance is one of the major reasons in lagging behind these industries in Kolhapur. Finance is a life-blood of the business. It must be circulated in adequate quantity in the business so as to attain a healthy position in the market. The banks release funds to other industries easily by neglecting these industries. As the banks and financial institutions do not provide financial assistance to tanners and footwear manufacturers, they borrow money from their

...

agents and shopkeepers at higher rates of interest.

It is seen that Government of Maharashtra and Banks ignore the development of these industries in Kolhapur. In ~~brief~~ short, they have neglected these resource based industries from financial aids. Subsidies are granted to the leather and footwear industries in Tamilnadu, Karnataka States and Uttar Pradesh, but in our State subsidies are not granted to these industries. There was a depression in world leather market for the last four years. Hence many financial problems were created. In this critical situation Central Leather Research Institute of Madras has provided financial assistance to Leather Industry of Kolhapur. Due to the lack of foresight, the banks have kept mum on providing financial assistance to these industries. Due to the lack of financial assistance, the tanners have been tanning with their age-old tools and equipments, And also footwear manufacturers manufacture their products with the help of out of fashioned tools and equipments. It is also understood that there are very complicated and lengthy procedures in providing financial assistance. Financial problems affect the production, quality of product, and standard of living of labour adversely. - Consequently, the tanners and footwear manufacturers hesitate to adopt new scientific methods of production. It is seen in Kolhapur that 98 per cent tanners produce leather with old bag tanning methods. There is only one small scale modernised unit

...

named S. H. Vatkar and Company, which applies Chemical Tanning Method. Indeed, these industries are remained backward as they are financially very weak. Finance is the key factor to economic development of these industries.

#### 7. MANAGEMENT :

To speak of management it has been traditional that in leather like many other industries, family management has been in practice. However, in other industries professional management started coming up sometime ago, but in leather industry unfortunately a change has not yet come up. It is high time they go in for trained management personnel who will have the foresight to visualise the things to come in advance and be prepared to mould things suitable to the trend of time and not let go by opportunities. As these industries, leather and footwear are scattered in various too small household units in Jawahar Nagar and Subhash Nagar that management cannot be separated from ownership. Here owners are also working as the labourers and I have previously stated that two to three outside workers employed in each unit of production. These industries are facing so many problems such as acute shortage of labour, lack of financial assistance, lack of technical know-how, lack of qualified technicians, lack of market intelligence, lack of initiative, age-old methods of production, lack of foresight, lack of educated persons and so on. Due to these reasons the manufacturers

know only to produce the goods and to sell them into market. Just they do donkey's work and do not know what is management ?, and what is the need of management ? They do not have proper planning from the purchase of raw material to sell the finished product in the market. They do not try to minimise the production cost and to produce the qualitative product in order to stand firmly in market. No efforts are being taken to minimise the labour-turnover and to get the work done by workers properly. It seems, the labourers are very lazy and whimsical. Proper guidance is not given to labourers. This is only because of lack of proper management. Most of the manufacturers are illiterate and very poor. Infrastructural facilities for the basic development of these industries are not available. As such there is no work to manage these industries for the manufacturers. In fact, Kolhapur leather and footwear industries are infants.

#### 8. PRESENT CONDITIONS OF LEATHER MACHINERY INDUSTRY IN INDIA ::

If a tannery has a better maintenance set-up, its product will be better and its maintenance and spares costs and down time ~~is~~ lower. Preventive maintenance contributes to a large extent to the economy of the unit.

It can be seen that there is a great demand for sophisticated machines. Unfortunately, the small scale sector units turn out low priced machines. They are not geared to

...

produce sophisticated equipment but are unable to compete with imported equipment because of the high cost of production in India. The main factors making for high costs are : high raw material cost, high cost of bought out equipment like quality motors, rubber parts, hydraulic and electrical equipment, industrial fans, heating elements etc., high labour inputs due to low productivity; high energy costs; and low prices offered by certain countries resulting from the special concessions offered to them by the Government. The Government of India has given various facilities to leather exporters but not to leather machinery manufacturers.

The Japanese believe that continuous training can lead to continuous improvement in performance. This belief is lacking in the Indian leather industry, which is still making age-old equipment with few exceptions, and following age-old practices. Professional management is essential because it is competent, devoted and innovative. Ownership should be separated from management especially in small scale sector units to achieve faster growth and expand one's unit.

#### 9. SHIPPING & EXTENSION :

I have previously stated that the leather and footwear industries in Kolhapur are in their infancy as infrastructural facilities are not provided to expand these industries. In

...



present days, modern methods of production and marketing are being employed in other States as well as in foreign countries. But leather and footwear manufacturers in Kolhapur manufacture with primitive methods of production except S. H. Vatkari and Company. Today residential area has increased around these industries, it is an urgent need to shift these industries. Government of Maharashtra has not earmarked a site for these industries in Kolhapur. Government has established industrial estate at Shirol, but no site is reserved for these industries in Shirol Industrial Estate. Government has paid <sup>a</sup> no keen attention to the development of other industries. It can, therefore, be said that these industries are neglected by Government of Maharashtra. In addition to the negligence of Government, the manufacturers in these industries are not organised. Most of them do not wish to take initiative to expand or to shift these industries. For the development of these industries, it is quite necessary to install modern and sophisticated machines in these industries. But this can be possible only after shifting or expanding these industries. In the periods of Shri. Kapoor, some efforts were made for extension and shifting of these industries. 45 acres of land in front of Yallamma Temple had been demanded by the Dhor Community for the expansion of these industries. In 1977, Kolhapur Municipal Corporation had also suggested 200 acres of Rukadi Doun (Mal)

...

free of cost for shifting this industry. There are so many hindrances in shifting this industry for example, Government is not ready to build industrial building, then electricity and water problems etc. If it is decided to shift these industries, Government has to bear the expenses of Rs. 10 crores towards construction of building for tanning, making availability of water and electricity facilities. Tanning industry requires ample water and electricity for production.

Tanning industries have created air and water pollution problems in and around the Jawahar Nagar area. These problems require an urgent attention. Shri. Kapoor had suggested the tanners to construct a compound wall around these industries in order to minimise the molestation of pollution. But this work is beyond the capacity of existing tanners as they are poor and illiterate.

#### 10. MARKETING :

Marketing has been a neglected area in India for a number of years due to the existence of protective controls and the prevalence of a seller's market in most products. All aspects of the business must be consumer-oriented i.e. based on a thorough understanding of the needs and desires of the customer who constitute the market segments at which our -

marketing activities are directed.

Proper marketing is a never ending search for survival, growth and profits. Success of a business is dependent on skill and dexterity that a firm commands in marketing, production, finance and other fields and also the abilities to combine them for a smooth running of the concern. Marketing is not only an Art but also a science. It requires frequent personal contacts, understanding the requirements of their markets, keeping a track of the frequent fashion changes and the ability to quickly adopt ourselves to their changing needs to their fullest satisfaction. A technician may feel that the sample of leather brought to him is no good and he can produce a much better and a finer quality of leather than what is brought to him. If this is done the market will slip off and we are prone to lose the business.

Really speaking, the leather and footwear products are of very low quality because Kolhapur leather and footwear industries are ~~not~~ undeveloped. Due to the lack of market intelligence or information about internal as well as overseas markets, Kolhapur leather and footwear industries are unable to produce, as per market demand. They do not make the changes in the product to match the modern fashions in the market. No initiative is taken by the industrialists to adopt innovations as they are illiterate and poor. They do not know leather

...

weather in internal and international markets. As their production methods are primitive, their production is naturally of low quality and they are incapable of maintaining quality of the international demand.

Kolhapur footwear manufacturers have to sell their products through agents. And agents sell the products to final consumer at very high prices. The flayers and primary workers have also been facing very severe problems. The flayers have no option at the moment but to sell the hides-cured by them to the middlemen at throw-away price. The same hides are sold by middlemen at as much as four times the original cost in local markets. This applies to leather production too. Other States in India and foreign countries produce better quality leather and leather products at lower cost of production than that of Kolhapur leather industries. Customers get better quality leather and footwear from other States at cheaper prices. Kolhapur leather and footwear market is also not developed. In Kolhapur market, the competitors of Kolhapur footwear manufacturers are Bata and Carona. These are very big companies, which produce bulk products in very short period by using modern machines and push their bulk stock in the market. They pay much for the advertisement of their products too. As the shoes of Kanpur manufacturer, Bata and Carona Company and others are rushed to Kolhapur footwear market, Kolhapur footwear production

...

is getting a set back. No modern techniques and machineries for manufacturing shoes in Kolhapur are employed. Banks are - reluctant to extend their assistance to shoe manufacturers of Kolhapur. There is lack of marketing facilities too. All these result in stagnation in Kolhapur footwear marketing activities.

#### 11. TECHNICAL :

Apart from the other problems like labour problems, pollution problems, financial and so on, the local tanners have technological problems. The Entrepreneurial Development is a live talk in India, more so when the subject centres around leather and leather wear industry which is almost entirely regere<sup>v</sup>d for small scale sector. The leather industry is a technology based industry, The technology is continuously developing and a technician has to continuously keep track on the development. Unfortunately, there are no technicians in Kolhapur to meet these requirements. This industry is resource based industry. But due to the lack of technical know-how, production of finished product cannot be procured at a required quality to push the products into international market. Up-to-date information regarding modern production of leather and leather goods is not readily available to local tanners and footwear manufacturers. Kolhapur leather and footwear industries have to bring - technicians from Madras and Bombay. Even standard of our machineries is below the standard of imported machineries.

Technology in production of leather machineries is not developed in India to a great extent. In the states like Tamilnadu technology in these industries is growing very fast as compared to technology in our States' leather industries. These States are producing leather and leather products of best quality to meet the requirements of international market. Their Governments are providing necessary assistance to these industries nearly in all respects. But our State Government does not provide technical assistance to Kolhapur leather industry. Modern machineries are not employed to manufacture footwear in Kolhapur, due to non-availability of qualified technicians. West Bengal has organisation like Bata whose procurement organisation is quite big only because of modern machinery and qualified technicians. There is no training institute in Kolhapur as such whilst Madras is moving fast for a National Footwear Institute.

The overseas demand for Kolhapuri Chappals is expected to expand substantially owing to new developments in the international leather machinery industry. Since the raw material and manufacturing skills are both indigenously available, the low technology, highly labour oriented industry needs to be developed for the betterment of the country.

LIDCOM Branch, Kolhapur has never tried to develop the technology of Kolhapur leather industry. Besides no industrialist in Kolhapur except S. H. Vatkari and Company, bring technical

know-how for his industry. All the leather and footwear - manufacturers are fully satisfied with their low technical developments in their industry. It is seen that they are not interested to develop their technical knowledge. They do not wish to expand on procuring technology in their industries. As a result, our leather and footwear industries are remained backward.

## 12. SOCIAL :

It is seen that the footwear and tanning industrialists and workers live in small cottages. Traditionally, the Dhor and Cobbler families are engaged in manufacturing leather and footwears in Kolhapur. Their residences are their residential-cum-working places situated in Jawahar Nagar and Subhash Nagar. They are traditionally associated with leather. All these labourers have to live and work in very wretched and dirty atmosphere such as no ventilation facilities, air and water pollution, inadequate and improper working places, undeveloped roads and so on. Many problems are created by the local people. Tannery sheds and residential houses are built without any proper planning. The effluent resulting from leather processing - activity tends to pollute soil and water sources and also air much to the detriment of the health of the people living and working in and around the area of Jawahar Nagar and Subhash Nagar where leather processing units are concentrated.

...

The labourers engaged in these industries earn very low income and as they are illiterate and poor, their standard of living is very low. They can not improve their standard of living and their health in this dismal situation. I can say that they can never breathe fresh air in their living and working area. Proper arrangements have not been made for the disposal of tannery wastes. Due to all these problems they are affected socially as well as economically. They live and work without making any grumbling regarding bad conditions of their working. They feel that no body has remedy to conquer their difficulties. Now it is an urgent need to take firm steps to improve their position in the society.

### 13) UGLY RIVALRY IN LEATHER AND FOOTWEAR INDUSTRIES :

From the previous problems it is clearly understood that the leather and footwear industries are remained backward in Kolhapur city. Progressive unit is being affected by an evil eyes of other leather and footwear manufacturers in Kolhapur leather and footwear industries. It is always seen that every industrial family tries to attract the skilled to employees of other leather and footwear factories in Kolhapur promising them the attractive and higher wages in order to do harm to progressive factory. Chiefly, all the manufacturers are malicious. As a result, an unnecessary cut throat competition between the manufacturers has come in to existence in Kolhapur

...



leather and footwear industries. It affects the production of whole industry seriously. And the bad thing is that the labourers also do not try to understand their welfare. Every now and then they change, the factories and due to this they do not get stability. In my opinion, the labour is being crushed by the dirty tactics of the industrialists. As a result, labourers as well as industrialists can not make progress.

#### 14) HEAVY TAXES :

I have referred to the high price of indigeneous chemicals, as well as cost of raw materials in the cost of production which in India are higher than that of foreign countries. Heavy taxes is one of the reasons affecting the leather and footwear industries in Kolhapur. Governement of Maharashtra has been levying heavy taxes on the leather products and leathers in comparision with that of other states, Government islevying an excise duty of 12 % ad valorem on the organized units and this is considered to be a major deterrant for modernisation of footwear industry. A review of this measure is necessary and if it does not affect the growth of household units in marketing the products, reconsideration of the measure is necessary. Kolhapur municipal Corporation is also levying high octroi duty on importing the raw materials, chemicals and machineries required for these industries. There is a high proportion of Import duty both on raw materials,

...

consumables, spares and machinery too. While our competitors in the world market enjoy the benefits of proximity of markets, we in India suffer from a geographical limitation. Regarding Import Duty on Wattle Extract, ~~and~~ I mention the high import duty on wattle extract exclusively used by the leather industry. Considering present condition of the leather trade, it is not justified to continue the present Import Duty of 68 % on Wattle Extract. I ~~a~~ can go to the extent of saying that the Export Duty of 10 percent is being levied on finished leather and leather products. Due to heavy taxes and duties on leather machineries, raw materials, leather and leather products and chemicals, etc, the prices of ~~xxx~~ finished products have grown steeply. As Kolhapur leather and footwear industries are undoubtedly in their infancy, they can not grow with the heavy burden of heavy taxes.

15) EXPORT :

As I have stated previously that our leather and footwear industries are backward, these are exporting very small quantity of products to foreign countries. It is very clear from the problems given previously that these industries are suffering from low technology, shortage of skilled and qualified labour, lack of foresight, lack of market intelligence, lack of managerial ability, lack of infrastructural facilities low quality of products and so on. Indigenous chemicals and machineries are to be purchased at higher prices. All these

...

result into increased cost of productions. Ofcourse, the finished products are to be sold in international market at higher prices, Besides, our quality of finished leather and footwears is poor because of poor quality of raw material, improper and unorganized slaughter houses and primitive methods of production. Kolhapur leather industry has been confronted with an unfavourable situation in international market, due to the unique positions of other countries which push their excellent products in world market. In advanced countries the U.S. market continued to be cheerful and exports valued at Rs. 27.94 crores.

From Kolhapur S.H. Vatkar and Company has been exporting its chrome leather since 1980-81 to Canada, Australia and Germany on a very small scale. And some footwear manufacturers export Kolhapuri Chappals to foreign countries on a very small scale too. Kolhapur leather industries have to face so many difficulties such as high proportion of import duty and taxes both on raw materials, consumables, spares and machineries. It means leather industry in Kolhapur has made very little progress these years, and in comparison with the world level, there is still a big gap. The degree of mechanization, is low and the technical foundation of the industry is very weak. Our leather market is not properly developed as well. Some people argue that we are unable to compete because our quality of leather and leather products is below that of the international standard. To sell the Kolhapuri footwears and leather in American market, is difficult as American prices are not more

than those of ours. Actually leather and footwear manufacturers in Kolhapur are engaged in <sup>these</sup> occupation only for the survival of their occupations and their livelihood. They are not doing their business from the point of view of customer orientation. On the other hand the management of the Bata Shoe Company Private Ltd. is of the view that an industry is a customer satisfying process and not a goods-producing process.

" Service Before Sales " is a motto practised by Batas. As far exports of leather and footwear are concerned Kolhapur leather and footwear industrialists do not try to study the requirements of international markets, needs and desires of the customers who constitute the segments. Even they do not try to study the quality products of their competitors Kolhapur leather industry has a great export potentiality provided infrastructural facilities are available.