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English

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**LEATHER GOODS
DEVELOPMENT CUM
DEMONSTRATION
CENTRE,
MADRAS**

DP/IND/71/813

INDIA

TERMINAL REPORT

Prepared for the Government of India by the
United Nations Industrial Development Organization,
executing agency for the
United Nations Development Programme



United Nations Industrial Development Organization

United Nations Development Programme

LEATHER GOODS DEVELOPMENT CUM DEMONSTRATION CENTRE, MADRAS
DP/IND/71/613
INDIA

Project findings and recommendations

Prepared for the Government of India
by the United Nations Industrial Development Organization,
executing agency for the United Nations Development Programme

Based on the work of J. Kruszelnicki, Chief Technical Adviser

United Nations Industrial Development Organization
Vienna, 1977

Explanatory notes

References to "dollars" are to United States dollars, unless otherwise stated.

The monetary unit in India is the rupee (Rs). One hundred thousand rupees is one lakh, and ten million rupees, or 100 lakhs, is one crore.

A slash (/) between dates representing years indicates a crop year, financial year or an academic year, e.g. 1970/71.

The term "billion" signifies a thousand million.

The following abbreviations of organizations are used in this report:

CLRI	Central Leather Research Institute
CSIR	Council of Scientific and Industrial Research
CTA	Chief Technical Adviser
SISI	Small Industry Service Institutes
SSI	Department of Small Scale Industry
STC	State Trading Corporation

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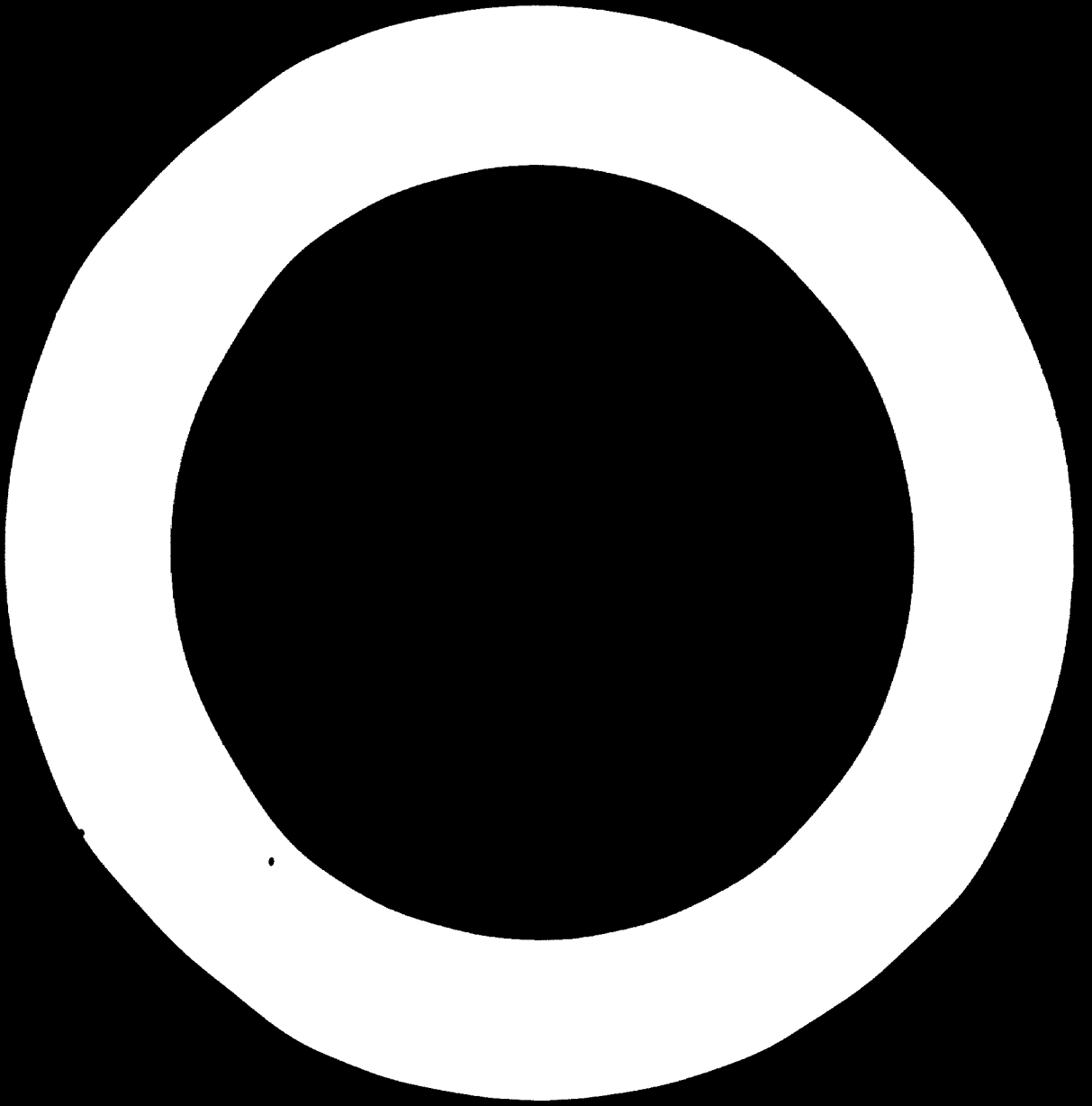
ABSTRACT

The project "Leather Goods Development cum Demonstration Centre, Madras" (DP/IND/71/613) was proposed by the Government of India and approved in May 1972 by the United Nations Development Programme (UNDP). It is included in the UNDP Country Programme for India as a "pipeline" large-scale project.

The leather goods industry in India is an important source of employment and of foreign exchange. In recent years, however, the industry has suffered from the growing use of leather substitutes (plastics) and from the substandard quality of Indian leather and leather goods. The purpose of the project was to upgrade the industry so that it might concentrate on a greater production for export of finished leather and leather goods. The Leather Goods Development cum Demonstration Centre at Madras, which is part of the Central Leather Research Institute (CLRI), provides a focus for the reorientation, modernization and expansion of the leather goods industry through the practical demonstration of suitable methods of production and through training in fabrication, design and the use of machines.

The project, which started on 1 September 1973 and was scheduled to last three and a half years, was turned over to the Government of India at the end of three years and two months. It was thus completed four months ahead of schedule. It may be considered a successful venture which, if properly guided, will fulfil its objectives.

The consultant recommends that as a second stage the Centre be provided with two mobile units equipped with tools and simple machines for demonstration purposes. Other recommendations are that short-term training courses be intensified, that additional personnel be trained as instructors, that pilot plants be set up under government sponsorship for the specialized production of leather goods, and that a national exhibition of Indian leather-wear be scheduled for 1978 with invitations to international buyers.



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INTRODUCTION

This is the terminal report of the project "Leather Goods Development oun Demonstration Centre, Madras" (DP/IND/71/613). The project was approved by UNDP in May 1972. It became operational with the arrival of the Chief Technical Adviser (CTA) on 1 September 1973. Its duration was to be three years and six months. In order to meet the goals of the Government of India the original project document was redrafted on the basis of a further study of inputs, equipment needs and data collected in field trips. The final project document was signed by the UNDP and by the United Nations Industrial Development Organization (UNIDO), as executing agency, on 30 May 1974.

The project was included in the UNDP Country Programme for India as a "pipeline" large-scale project. The co-operating agency of the Government of India was the Council of Scientific and Industrial Research (CSIR), acting through the Central Leather Research Institute (CLRI).

Background

The leather industry is of considerable importance to the Indian economy. Its annual budget is estimated at rupees (Rs) 2,500 million and it provides employment for 800,000 persons. This industry is also traditionally an important source of earning foreign exchange. In the past five years figures show that leather exports accounted for 9 to 10 per cent of total Indian exports, second to jute. However, this export in the last few years has been encountering difficulties from the growing use of substitutes (plastics) and from the substandard quality of Indian leathers (felled stock) with grain defects.

In recent years, to reduce unemployment, to acquire more foreign exchange and to offset the difficult competitive position of Indian leather, the Government of India has decided to reduce the export of raw material and semi-processed leathers and to encourage the export of finished leathers and leather goods.

This plan called for the establishment of a number of leather goods centres with common facilities as well as design centres in order to increase productivity and provide essential help such as training, market and fashion information, and to convince small-scale units of the importance of concentrating on only a few products for which India has competitive advantage. Through these centres industry will be encouraged to use high-quality leathers, better lining, supports, threads and other ancillaries, and quality fittings with export potential (at present of poor grade and outdated).

To develop modified Indian traditional designs suitable for Western markets with functional requirements, the Government recognized that the problems faced by leather goods manufacturers could be solved only by the expansion of the existing facilities, the adoption of more modern techniques of production and the use of simple machines to improve the quality of leather goods, particularly those with export potential.

For this purpose the Leather Goods Development oun Demonstration Centre (see annex I) was established on the campus of the CLRI, at Madras, which will act in the future as a focus for the reorientation, modernization and expansion of the leather goods industry by practical demonstration of suitable methods of production, promoting the use of quality materials and of simple machines and developing marketing assistance for exportable goods, as well as by exploring

the possibility of contracting work from foreign firms. The Centre was also to organize common facilities around CLRI Extension Centres, such as cutting of components and supplying workers by providing suitable designed articles for export. This naturally should be attempted after a short period of training (to ensure the quality of work). Finally the Centre was to develop and execute a programme of training for the leather goods industry including supervision and mid-management.

Objectives of the project, as stated by the Government of India

A. Long-range objectives

1. To effect a substantial increase in productive employment in the small-scale and cottage industrial sectors for which the manufacture of leather goods is considered particularly suitable.
2. To preserve and, if possible, to increase the traditional importance of the leather industry as an export industry, in particular by encouraging the industry to export leather in more highly finished and therefore more valuable forms.

B. Immediate objectives

1. To develop and demonstrate production methods for the manufacture of high-quality leather goods and components thereof by the small-scale and cottage industry sectors, including the selection and use of quality materials and simple machinery.
2. To develop and investigate the market potential (especially the export market potential) for characteristic designs for leather goods which combine suitable Indian artistic traditions with modern fashion and functional needs.
3. To provide common facilities and extension services for small-scale and cottage manufacturers of leather goods and their components, relating to:
 - (a) Functional adaptation of designs;
 - (b) Establishment of quality standards and the improvement and maintenance of simple leather-processing machinery;
 - (c) Managerial, financial, productivity and marketing aspects of small-scale leather goods production.
4. To plan and execute training programmes to improve and increase the small-scale production of leather goods.
5. To establish a basis for promoting the production of salable leather goods and components by small-scale and cottage entrepreneurs, with special reference to exports.
6. In conjunction with the Ministry of Industrial Development and the Development Commissioner for Small Scale Industries, to make available to leather goods manufacturers high-quality machinery and equipment and auxiliaries and fittings required for the production of leather goods.

The planned contribution of the Government of India to the project was Rs 2,951,772, comprising such components as:

<u>Item</u>	<u>Rupees</u>
Cost of building	630,000
Cost of services and installation	220,500
Expendable equipment and supplies	673,000
Miscellaneous: operation and maintenance of equipment	124,500
Sundry: stationery, communication, travelling	75,000
Customs clearance of UNDP-provided equipment	35,000
Technical and non-technical personnel	1,029,472

The original planned UNDP contribution was \$US 292,575. However, owing to a world-wide increase in prices, these figures had to be revised to \$US 398,298, comprising the following inputs:

	<u>Dollars</u>
Personnel	306,750
Training	22,317
Equipment	59,076
Miscellaneous	10,200

(For lists of project personnel and equipment, see annexes II and III.)

I. PLAN FOR THE IMPLEMENTATION OF PROJECT OBJECTIVES

In accordance with the objectives of the Government of India, the Leather Goods Development cum Demonstration Centre was developed along the lines of the central training facilities for a variety of leather goods to provide the staff and operators for various centres in India.

To accomplish the immediate objectives of developing and demonstrating production methods for the manufacture of high-quality leather goods and components by the small-scale and cottage industry sector, including the selection and use of quality materials and simple machinery, an agreement was sought for the provision of plans for the main building in order to demonstrate methods of production under real plant conditions where training in fabrication should take place.

It was planned that the facilities should be sufficient to train 48 to 64 students including managerial and supervisory staff for the continuation of the training centre and other centres in the country. The training would be conducted in accordance with a programme prepared by international experts assigned to the project. The programme would contain practical and theoretical subjects and provision would be made for its periodic improvement and adjustment to serve industry better.

To make the fabrication section operational and to establish continuity of training, a minimum of four counterpart personnel were required with engineering degrees, to be trained to the level of plant managers/instructors. It was decided that training in fabrication would be open to the trade on a supervisory or managerial level and would include short-period courses for operators.

As the training was to be based on modern styles of leather goods, or leather goods articles sponsored through foreign companies and designed on the basis of market research, high-calibre persons were needed as counterparts. By providing such persons as instructors, this course could cover not only the cost of the investment but could also work at a substantial profit.

The need for training in fabrication was evident from the three reports dealing with the leather goods trade in major centres and the report of the design expert who toured these centres lecturing on and demonstrating methods of pattern cutting and design. The course for counterparts and students in fabrication was to be run by the CTA and supporting experts in design and machine shop work. (See annex IV.)

An expert in marketing was engaged to develop and investigate the market potential, especially export market potential, for characteristic designs of leather goods, combining Indian artistic tradition with modern fashion and functional needs. His duties were to instruct in the preparation of market research, to assess market suitability of Indian-made leather goods and to instruct in methods of market research and promotion through seminars, lectures and reports.

One counterpart was assigned by CLRI (an economist who prepared a report on the present state of the leather goods industry in India; see annexes V and VI). Two more counterpart staff were promised in the future who preferably would be recent graduates from the University Department of Commerce, specialized or majoring in marketing and market research, or persons with Bachelor of Commerce degrees with a few years experience in sales, advertising and promotion.

It was planned to involve in market research and promotion such organizations as the State Trading Corporation (STC), the Department of Small Scale Industry (SSI) and other semi-official and government organizations.

A course in design and pattern making was established to provide small-scale and cottage manufacturers of leather goods and their components with facilities and extension service relating to the fundamental adaptation of design, establishment of quality standards and improvement and maintenance of quality. (See annex VII.)

An expert in design and pattern cutting was engaged and two persons were assigned as counterparts, one with a background in art and the other in the science of leather chemistry. The scientist, P. Ramakrishnan, was given training in design so that he could work in the fabrication section in material selection and quality control. He will take further training in the United Kingdom. The artist was to instruct in design. His future duties will be to develop, preserve and adapt Indian designs for leather goods suitable for foreign markets. He will also teach leather embossing, screen printing etc. as one of the objectives of the project.

A second expert was engaged later to continue the course in leather goods design and pattern making in order to provide competent counterpart personnel with teaching background who would be able to train and to lecture as well as demonstrate in extension centres.

To meet objectives and to establish continuity and fully trained counterpart staff, the extension of the contract of the expert in design was sought at the end of 1975. However, as an extension of only three months was offered by the Government, the expert departed in the first week of January 1976. To continue the course, the CTA and counterparts assumed responsibility.

The machine shop course was established to complement the Leather Goods Development cum Demonstration Centre. Because of the lack of qualified work-shops oriented to the leather goods trade and personnel, the course was expanded from training in basic shop practices and machine maintenance to other activities. Apart from the maintenance of machines at the Centre, development of fittings, designing of jigs, templates, tools and production aids were undertaken. To date, a number of templates, some tools and dies have been produced. Instructions were also given on Indian-made machinery needed to produce various components for the machines which the Centre intended to adapt and where possible to simplify for use by small leather goods manufacturers and the cottage sector.

The activities of the machine shop were planned to be expanded to the manufacture of fittings and accessories for leather goods, in order to satisfy foreign markets. Otherwise, fittings would have to be imported. In pursuance of the above, two additional counterpart engineers were trained at the Advance Tool Design Institute, a Government of India project with International Labour Organisation (ILO) assistance at Guindy, Madras. It was decided that one of the counterparts would go to Hyderabad for further instructions and training in making press-cutting dies and that the other would be trained in engineering of folding-die sets and machines for leather goods.

As the courses in fabrication depended heavily on the support of the machine shop for installation, fittings and instruction on the operation of the machines, owing to 12 months delay in the implementation of a fabrication cum production course, the services of an international expert were needed and approved for another nine months. He trained 11 students, all of whom are now employed in different enterprises. It was decided that new courses would take place annually.

II. FINDINGS

The project for Leather Goods Development cum Demonstration Centre is the first large-scale project in this field attempted in any developing country. It has had no prototype and its plans for the implementation of the goals of the Government have been adapted to the needs of the industry.

In spite of technical and administrative delays, the project gradually took shape and should now be considered a successful venture which, if properly guided, will fulfil its objectives.

The first planned course in design and pattern making started on 15 August 1974 with sufficient materials and equipment supplied by CLRI and some essential tools brought by the CTA from abroad. It started before the construction of the building was completed, with 22 students and one counterpart, A.C. Basappa. The course was conducted until 15 January 1975 by Mr. Basappa and the CTA. During this period five prototype designs were developed to be used in the fabrication course.

The expert in design arrived in January 1975 and continued this first course for 22 weeks. He also completed a detailed programme for future courses in design and pattern cutting. The programme was used by the Centre for the second course.

The first group of 22 students completed the course in July 1975 and are reported to be gainfully employed. On periodic visits to manufacturers in different parts of the country, some of these students were found to be managing new workshops. In fact, one trained at the Centre is managing 60 operators in a handbag plant situated at Bombay.

In spite of only 48 weeks of training the participants are well accepted by the industry and some are even highly prized. The entrepreneurs are waiting now for the next group of students to complete their training. The Centre is thus involved in placement of suitable candidates with the industry.

During the period between the completion of the first course and the start of the second, in order to bring industry closer to the Centre's aim and activities, the expert in design and pattern cutting and his counterpart, A.C. Basappa, were sent on a lecture and demonstration tour. The lectures and demonstrations were conducted with the co-operation of CLRI Extension Centres and local Small Industry Service Institutes (SISI) at Calcutta, Kanpur, Delhi, Agra and Bombay. The tour was considered successful in establishing direct liaison with manufacturers. The entrepreneurs have kept in constant touch with the Centre for advice on modernization or enlargement of their plants. Many also seek advice in solving problems of manufacture of the production of leather goods for export.

The second course with 12 students started on 15 September 1975. It was supplied with all the tools required through UNDP and government contributions. The second counterpart was assigned to assist in design and pattern cutting. As the expert in charge of this course, E.C. Newman, was scheduled to leave in January 1976, he accelerated the programme, preparing lecture material that was oyo-lo-styled and concentrating on the basic construction of leather goods.

The expert in design departed in January 1976 with the course in progress and still to be continued for 22 weeks. However, as counterparts were adequately prepared and students were responsive and eager to learn, no major difficulties were encountered when the CTA again took charge of the course.

The expert's contribution to the establishment of the Design Section of the Leather Goods Development cum Demonstration Centre was significant and realistic. The design and pattern cutting course is now well established and fully equipped. The students and staff in the last six months of the course were introduced to prototype sample making and received six weeks training in fabrication. As all participants were industry-sponsored, there was no employment problem. In the last two months of the course another 12 samples with export potential were produced with the objective that they be taken up by the industry.

To complement the facilities provided by the courses in design and fabrication, the machine shop and the machine maintenance courses were established. The machine shop was fully equipped with local equipment provided by UNDP and a considerable number of tools provided by the Government.

The machine shop expert joined the project in November 1974; the first course, with the assistance of two counterparts provided by the Government with engineering background, started in December 1974 with 12 students. The students were given basic training in machine-shop practice, introduced to standard workshop machines, such as drills, lathes, milling and cutting machines. The programme was prepared by the expert and lectures were conducted by very able counterpart staff.

The first achievement of the machine shop was the tools made by the students for the design course, followed later by templates for leather cutting, jigs and various aids required in leather goods manufacture.

In view of the urgent need of the industry for prototype fittings to present leather goods with export potential to foreign buyers, the activities of the course were expanded to making prototype buckles, hinges, clasps etc. Some of these prototypes were released to industry for production. (See annex VIII for a discussion of the need for a research and development centre for leather goods fittings.)

As the Leather Goods Development cum Demonstration Centre plays a significant role in the modernization of the leather goods industry, the machine shop and maintenance section, apart from providing the industry with a trained force in leather goods is also involved in developing simple machines and tools. Twelve foot-operated machines for button fastening, eyeletting and rivetting were made in the machine shop. More tools using present facilities will be made and passed on to the industry in the future.

In order to upgrade counterpart staff, the facilities of the Advance Training Institute were utilized. One counterpart underwent training in die designing and another completed a course in hydraulics and pneumatics for future application with leather goods machines.

The students completed a 48-week course given by the international expert and two excellent counterpart engineers. Most of the students are now employed by various enterprises. The objectives of the course were to train counterparts fully so that they would be able to continue future courses without any outside help. They were instructed in the installation and commissioning of various machines provided for the Leather Goods Development cum Demonstration Centre by UNDP. They were instrumental in making some of the attachments for the compressed-air operating machines, such as creases, embossers and clip-attaching machines. Both counterpart engineers are able to instruct in the operation and maintenance of the machines used by the leather goods industry.

The expert in machine shop and maintenance left the project in June 1976. His contract was extended for nine months so that he could install and equip the fabrication section with machines which were late in arriving. His contribution to the project was outstanding; the programme prepared by him was realistic. With competent staff provided by the Government, he was instrumental in training new students within 48 weeks, which is a remarkable achievement. The fully trained counterpart staff will be able to conduct expertly future courses planned by the Centre.

The facilities for training in the fabrication of leather goods are equipped and fully operational. In selecting equipment for the Centre, provision was made for the demonstration of advance methods of production by hand tools and simple machines. The tools and machines selected, it is expected, will be modified and adapted for production in the country. In fact, some simple machinery made by the Centre's machine shop will be passed to the industry in order to improve the quality of production and increase the productivity of small leather goods manufacturers and cottagers.

Six weeks' training in fabrication was given to the students attending the 48-week course in design and sample making. Another full-time course of 48 weeks was started in October 1976, following the modernization course for 24 students, organized for the industry in and around Madras. The modernization course was requested by the Development Commissioner for Small Scale Industry, New Delhi. Similar courses will be conducted throughout 1977 by the Centre at Bombay, Kanpur, New Delhi and Calcutta.

The course in fabrication, for which programme and manuals were prepared by the Centre's staff, will accommodate 48 students annually. Short-term courses for specific operations on the machines will be conducted for small groups sponsored by the industry as need arises.

An orientation course of two weeks took place in August 1976. The leaders of CLRI Extension Centres participated in theoretical and practical sessions in order to strengthen ties with the leather goods industry in their respective areas and to disseminate information about the Centre's work. A similar longer course is planned for the junior members of the Extension Centres.

The Institute of Industrial Design at Ahmedabad is also seeking the guidance of the Centre and its co-operation in product design.

V. Mohamed Hussain, who is in charge of the Marketing Section (this Section is not yet properly staffed), has prepared a number of reports on the state of the industry at Madras, Kanpur, Calcutta, Bombay and New Delhi, on the types of goods produced, production facilities and marketing methods. As a result of his wide past experience, the Centre is in constant liaison with industry and with the State Trading Corporation (STC) and other agencies connected with the manufacture and export of leather goods to foreign markets. Entrepreneurs are seeking his advice on the feasibility of establishing or modernizing leather goods plants as well as on equipment purchases. The contribution of the international expert was not significant since he departed before his contract expired. V. Mohamed Hussain, in his place, provided the project with all the required material needed for successful project implementation.

As provided in the Project Document, T.K. Parthasarathi, Project Executive, undertook the first part of his orientation tour in Europe in order to familiarize himself with the leather goods industry in countries such as Austria, Federal Republic of Germany, Spain, United Kingdom and Yugoslavia. The second part of his tour is scheduled for 1977 and will take place in Canada and the United States.

The counterpart in design and pattern making, P. Ramakrishnan, was nominated for a fellowship for nine months in fabrication and plant management. His training was scheduled to start at Cordwainers College, London, on 16 September 1976.

The Director of CLRI was nominated by the CSIR for a two weeks orientation tour to attend the Paris leather fair and to visit leather goods plants in Austria, Federal Republic of Germany, France, Italy and Spain.

Reviews and committee meetings

Advisory committee meeting, held on 10 May 1974

Tripartite review, held on 6 November 1974

Mid-term tripartite review, held on 10 November 1975

III. RECOMMENDATIONS

The Leather Goods Development cum Demonstration Centre is organized and equipped to act as the main training centre at the supervisory and managerial level and to conduct full training courses for the industry. In view of the fact that thousands of cottage and small entrepreneurs have difficulty in availing themselves of these training facilities owing to the cost and distance involved, it is recommended that, as a second stage of extension for the Centre, two mobile units be procured and equipped with tools, simple machines and aids for the demonstration of modern techniques in the manufacture of leather goods. These units should also be equipped with slides, projectors, manuals and other materials for lectures. This will speed up the process of modernization of the leather goods industry.

Because of the urgent need of the industry for trained personnel to modernize the leather goods industry throughout the country, it is recommended that all CLRI Extension Centres in co-operation with Small Industries Service Institutes (SISI) and other bodies be charged with the promotion and organization of mobile short-term training courses and seminars, to be conducted by staff members of the Centre. It is further recommended that experienced entrepreneurs in each locality be invited to participate as guest instructors or speakers and to share knowledge of their trade with the participants.

On re-examination of the list of personnel and their professional ability to train a reasonable number of students demanded by the trade, it is recommended that additional instructor personnel be recruited immediately, appointed, trained and absorbed in the Centre. The personnel should be able to communicate with and instruct in all parts of India.

To establish the efficient continuity of training programmes and to act as a co-ordinator between the Centre and the industry, it is recommended that the position of Programme Officer be established. His responsibility, in co-operation with the Advisory Body, would be:

- (a) To plan continuous training courses;
- (b) To promote and select the activities and to follow up the performance of trainees;
- (c) To organize and promote short-term courses and seminars for the industry as needs arise;
- (d) To be in charge of the group disseminating information to the trade at large;
- (e) To organize and maintain an up-to-date library on industry, industrial management and design, and to collect catalogues and current trade periodicals.

To adapt its activities further to the needs of the industry, particularly modernization and skill upgrading, it is recommended that the Centre should establish still closer liaison with leather goods manufacturers, SISI, STC and other bodies concerned with leather goods export.

To achieve better results through modernization of the trade, instead of duplicating in other parts of the country training facilities similar to those available at the Centre at Madras, it is recommended that at the CLRI Extension Centres and with the participation of SISI, pilot plants for the specialized production of leather goods be established under government sponsorship. These pilot plants, properly managed, would not only add to the economy of the country through employment but would also train operators on the job under plant conditions.

To effect further changes and to consolidate the scattered efforts of individual entrepreneurs in working towards a common goal set by the Government, mainly to export finished goods, it is recommended that all products made of or containing leather should be exhibited in a national exhibition of Indian leather-wear. This event should take place at Madras in February 1978. Buyers from all continents should be invited. Such an exhibition should result in further contacts and bilateral co-operation between developed economies and Indian enterprises and would fulfil some of the objectives set by the Government for the leather goods industry.

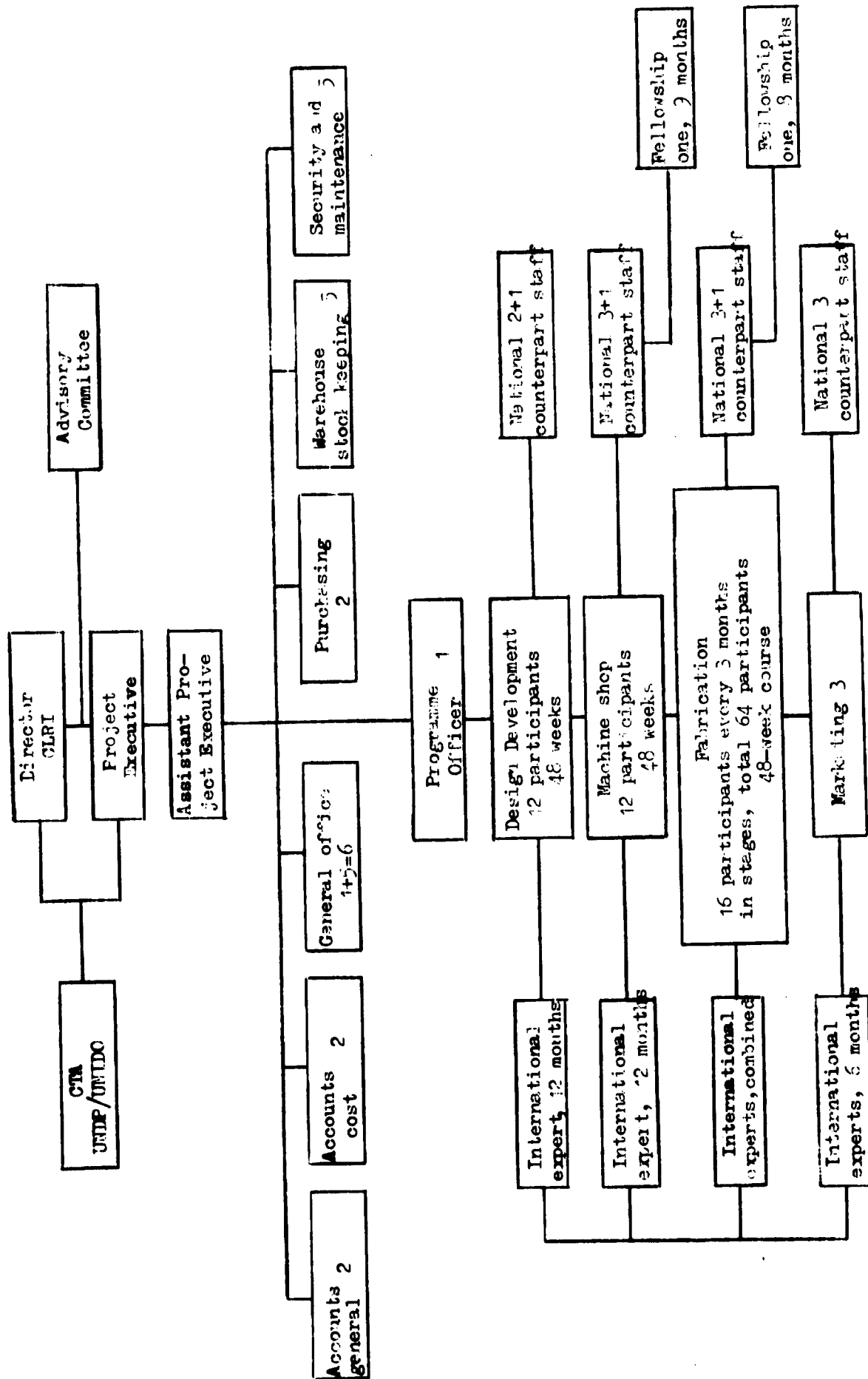
To create more interest in the exhibition of leather-wear and to enhance it, an international seminar on leather goods should be held at Madras in February 1978. Such a seminar has been contemplated since 1975 and some correspondence between the present project, UNDP and UNIDO has been exchanged regarding the possibility of holding it. Therefore, it is recommended that the Centre approach UNIDO through proper channels for guidance and funds to host this seminar, which would take place concurrently with the national exhibition of leather-wear.

In order to improve the quality of the fittings (locks, hinges, fasteners etc) which are an essential part of leather goods manufacture, and of which buyers of exports are very critical, it is recommended that a centre for the development of fittings to be used in leather goods manufacture should be started. The machine shop established at the UNDP (UNIDO) leather goods project at CLRT could be the nucleus for such a development centre.

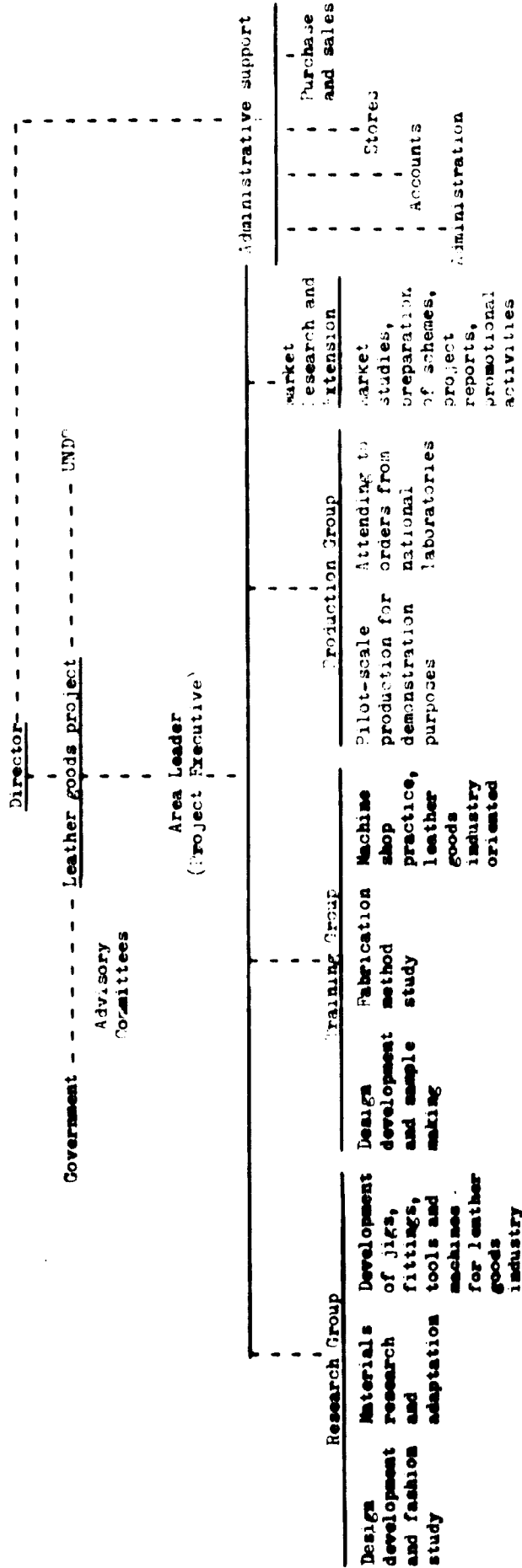
Annex I

LEATHER GOODS DEVELOPMENT CUM DEMONSTRATION CENTRE

Organization of work



Structure



Linkages with industries

The Centre will have continuous rapport with the industry:

- (a) By undertaking to train candidates sponsored by the industry;
- (b) By providing technical advice and consultancy services;
- (c) By providing ad hoc short-period training in specific aspects to suit the needs of the industry;
- (d) By arranging special lectures to members from the industry in collaboration with other organizations such as the University, Small Industries Service Institutes (SISI), Productivity Council etc.;
- (e) By undertaking job work on machines;
- (f) By actively associating with the Leather Goods Society of India;
- (g) By demonstrating production techniques to the industry.

Annex II

LIST OF PROJECT PERSONNEL

United Nations

J. Kruszelnioki (Canada)	Chief Technical Adviser	15 Sep. 1973-24 Oct. 1976
D. Piliguian (Canada)	Machine shop expert	8 Nov. 1974-17 Jun. 1976
E.C. Newman (UK)	Design and pattern- making expert	2 Jan. 1975- 4 Jan. 1976
J. Mark Mobius (USA)	Market research consultant	23 Oct. 1975-15 Jan. 1976

Projected for 1977

Chief Technical Adviser/Consultancy:	2 m/m, February 2 m/m, September
Sample making:	6 m/m
Sewing operation instructor:	3 m/m

Counterparts

T.K. Parthasarathi	Project Executive
K. Radhakrishnan	Assistant Project Executive
A. Panneerselvam	Designer
A.C. Basappa	Design counterpart
P. Ramakrishnan	Design counterpart
S. Ramakrishnan	Machine shop counterpart
S. Subbaraman	Machine shop counterpart
G. Balaraman	Machine shop counterpart (electrical)
V.A. Lakshmanan	Technical support (visual aids)
V. Mohamed Hussain	Market Research counterpart
S. Natesan	Material procurement
Mrs. Mahalakshmi	Administrative clerk
K.R. Thirumoorthy	Stenographer
K. Ramaswamy	Assistant storekeeper

Annex III

LIST OF EQUIPMENT AND SUPPLIES FROM UNDP AND THE GOVERNMENT
From UNDP

Item No.	Description	Value in US dollars
1.	Design room equipment	2,030
2.	Belt-folding machine	750
3.	Clioker press, Model 824-B	2,448
4.	Clioker press, 20" cutting	1,595
5.	Puritan chain-stitching machine	1,730
6.	Edge-gluing machine 2"	850
7.	Edge-staining machine	577
8.	Straight edge-creasing machine	669
9.	Sewing machine, Model 69-372	1,137
10.	Sewing machine, Model 105-64	1,704
11.	Skiving machine	828
12.	Shearing machine 43"	1,192
13.	Stamping and creasing machine	612
14.	Edge coater 1/8" to 8"	850
15.	Combining press 36"	975
16.	Rossley bar-folding machine 3/8"	650
17.	Pinohing machine 4"	585
18.	Pinohing machine 5"	585
19.	Frame-opening machine	565
20.	Button-covering machine	880
21.	Heavy-duty hydraulic stamping and embossing machine	3,209
22.	Silk-screening machine	1,710
23.	Clioker press-cutting dies (4 sets)	1,358
24.	Airmite (12 Nos.)	1,608
25.	Airmite accessories	1,106
26.	Clioker press-cutting dies	897
27.	Photocopier	399
28.	3M overhead projector and accessories	526
29.	Transparencies etc., for photocopier	976

Item No.	Description	Value in US dollars
30.	Small tools (Tandy) and three sound films	1,650
31.	Universal bandknife splitting machine 18", accessories and spare parts	4,411
32.	Typewriter	260

Locally purchased workshop equipment and supplies
out of UNDP funds

1.	Lathe machine with chucks and motor	826
2.	Universal milling machine	890
3.	Surface grinder with motor	735
4.	Magnetic chuck for surface grinder	120
5.	Metal-cutting bandsaw machine	480
6.	Bench grinder	117
7.	Hand shearing machine	55
8.	Table drilling machine	170
9.	Swivel base machine	41
10.	Bench vices (8 Nos.)	140
11.	Tool kit for electrical installation	21.50
12.	Mechanical set and engineers' hammers	45

From the Government

Item No.	Description	Date of purchase	Value in rupees
1.	Air compressor $\frac{1}{2}$ hp (1 No.)	1966	1,300
2.	Air compressor 3 hp (3 Nos.)	1974	6,000
3.	Skiving machine (1 No.)	1962	2,500
4.	Strap-cutting machine (1 No.)	1963	4,000
5.	Flat bed sewing machine (3 Nos.) (1 No.) (2 Nos.)	1962 1966	3,425
6.	Flat bed sewing machine (6 Nos.) (motor attached)	1975	7,200
7.	Cylinder bed sewing machine (1 No.)	1956	4,000
8.	Cylinder bed sewing machine (2 Nos.)	1970	4,800
9.	Bandknife splitting machine (1 No.)	1963	8,000
10.	Set of artist's tools	1966	1,500
11.	Stencil set (Universal)	1966	1,000
12.	Wolf ough master set	1966	1,000
13.	Board cutting machine (1 No.)	1970	800
14.	Bench grinder (1 No.)	1968	500

Annex 1

OUTLINE OF TRAINING PROGRAMME IN FABRICATION
(Duration: 48 weeks)

Product development and engineering

1. Plant layout
2. Cutting room practice
3. Instructions in hand cutting
4. Material selection
5. Instructions in machine operations:
clicker press/belt cutting, guillotine cutting
6. Layout of dies, cutting of linings (multiple cutting)
7. Quality control
8. Planning and calculation of materials
9. Use of cutting schedules

Preparation

1. Instructions on skiving machines, splitting/hand skiving
2. Edge dyeing, machines and hand operations
3. Creasing by hand and machines
4. Eyeletting, studding, rivetting and snap setting,
machine and hand tools
5. Cementing by hand, spray gun and machine operation
6. Folding and edge-turning operations, hand and simple machine
7. Preparation of operation charts and schedules

Assembling of components

1. Sequence of operations (operation chart)
2. Sewing operation (sewing course for operators)
3. Flat bed, cylinder, and specialized machines
4. Framing operation for purses and handbags

Finishing

1. Quality control
2. Packing
3. Preparation of simple production reports
(Manual in preparation)

Theoretical subjects

1. Management and industry
2. Business organization and promotion
3. Ownership organization and business combination
4. Financing business enterprises
5. Organization structural types and principle
6. Organization development and improvement
7. Business promotion, planning and risk
8. Location of business
9. Research and product engineering
10. Standardization, diversification and simplification

11. Plant equipment and handling of materials
12. Building, lighting and air conditioning
13. Power and heat
14. Maintenance of plant and facilities
15. Work simplification, process operation and motion study
16. Time study

Annex V

REPORT ON LEATHER GOODS UNITS AT MADRAS, BOMBAY,
KANPUR AND CALCUTTA

Madras

A preliminary study of leather goods units in and around Madras City was undertaken to understand the present production, exports, market situation, distribution methods, purchasing methods, commercial practices, mechanization and working conditions. The survey covered eight important units. As most of the units were small-scale cottage units, particulars relating to the cost of production were difficult to obtain. Leather goods manufacturers are also generally reluctant to give information since these units are in the initial stage of development. Salient aspects of working conditions of the units surveyed are given in the subsequent paragraphs.

Leather goods units are generally divided into three basic sectors, namely, luggage (travel goods), handbags and small leather goods. Most of the units do not concentrate strictly on any particular item. Some of the bigger units, like Sarma Brothers, Onward Trading Company and Sournam Enterprises, produce all three categories of leather goods. The owners of these units revealed that they cannot depend on any particular item since the demand is not large enough to keep them engaged throughout the year. It is, however, gratifying to note that some of the above units which entered the export line have been able recently to get bulk orders which could keep them specialized in particular items.

The absence of regular orders for leather goods forced one of the units to manufacture products made of materials other than genuine leather, i.e., plastics, fabrics, vulcanized fibres etc. There are also units which are engaged primarily in the production of plastic goods. When there is demand, plastic-goods manufacturers also produce leather goods.

Marketing

As regards the market for leather goods produced at Madras, except for Sarma Bros. and Onward Trading Company which at present concentrate on exports, the rest of the units concentrate largely on the local markets. Some of the units sell their products in the upcountry markets at Maharashtra, Madhya Pradesh, West Bengal and Delhi. The fact that the leather goods units at Madras have spheres of market extending beyond the radius of the State is a quite encouraging trend, speaking both for the quality of the products turned out and for the organizational capacity and effort, of these units.

The two export units export directly to overseas buyers in Canada, the Federal Republic of Germany, France, the United Kingdom and other countries against letter of credit. The marketing practice in the leather goods units catering to the local market does not conform to any set pattern and differs among units. Some units execute order to wholesalers; single-man leather goods units at Perambur deal directly with the consumers etc. Such factors as the type of good, quality, normal use to which the product is put and type of consumer, the financial position of the manufacturer and his resources, all are factors determining the mode of sales and the marketing of leather goods.

Marketing problems

Marketing problems encountered by leather goods units could be identified as (a) the practice of credit sales and (b) the sales to dealers at predetermined prices. The effect of credit sales on the meagre working capital of the leather goods units is clear. This problem has been largely responsible for keeping many leather goods units idle with the result that the competitive ability of these units has been inhibited. The periods for which credit sales were effected varied considerably among different units, ranging from one week to three months. The sale of leather goods at predetermined prices is common in the leather goods units. Such sales are more frequent to wholesalers or merchant exporters. A depressing factor of such sales is that the prices are predetermined by the wholesalers or merchant exporters much earlier than the actual period of manufacture, mainly in consideration of financial accommodations granted, raw materials supplied or for any so-called favours received. Sale of products at predetermined prices is indicative of their financial vulnerability, owing to the sudden increase in the price of raw materials, especially that of leather.

Raw materials

Inquiries were made among the leather goods manufacturers at Madras regarding the problem of procuring raw materials. Such problems are complex and numerous, and not just a question of unavailability. They include lack of finance for effecting bulk purchases, unavailability of quality raw materials, high market rates and so on.

As the leather goods units are in an early stage of development, they cannot purchase raw materials in bulk, especially finished leathers. Hence, the finished-leather manufacturers are not keen about producing leathers according to their requirements. Inadequate financial resources for the purchase of raw materials in bulk when these are readily available is an important problem. Inability to purchase finished leathers in bulk necessitates their purchase in smaller quantities and at frequent intervals; apart from the unavailability of finished leathers of good quality when they are required by the leather goods units, it also entails a higher price. However, with the introduction of a quota system for tanned leathers and heavy export duty on tanned leather exports, finished leathers have been available in satisfactory amounts to the actual manufacturers in recent months. As the restriction on tanned leather exports is further enforced finished leathers will be more available to the leather goods manufacturers.

The real problem in the procurement of raw materials is in the procurement of suitable fittings. Indigenous fittings are not suitable for the leather goods that are to be exported. Some of the leather goods units now engaged in exporting their products are procuring imported fittings from the local as well as Bombay markets. Import entitlements are given only when the leather goods are already exported. But for exporting leather goods, a leather goods manufacturer needs imported fittings. Even some of the established units that are in the export line could not import these fittings directly. The import entitlements are distributed to so many items that the actual amount for a single item becomes too trivial for a single leather goods manufacturer to avail himself of the import entitlements.

Leather goods manufacturers at Tamil Nadu are at present seriously affected by the present structure of the sales tax in the State. The State Government included leather goods in the first schedule of the Tamil Nadu General Sales Tax Act and levied a stiff 3 to 15 per cent single-point tax. A single-point sales tax has certain disadvantages; even if the production is between Rs 25,000 and Rs 50,000, leather goods will attract a single-point sales tax. In the case of a multipoint sales tax, units manufacturing up to Rs 50,000 need not pay a sales tax. Again, sales taxes on individual items are also high; for instance, sales taxes were collected at the rate of 15 per cent on radio cases and key cases since these two articles cater respectively to the electronic and automobile industries. The sales tax on a leather watch strap is 12 per cent, and on money purses and wallets it is 3 per cent. The single-point sales tax has a crippling effect on the honest manufacturers and traders in leather goods at Tamil Nadu. Retailers as a result are reluctant to buy leather goods from manufacturers registered under the Sales Tax Act. Similarly, retailers prefer importing goods from outside the State, paying only a 3 per cent central sales tax. The State Government should review the sales tax structure in the State, and the leather goods industry in the State should be encouraged in view of the fact that a single tanning and finishing industry is located in the State and the leather goods industry itself has not made much progress there.

Leather goods manufacturers emphasize that the subsidy at present given to leather goods exports should be continued for some years to come. Originally, a 50 per cent air-fare subsidy was given; it was reduced to 40 per cent last September and the Government announced that it would dispense with the air-fare subsidy in the ensuing financial years. Leather goods manufacturers claim that the Government collects 20 per cent ad valorem export duty on tanned leather exports and suggest that part of the amount may be diverted for the development of the industry by providing cash subsidies to leather-goods exports. They state that if the price of a quality leather wallet is Rs 24 for the local market, it is only Rs 20 to Rs 22 for export markets, taking into consideration the 20 per cent import entitlements.

As leather goods manufacturers produce different commodities, it is difficult to collect data on the cost of production of a particular product. However, one leather goods manufacturer revealed that if a leather wallet is priced at Rs 24, the cost of leather, thread and buttons will be Rs 12, labour charges will be Rs 3 and the rest is overhead, interest on capital, marketing expenses and profit. Leather goods manufacturers spend an insignificant amount on advertising and they depend mostly on personal contacts and correspondence for marketing their products.

Sarma Brothers at Pallavaram seems to be the largest unit. It employs 90 skilled workers and possesses the following machines:

- 14 stitching machines, including three heavy-duty machines
- 1 sole-clicking press, imported from the Federal Republic of Germany, purchased second hand
- 1 arm-clicking press, brand new
- 1 strap-cutting machine, power operated
- 2 Fortuna (Federal Republic of Germany) skiving machines

- 1 sole-stretching machine, imported
- 1 rolling machine for the belt industry
- 1 heavy-duty fly press, indigenous make
- 2 master heavy-duty fly presses
- 1 paper-cutting machine, 12 inches
- 1 strap-folding machine
- Tools worth Rs 10,000

The total turnover of this firm is stated to be about Rs 1.5 million and its capacity of production per month is as follows:

<u>Item</u>	<u>Number</u>	<u>Price in rupees</u>
Luggage boxes	100	125 to 300
Wallets	5,000	7 to 30
Passport cases	5,000	15 to 40
Key cases	5,000	

Ninety per cent of this firm's production has been exported to importers in the Federal Republic of Germany, France and the United Kingdom. The partner of the firm has recently been to Western Europe, Canada and the United States. He has been sending samples to the prospective buyers in Canada and the United States. According to him, Canada and the United States seem to offer very good markets and the demand would be for bulk orders in quality personal leather goods. This firm procures finished leathers, line aniline buffalo, printed calf leathers, from Gordon Woodroffe and Supersonic Leathers, Madras, and they procure imported fittings from Bombay. One big problem for this unit is the absence of an upper-splitting machine for which they depend entirely on the Tansi Unit at Pallavaram. Circuitous policy for getting a licence for importing this machine from Italy blocks their progress. It may be interesting to note that this unit does not employ any supervisors. The owners themselves see to the quality of production. This unit proposes to open another unit with 40 workers to expand their production. This unit never uses leather substitutes.

Another important unit is Onward Trading Company at 184 Rasappa Chetty Street, Madras 3. This firm concentrates mainly on change purses, wallets and the Sahntiniketan type of handbags; it also manufactures leather footwear chappals along with leather goods. The unit has 20 industrial sewing machines, all hand operated, and tools worth Rs 10,000; the proprietor stated that he could produce leather goods worth Rs 25 lakhs per year. Besides exporting 99 per cent of its production, the unit also procures leather goods from the actual manufacturers at Madras and Bombay and exports them to various countries. This firm buys mainly two-tone buffalo and buffhide and E.I. sheepskin; it employs nearly 70 workers. This unit also does not use leather substitutes.

Sournam Enterprises, situated at 58 Elliot Beach Road (just opposite to CLRI), is manufacturing suitcases, wallets, change purses, small coin purses, key cases and passport cases. Its production is reported to be about Rs 2 lakhs; it uses mostly aniline buffcalf black and cow nappa. It possesses the following machines:

1 sewing machine, 45K bent bed, industrial sewing machine, hand operated
2 ordinary 31K
3 printing machines
1 cutting press
30 brass dies
Tools worth Rs 5,000

This firm intends to procure one strap-cutting machine and one upper-splitting machine. The unit employs 22 workers, manufactures plastic and resin suitcases also and caters to the local market.

There are nearly 20 cottage types of leather goods units in the Mettupalayam area of Perambur. Workers engaged in this type of unit are mostly family members. Some of the units also employ outside workers, paying monthly wages ranging between Rs 150 to Rs 200. Most of these units do only job work. The retailers and some of the merchant exporters purchase finished leathers and get the work done by these units. The units possess only industrial sewing machines and hand tools. One such unit surveyed was that of G.N. Venkatesh at No. 5 Kandan Street, Mettupalayam, Perambur, Madras 12. He possesses two 31K Thomas Machines and Rs 500 worth of tools. He employs 4 workers and manufactures wallets, belts and leather goods made of reptile leathers. He gets bulk orders during the October-December period when the compliments business is at its peak.

East India Leather Works at 23 School Road, Perambur, Madras 12, concentrates mainly on leather handbags and the Shantiniketan type of leather goods. This unit possesses the following machines:

3 industrial sewing machines 31K
2 punching presses
1 clicking knife, small width
Tools worth Rs 10,000

This firm is a pioneering firm in the production of the Shantiniketan type of leather goods at Madras. It employs at present 10 workers. Production has been curtailed during recent months. At present, the firm is not exporting but is concentrating on the local market.

Taj Leather Industries at 2/8 Choolai High Road, Madras-7, concentrates on executive bags. It possesses four 31K industrial sewing machines and tools worth about Rs 2,000. It employs 10 workers.

Leather-goods units surveyed

1. Sarma Brothers
"Lakshmi Gardens"
Rajaji Nagar
Pallavaram, Madras 43
2. Onward Trading Co.
184 Rasappa Chetty Street
Madras 3

3. Sournam Enterprises
53 Elliot Beach Road
Madras 20
4. M. Bilal Hussain and Co.
11 Perambur High Road
Madras 12
5. Mr. G.N. Venkatesh
No. 5 Kandan Street
Mettupalayam
Perambur Barracks
Madras 12
6. East India Leather Works
23 School Road
Perambur, Madras 12
7. Taj Leather Industries 2/8
2/8 Choolai High Road
Madras 7
8. Hindustan Leather Industries
15 Swappa Mudali Street
Triplicane
Madras 5

Bombay

In the third stage of the survey of the working conditions of leather-goods units in India, Bombay was selected as an important centre of leather goods production. During the course of the survey, 15 leather goods units, which could be classified as small-scale units, were contacted. There are nearly 220 cottage-scale leather goods units mainly in the Dharavi region of Bombay. Twenty-five cottage-scale units were selected at random for detailed study.

Set up

As in the other centres in India, there are three types of leather goods units at Bombay: manufacturers, manufacturer-exporters and merchant-exporters. In manufacturing, there are two types of leather-goods units (a) independent units (independent units purchase their own raw materials, undertake production on their own with the employment of workers, market their products in the Bombay market and sell them directly to the dealer or merchant-exporter); (b) job-work units, which get materials from the dealer and enter into a contract with the dealer or manufacturer for the supply of a certain quantity of goods of a prescribed pattern within a certain period of time, at prices fixed beforehand. Some of the manufacturer-exporters also make use of the job-work units whenever they get bulk orders, especially for routine items like leather wallets. As is well-known, merchant-exporters are completely dependent on independent and job-work units for procuring the leather goods. A salient feature in the Bombay region is the preponderance of merchant-exporters, as Bombay has been an important export outlet city. There are nearly 100 leather goods merchant-exporters who handle leather goods as main or side items.

It should be pointed out that leather goods are produced as joint or side products by the foot-wear units. Bombay is also an important centre for knitted leather foot-wear production and exports. A sizable number of leather-garment units have also sprung up. These foot-wear and leather garment-units sometimes receive orders for leather goods, either from local dealers or from foreign buyers. On such occasions, they undertake the production of leather goods. Again, some of the leather-goods units make use of the rejected leathers and produce leather goods.

Type of leather goods

Leather goods units at Bombay concentrate mainly on the production of small leather goods like wallets, handbags and belts. As regards the types of leather goods produced at Bombay, two distinct types of units exist - one concentrating mainly on the local sales, using a cheap type of finished leathers, and the other type concentrating on export markets. For instance, among the 25 cottage-scale leather goods units contacted, 20 use very cheap leathers and make leather goods and sell at the following rates: wallets Rs 8 to 10; handbags Rs 20 to 35; belts Rs 12.50 to 20 per piece. The other type of unit using quality leathers sells wallets up to Rs 120, handbags up to Rs 175, and belts up to Rs 75. Thirty-five per cent of the leathers used in the cottage sector and 20 per cent of the leathers used in the small-scale sector are reptile leathers. As exports of leather goods made out of reptile leathers are banned from India, all the leather goods made out of reptile leathers are sold in the local markets. However, there are invisible exports in these items and many foreign tourists buy these goods and take them with them.

Source of raw materials

Leather goods units of Bombay depend on the finished leathers from Madras and Calcutta. Out of the 15 small-scale and 25 cottage units visited, only 5 small-scale units procure the tanned and finished leathers directly from Madras and Calcutta. All the other units purchase tanned and finished leathers from Dhaboo Street in Bombay where nearly 100 leather and other firms dealing in accessories are situated. Some of the leather dealers buy E.I. tanned leathers from Madras and finish them in the Dharavi tanneries, then sell to the leather goods manufacturers. Calcutta, which produces a cheap type of finished leathers, is the main source. According to the President of the Leather Dealers' Association, nearly Rs 2 crores worth of finished and tanned leathers per year are coming to Bombay, 60% from Calcutta, 25% from Madras and the rest from other places. Calcutta suedes in sheep and goat are selling between Rs 1.50 and Rs 1.75 per sq ft, and calf resin-finished leathers between Rs 2.00 and Rs 2.25 per sq ft. Prices of finished leathers obtained from Madras in the Dhaboo Street are as follows:

Printed calf	30 to 35 paise per dcm
Suedes	Rs 5.75 to 8.75 per sq ft
Nappa in sheep	Rs 6.50 to Rs 9.00 per sq ft
Aniline buff calf	Rs 5.00 per sq ft

In Bombay a 4% sales tax exists on sales of all types of finished leathers. But leather dealers admitted that the measurement mentioned in the leather will

be short of measurement, the shortage ranging between 15 and 25%. Leather goods manufacturers, whether small or cottage, buy tanned and finished leathers on a cash basis. Fittings, linings materials and other accessories for leather goods manufacture are available in the Dhaboo Street shops. Out of the 15 small-scale units visited, 4 units manufacture their own accessories and fittings.

Capital structure

An attempt has been made to obtain the average value of fixed capital invested in the leather goods units at Bombay. In the value of fixed capital, the cost of land and buildings has been excluded. In a place like Bombay each unit will have to spend a substantial amount of pahadi and rent. The average fixed asset per cottage leather-goods unit consisting of machines and tools worked out at Rs 4,400 per unit and Rs 36,000 per small-scale unit.

Loans

Leather goods units at Bombay as in any other part of India require short- and long-term loans and advances. As the leather goods units at Bombay will have to spend a relatively higher amount on buildings, either owned or rented, the requirements of finance are higher in these units than in other parts of India. A leather goods unit in Central Bombay had invested in the form of pahadi Rs 30,000 for a place of 30 x 10 ft and is paying a monthly rent of Rs 400.

In the Bombay region, small-scale leather goods units require loans usually for long term and intended for such purposes as the purchase of machinery, land, building etc., for making improvements to the existing capital assets. On the other hand, cottage leather goods units take advances from dealers and merchant-exporters to cover current expenses, particularly for the purchase of raw materials, for holding the stock of finished goods, for meeting marketing and other charges and for the payment of wages during the process of production.

Leather goods manufacturers are always reluctant to reveal information regarding the loans and advances made available to them. Small leather goods manufacturers use bank facilities for purchasing machinery. Out of the 15 small leather goods firms, 10 units had hypothecated their stocks with the nationalized banks to obtain working capital.

Cottage-scale and single-man leather goods units do not avail themselves of institutional finances. A leather goods manufacturer who owns two industrial sewing machines and tools worth Rs 4,000 borrowed another Rs 4,000 from a money lender for his working capital and pays as much as 36% for annual interest charges. Cottage-scale leather goods units are generally ignorant of institutional finance. Some of the manufacturers who know the procedures of institutional finance are not taking advantage of it because it would involve the scrutiny of their accounts by the bankers.

Output

An attempt has been made to assess the output of the leather goods units, which often give exaggerated figures regarding their output to boost their image. Outputs of the smaller units, where they were available, are given at the end of this report. The number of machines, the number of workers engaged and the demand for their products are the criteria on which to decide the output of a cottage unit. An experienced leather goods worker with one industrial

sewing machine makes 15 to 20 wallets or 3 handbags per day. In most of the cottage units, all the processes for making a leather wallet are done by a single individual. Cutting the leather, skiving, assembling and machining are done by the same individual. In a larger unit, division of labour exists. The top man in the unit, either the proprietor or the supervisor, cuts the pattern and one or two individuals cut the leathers; the leathers are skived and distributed to each worker for stitching or assembling. In a unit like the Leather Goods House which employs nearly 33 workers and supervisors, each worker is assigned to a particular job - skiving, assembling or machining - and specializes in a particular operation. In a cottage unit, a worker has to do more than one operation in the course of the day. The average output of a worker in a unit where he is specialized is higher than in a unit where he does more than one operation. In the Bombay Leather Goods House Unit, the average output of a worker is around 30 belts per day, whereas in a cottage unit at Dharavi, a worker makes only 10 units per day.

Marketing

Another important aspect of the survey related to the marketing organization and the agencies through which leather products are distributed to the dealers, merchant-exporters or buyers in foreign countries. According to the leather goods manufacturers, there are nearly 25 shops in the Bombay City area which deal exclusively in leather goods. Some of these showroom owners are themselves manufacturers of leather goods. Besides their own production, such shop owners also buy from other manufacturers.

Representatives of these shop owners who deal exclusively in leather products often visit leather goods units and handle leather goods from the actual manufacturers. Transactions are normally on a one-month credit basis. In Bombay City there are also thousands of shops selling leather goods along with many other non-leather products. Leather goods manufacturers regularly send their representatives to all these shops, with samples and book orders. In these cases the leather goods are displayed in the showrooms. Whenever an item is sold, the showroom or the shop owners remit the amount to the leather-goods manufacturers after deducting their commission, which ranges between 10% and 20%.

Recently, dealers in finished and tanned leather in Dhaboo Street began to display finished leather goods. Consumers also regularly visit these shops to buy leather goods, with the advantage that leather goods manufacturers get finished leathers from those dealers without cash payment and supply them finished leather goods, thus enabling them to reduce their quantum of working capital.

Production

It is very difficult to assess the quantum and value of leather goods produced in the Bombay region as such production is completely in the un-organized sector. The state or central statistical organizations do not cover all the leather goods units since cottage sectors do not come under their purview. Information is not available in published form regarding the value of production of leather goods in the Bombay region. However, on the basis of visits to all the important small leather goods units and a representative segment of cottage units the production of leather goods in Bombay was estimated as, for the 15 small leather goods units, about Rs 2 crores. Production in the cottage-

scale units is about Rs 50,000 per annum. The production in the approximately 220 cottage-scale units is about 1 crore rupees. Altogether, the production of leather goods in the Bombay region would be about rupees 3 crores.

Movement

It is difficult to state how much of the leather goods produced at Bombay is exported or sold in the indigenous market. As Bombay happens to be a port city, many merchant-exporters procure leather goods from other States. It is also difficult to state how much leather goods produced in Bombay City is moved to other States. However, leather goods produced in the Bombay region, except fancy and reptile handbags and other items, are not generally sold to other States for two reasons: (a) Bombay itself has a very good market and leather goods fetch the highest price within India; (b) Bombay leather goods manufacturers could not compete with manufacturers in the rest of India because their overhead and wages are the highest in India.

Wages

In all the established small-scale leather goods units, workers are generally employed on a monthly wage basis. As the cost of living is very high, even an unskilled worker would have to be paid between Rs 8 and 10 per day. Skilled workers are paid monthly between Rs 350 and Rs 400, and supervisors between Rs 600 and Rs 700. In the cottage type of leather goods units two types of wage systems prevail. In one system the workers come to the unit, function independently and are paid on a piece-rate basis; this system prevails especially in units making wallets and money purses. In the other system, workers are paid either on a monthly, weekly or daily basis, depending on their experience and craftsmanship.

Fashion and design

Cottage-scale leather goods units concentrate on non-fashion items like wallets and purses, whereas small-scale units produce leather handbags for which fashion and design changes are more important than for any other products. Fashion itself does not prescribe the exact way the products should be manufactured, but indicates the trends in materials, colours, designs, sizes, etc. Leather goods manufacturers at Bombay who cater to the West European markets pointed out that fashion changes twice a year, in spring and autumn. Even in leather handbags, certain items are manufactured by the Bombay leather goods manufacturers which are not affected by fashion trends over long periods of time. It is pointed out that leather goods manufacturers introduce only designed products to attract the attention of the buyers; the emphasis is on improved styles and more functional features. Bombay leather goods manufacturers also get paper-cut patterns from their buyers. For leather handbags as well as wallets and money purses, the Federal Republic of Germany and the United States are the leading importers from the Bombay region.

Cottage-scale manufacturers find it difficult to know the fashion trends and to adjust their production methods. Leather goods manufacturers admit that fashion determined by design, colour, size and material is one of the most important factors of marketing. Manufacturers in India, remote from the fashion centres, are obviously handicapped unless an extremely good relationship is established with business concerns in the importing countries which can give them market information, instructions and advice as quickly as possible.

In fact, some of the leading leather goods manufacturers in India should avoid direct competition with Western European suppliers in the initial stages for high-quality goods made of genuine leather, since India is at a disadvantage in obtaining information as to what is required by the import market. The requirement for consistency in high-quality goods is great and even some of the Western European suppliers do not satisfy buyers in this field. Cheaper goods which can be sold by bulk buyers through their own retail outlets might be of interest to our manufacturers.

Trade practices

In the Bombay leather goods export trade, quotation for leather goods is usually in dollars f.o.b. or c.i.f. In the case of handbags and bigger items, the quotation is per piece, and in the case of smaller items the quotation is per dozen pieces. As 40% cash subsidy exists for air freight, many of the importers prefer to get fashionable items by air. But some of the buyers in Middle Eastern countries prefer f.o.b. prices because they want to be able to choose their means of transportation. The method of payment most commonly used is an irrevocable letter of credit. Leather handbags and wallets are all wrapped individually in polythene paper to protect them from scratches or other damage that might occur during transportation. Delivery times indicated in the contract have to be strictly observed. Cottage-scale leather goods manufacturers are ignorant of the export procedures such as production of a bill of lading and other shipping documents, including commercial invoices, opening of letters of credit and packing. Ignorance of these trade practices and procedures is an obstacle in entering the export trade.

Sales tax

Bombay leather goods manufacturers state that the local sales tax inhibits the growth of leather goods production at Bombay. Suitcases and transister cases face 13% tax and handbags and wallets 8%. As the interstate sales tax is only 4% on all leather goods, many Bombay dealers procure leather goods, especially suitcases and transister cases, outside Maharashtra State so that they only need to pay 4% central sales tax. However, the taxes facing the leather goods industry at Bombay is a shade better than those applied to the leather foot-wear industry.

In foot-wear sales, the rate of sales tax is as follows:

Foot-wear priced up to Rs 15	10%
Foot-wear priced between Rs 16 and Rs 30	12%
Foot-wear priced between Rs 30 and Rs 45	15%
Foot-wear priced Rs 45 and above	20%

Fittings

For leather goods production, various materials such as fittings frames, locks and linings are required. Again, leather goods exporters complain that they could not take advantage of the import entitlements because they are distributed over various items. Leather goods importers are not satisfied with the indigenous fittings. As a result, some of the leather goods manufacturers have begun to produce the fittings needed for leather goods manufacture, and other manufacturers procure imported fittings, paying 100 to 200% more than the landed price.

Leather goods units at Kanpur and Calcutta

In the continuation of the study on the working conditions of leather goods units, Kanpur and Calcutta were selected since leather goods production in these two centres is more widely distributed and highly concentrated. The main purpose was to make an on-the-spot study of the technical and other working conditions of the leather goods industry at Calcutta and Kanpur by discussions with owners of establishments and associations. Such inquiries were made possible by the kind co-operation of the CLRI Regional Extension Centres at Kanpur and Calcutta. The study helped in the formulation of basic notions regarding the production potential, cost structure and marketing aspects of the leather goods units at Calcutta and Kanpur.

Type of leather goods

These two centres produce different types of leather goods. At Kanpur heavy leather goods such as luggage, suitcases, attaché cases and saddlery are produced. At Calcutta, Shantiniketan wallets, money purses, coin cases, handbags and to a smaller extent plain small leather goods are produced.

The reason for the two different types of leathers produced in these two centres is determined by the availability of skilled labour rather than the availability of basic raw material - tanned or finished leathers that determine the type of leather goods. One leading leather goods manufacturer stated that nearly 70% of the work force in the leather goods industry at Kanpur were from Bihar, 20% from other States and only 10% from the local Kanpur region. These workers are engaged in the production of heavy leather goods. On the other hand, workers at Calcutta concentrate more on artistic work in the production of Shantiniketan leather goods. The luggage leather goods units at Kanpur procure chrome tanned leathers from Calcutta some 1,000 km distant from Kanpur. Again Calcutta leather goods units procure E.I. tanned leathers from Madras, some 1,200 km away from Calcutta. Besides luggage leather goods, Kanpur is practically the only centre in India producing saddlery. This product is made out of E.I. leather, Kattai leathers, resin-finished leathers and sole leathers. While E.I. leathers are brought from Madras, Kattai and sole leathers are procured from Kanpur and Agra. Similarly, at Calcutta, besides Shantiniketan leather goods, some plain types of leathers have recently been developed for which the leathers are procured locally and from Madras.

Set up

Besides the usual manufacturers, exporters and merchant-exporters, own-account worker units and contract work units predominate at Kanpur and Calcutta.

In an own-account worker unit, the leather goods manufacturer owns his own establishment, purchases his own raw material, undertakes production on his own with the help of members of his family, and markets his product in the local market. The necessary finances are obtained out of his own resources or by borrowing. He is completely free to organize his production in such a way as to maximize his profits without the interference of any outside agency. In some cases, besides the members of the family, outside labour is also employed.

In contract-work leather goods units at Kanpur and Calcutta, the contract-work leather goods manufacturer obtains leathers and other materials from the dealers or merchant-exporters and enters into a contract with them for the supply of a certain quantity of goods with a prescribed pattern within a certain period at charges fixed beforehand.

According to the Secretary of the Leather Goods Manufacturers Association, Calcutta, there are nearly 100 cottage and contract worker units in Calcutta city. At Kanpur, there are nearly 400 cottage and contract worker units manufacturing leather goods in the following areas: Matsen Road, Misn Bazaar, Bakar Mundi, Mechli Tok, Nia-chok, Iftikesh Abd and Hiram Kapura.

Production

Persistence of units of varying sizes and the working of some units only in certain periods make an estimate of the production of leather goods at Kanpur and Calcutta very complicated. However, the figures given by the respective Secretaries of the Leather Goods Manufacturers Association at Kanpur and Calcutta seem to be reliable.

As regards the production of saddlery and harness leather goods, although harness and saddlery are exported from Bombay and Calcutta, Kanpur has a monopoly in this production; 100% of the saddleries exported are produced at Kanpur since no other manufacturer exists in India. During 1973/74, exports of saddlery and harness goods amounted to Rs 33.16 lakhs. According to the manufacturers, the internal consumption of saddlery and harness goods is between Rs 10 to Rs 15 lakhs. Hence the production of leather saddlery and harness during 1973/74 could be reckoned at Rs 1.00 crore. Luggage leather goods production at Kanpur is stated to be in the value of about Rs 75 lakhs. The Secretary of the Leather Goods Association at Calcutta claimed that the production of Shantiniketan and plain leather goods at Calcutta was about Rs 4 crores.

Employment pattern

During the course of the study, an attempt was made to ascertain the employment characteristics of the leather goods industries at Calcutta and Kanpur: the general pattern of employment, the relationship of the labour employed to the owner of the unit, the status of those employed in the various production processes, the type and degree of skill possessed, the average rate of wages and the manner and mode of payment of wages and salaries.

The number of family workers is higher in the baggage-making leather goods units at Kanpur than in the saddlery and Shantiniketan leather goods units. In all three types of leather goods units, the skills involved are easily acquired by persons not belonging to these trades. This provides ample scope for employing outsiders. It is interesting to note that in the cottage-scale Shantiniketan leather goods units one or two adult members attend to specialized processes and the female or child members of the family attend to processes of lesser importance.

It is possible to classify the total work force broadly into unskilled, skilled and supervisory. An unskilled worker is one who is newly recruited for a certain job. A skilled worker is tentatively defined as one who attends to or is equipped to attend to a process of manufacture requiring a

certain degree of dexterity which has been acquired through experience. Supervisors exclusively supervise the over-all activities of the unit, especially such activity as the control of workers. Saddlery and luggage leather goods units do not employ supervisors. Shantiniketan leather goods units employing more than 25 workers employ supervisors. The average wages for an unskilled worker at Kanpur is Rs 3 and at Calcutta Rs 4. A skilled worker at Kanpur gets between Rs 6 and Rs 9 per day. In the luggage leather goods manufacturing units the wages are on a piece-rate basis. For a medium size suitcase, the wage is Rs 9 per piece; a worker does one suitcase to one and a half pieces. At Calcutta, almost all the units employ workers on a monthly basis. A skilled worker earns between Rs 150 and Rs 300, depending on his skill and ability. A supervisor is paid from Rs 350 to Rs 400 per month.

Cost of production

Inquiries were made regarding the cost of production of leather goods units, but it was very difficult to obtain the cost of production of a particular item of leather goods in view of the fact that manufacturers do not produce only one item. Even in the case of a single item like saddlery, the buyer purchases various sizes and various designs. Because of this fundamental characteristic, different sizes and different designs, leather goods manufacturers themselves are not aware of the cost of production of each item, although they have a rough idea. Usually, manufacturers divide the cost of production into four categories: leather, materials, wages and overhead and profits.

A saddlery manufacturer revealed that the cost of leather works out to Rs 180, materials to Rs 60, wages to Rs 30, and overhead and profits to Rs 30. The saddlery is priced at Rs 300.

A 30 inch suitcase is priced at Rs 95 for the production of which leather costs Rs 55, materials Rs 15, wages Rs 10, and overhead and profits Rs 15.

At Calcutta, a leather goods manufacturer pointed out that for a leather handbag made of cow nappa, the leather cost Rs 67.50, at Rs 7.50 per sq ft for 9 sq ft, the silk lining cost Rs 12.50, wages were Rs 15 and overhead and profits cost Rs 15. For the Shantiniketan type of small leather goods, wallets, money purses, coin purses, leather costs 70% materials including dyeing 10% and overhead and profits 10%.

Problem of finance

Leather goods manufacturers do not now complain about the availability of tanned leathers. As the exports of tanned leathers attract 20% export duty, the manufacturers of leather goods in India are now able to compete in the local market. However, finance is a problem. For fashionable leather goods, the manufacturers produce on order. When they do not have enough orders, they produce regular items such as money purses to keep the factory running and to provide regular employment. At this juncture the working capital of leather goods manufacturers is blocked. Almost all the leather goods manufacturers buy tanned leathers in the local Calcutta market on credit. The price of E.I. tanned rejection sheepskins is Rs 50 to Rs 55 per kg, whereas the same leathers could be procured in Madras for Rs 40 to Rs 45 for ready cash.

Auxiliary materials

Leather goods manufacturers at Calcutta pointed out that their products and exports are becoming uncompetitive in the international market. They admit that they have some edge over their competitors in the procurement of tanned leathers and cheap labour. But their production and exports are hampered by the exorbitant prices of other auxiliary materials. The price of spirit soluble dyes is now Rs 280 as against Rs 150 a year ago. Again, the price of spirit went up from Rs 2.10 per litre to Rs 5.11 per litre.

Direction of exports

The direction of the exports of Shantiniketan leather goods has changed during the last two years. Once Japan was the single source for this item. Then it became known that Japan re-exported this item to other markets like the United States. Now leather goods manufacturers at Calcutta have developed direct contacts with the importers in Canada, the United States and West European countries. As a result, export of this item to Japan has decreased. Besides, after the oil crisis, the demand from Japan was reported to have declined. The United Kingdom is the main market for saddlery followed by the United States, the Federal Republic of Germany, Denmark and Australia.

New designs

Leather goods manufacturers develop new designs and send the samples to overseas buyers who test them in the market. At times, these buyers give their comments and ask for some modifications. In certain cases, buyers send paper designs also. In others they send photos. Leather goods manufacturers at Calcutta made it clear that only the United States gives bulk orders for leather goods.

Fashion leather goods

The bulk of the leather goods exported from Calcutta consists of Shantiniketan leather goods which could be classified as a handicraft item rather than a fashion item. Nearly half a dozen manufacturers produce fashion leather goods, but their production is very limited; the orders in fact, are in hundreds. It is clear that leather goods manufacturers at Calcutta have not yet been successful in offering bulk quantities of fashion leather goods since they do not have a clear knowledge of market trends, the latest designs and consumer preferences in the importing countries. Leather handbags seem to be the most difficult market for Calcutta manufacturers since fashion-determined design, colour, size and material are important factors in marketing. One manufacturer intimated that leather goods manufacturers at Calcutta are remote from the fashion centres and are obviously handicapped. When manufacturers at Calcutta are successful, it is because an extremely good relationship is established with business concerns in the importing countries who give market information, instructions and advice as quickly as possible.

Design copying

The leather goods export market definitely seems to be a buyer's market, with many suppliers in competition with one another. This is the reason that

leather goods manufacturers at Calcutta seem to be secretive in their designs. Most of the manufacturers are not prepared to sell samples of leather goods even to a research institute. They are terribly afraid of their designs being copied by other manufacturers and sold at cutthroat prices in the overseas markets. Originality of design is very important. It is common practice in the industry to copy products which are made by other manufacturers and which sell well.

Workmanship

Workmanship is the basic virtue of the Shantiniketan leather goods industry and continuity in quality is very much needed. It is obvious that hand work is an essential element in production. In fact, certain machines could be utilized for operations in which hand work could be replaced. For instance, women workers are engaged in making leather straps for stretching wallets; this could be done by a strap-cutting machine. Whereas a woman could make straps out of 30 pieces per day, the same 30 pieces could be cut into straps within half an hour by a strap-cutting machine.

Size of the markets

As regards the size of the market for the leather goods manufactured at Calcutta, there are two different markets in leather goods: the mass merchandise market, often for lower-priced Shantiniketan money purses. For non-Shantiniketan leather wallets, money purses and handbags, a large volume of orders would be difficult for many leather goods exporters. The orders are usually in hundreds. A leather goods manufacturer producing Shantiniketan purses stated that bulk-buying organizations usually like to receive a large quantity in a single consignment to satisfy their multiple retail outlets. He added that as the leather goods market, importers are not particularly sensitive to new supply sources.

New markets

New business opportunities in the export section for leather goods often open up after the parties know each other's functions and capacities. Negotiations are started by a letter from the manufacturer to the importer, describing clearly and in detail the manufacturer's capacities and conditions of offer. Samples submitted together with the letter often enable importers not only to examine the products themselves but also to assess the capacities and workmanship of the manufacturer. Very often, samples are not accepted as they stand, and considerable modification or even complete remodelling is required.

Market intelligence

The proprietor of Arts and Prints, one of the leading firms doing a variety of leather goods, stated that it is vitally important for manufacturers at Calcutta to know what the export markets require at any given moment, but this is not possible for them without close contacts in the market. Correspondence often proves to be inadequate in this respect. A trip to the importing countries would be most useful for this purpose, possibly on the occasion of sample shows or trade shows visited by overseas buyers. If a manufacturer is not able to participate in an overseas fair, the alternative might be to invite buyers to visit the factory.

Fittings

Hardware is an important determinant in the production of quality leather goods. The hardware used in leather goods produced at Calcutta and Kanpur, as in any other part of India, is often not up to the standard of the whole product. In such cases, manufacturers should consider importing the necessary hardware. The leather goods exporters could not take advantage of the import replenishment licence as it is distributed to many items. They buy imported fittings from the open market in which they pay 200% more for the imported fittings.

Sales tax

At Kanpur, the sales tax on the local sales of leather goods is 7%. At Calcutta, the sales tax is levied at the rate of 6% plus 2% surcharge and 5% additional surcharge. Inter-State sales are covered under the Central Sales Tax, which works out to 3%.

Packing

For internal markets, leather goods are packed in plywood boxes. As most of these goods are transported by rail or road, this strong packing is considered essential. For export purposes, some leather goods, particularly costly handbags are wrapped individually in polyethylene paper to protect them from scratches or other damage that might occur during transportation. In some cases, the smaller ones are packed inside the larger ones to reduce shipping charges. Shantiniketan money purses and wallets are not wrapped individually. For exporting, all leather goods are usually packed in corrugated carton boxes to reduce the weight since most of these goods are air-lifted. The sizes of the boxes as well as the number of products in each box vary. The corrugated carton boxes are further covered by a white cloth.

Delivery

Leather goods exporters pointed out that delivery times indicated in contracts have to be strictly observed particularly for fashion leather goods. If the leather goods cannot be supplied in time, the orders are automatically cancelled by the importers. As leather goods are fashion items they have a limited season and cannot be sold later. Deliveries usually take two to three months. For non-fashion or non-seasonal items like Shantiniketan purses, longer delivery times are acceptable. One leather goods manufacturer stated that his importer waited eight months for an item. In exceptional cases, where really good value is offered by the supplier, leather goods are traded without strict delivery schedules and importers have to wait for their arrival. Leather goods manufacturers in Calcutta also complained that air-lifting also takes a lot of time; the goods sometimes reach their destination in Europe in over a month. This is because the leather goods manufacturers have to air-lift their goods via Air India to enable them to receive the 40% cash subsidy. This monopoly arrangement prevents the speedy movement of the goods and often results in inordinate delays. Thus, as delivery is often required within a few months of ordering, a manufacturer should make sure before signing a contract that transportation is available to meet the delivery requirements.

Annex VI

DIRECTORY OF INDIAN LEATHER GOODS UNITS WITH EXPORT POTENTIAL

<u>Name and address</u>	<u>Products</u>
Sarma Brothers Durga Road Pallavaram Madras 600043	Wallets, billfolds, passport cases, key cases, purses, passport wallets, change purses, travelling bags, briefcases, camera cases, radio cases, attaché cases, ladies' handbags
Prestige Leather Crafts 32 Perianna Maistry Street Periamet Madras 600003	Suitcases, travelling bags, attaché cases, briefcases, handbags, tote bags, travel bags, shopping bags, shoulder bags, framed bags, jewellery cases, men's accessories, cigar cases
Onward Trading Co. 184 Rasappa Chetty Street Madras 600003	Money purses, wallets, Shantiniketan purses and handbags
Sournam Enterprises 58 Elliots Beach Road Madras 600020	Wallets, billfolds, passport cases, key cases, purses, passport wallets, change purses and ladies' handbags
East India Leather Works 23 School Road Perambur Madras 600012	Wallets, change purses, handbags, Shantiniketan bags
Hindustan Leather Industries 15 Surappa Mudaly Street Triplicane Madras 600005	Money purses and briefcases
K.M. Industries 10 Kumbarappa Chetty St. Madras 600003	Leather wallets
Asia Tanning Company 4 Ramapillai Street Periamet Madras 600003	Leather handbags, pouches and wallets
A. Rafeeq Ahamed & Co. 35 Broadway Madras 600001	Leather handbags, wallets, money purses, change purses, key cases and fancy leather goods
Sterling Export Corp. 57/1-A Sydenhams Road Periamet Madras 600003	Leather handbags, wallets, pouches, leather gloves
Tansi Leather Works Pallavaram Madras 600043	Attaché cases, briefcases, police belts, rifle cases, travel bags, leather gloves

<u>Name and address</u>	<u>Products</u>
Novelty Products 14/138 Opp: B.I.C. Club Mall Road, Chunniganj Kanpur, U.P.	Leather handbags, leather ties, whips, dog collars, dog leashes, wristwatch straps, jewellery and cigarette cases, sports shoulder bags
K.C. Kapur & Sons 14/63 Civil Lines Kanpur, U.P.	Attaché cases, travelling bags, brief- cases, industrial belts
Tannery & Footwear Corporation of India Civil Lines Kanpur, U.P.	Ladies' bags, fancy leather goods, solid leather goods, small leather goods and leather belts
A. Kasim Brothers Mastan Road Kanpur, U.P.	Travel bags, suitcases, wallets, trunk holdalls, attaché cases, briefcases, doctors' bags, handbags, dog collars, dog leashes, wristwatch straps
Arts and Prints 31 Park Mansion Calcutta 700016	Shantiniketan leather goods, leather wallets, money purses, ladies' handbags and fancy footwear
Complementary Leather Works (P) Ltd 2011 Ballyganj Terrace Calcutta 700019	Shantiniketan leather goods and knitted foot-wear
D.R. Exporters 16/1 Loudan Street Calcutta 700017	Handbags, shoulder bags, tote bags, shopping bags, travel bags, fancy leather goods
B.V. Stores 210-A Rashbehari Avenue Calcutta 700029	Wallets, billfolds, passport cases, purses, handbags, shoulder bags, shopping bags, Shantiniketan bags, leather garments
City Opticians Grand Hotel Arcade Calcutta 700013	Shantiniketan leather goods, ladies' handbags, wallets, money purses
Hardeep Industries 1 Biplati Anntueloh St. Calcutta 700013	Shantiniketan leather goods
P. Pagnon Co. Private Ltd 7 Colootola Street Calcutta 700001	Shantiniketan leather goods, ladies' handbags, wallets, money purses
S.S. Stores & Agency 108/1-A Cornwallis Street Calcutta 700004	Shantiniketan leather goods
Silpa Sree Works 7 Sharma Charan De Street Calcutta 700012	Shantiniketan leather goods

Name and address

Products

Dhandonia & Co.
12 India Exchange Place
Calcutta 700001

Shantiniketan leather goods, leather
wallets, money purses, handbags

United Commercial Company
3/2 Madan Street
Calcutta 700013

Shantiniketan leather goods, leather
handbags, money purses, wallets, radio
cases, camera cases

Leather Goods House
Camo House
Opp: Labour Stadium
524-A Senapathi Bapat Works
Dadar, Bombay 400028

Men's belts, wristwatch straps, wallets
and key cases

Pioneer Leather Works
Sitaram Building
Crawford Market
Bombay 400001

Trunks, suitcases, travelling bags,
attaché cases, briefcases, doctor's bags

Studio Montqueart
304 Udyog Madis
Pitambar Lane, Mahim
Bombay 400016

Handbags, shoulder bags, evening bags,
tote bags, shopping bags

Usha Leather Industries
Pala Bungalow
Dharavi
Bombay 400017

Wallets, billfolds, key cases, purses,
passport wallets, change purses, men's
belts, ladies' handbags

Bajaj Leather (P) Ltd
Behind Varigi Mansion
Sir P.M. Road
Bombay 400001

Leather wallets and belts

S. Sango
Dhanraj Mahal
Apollo Pier Road
Bombay 400002

Travel cases, suitcases, attaché cases,
folio cases, wallets, money purses and
ladies' handbags

Rals (India)
262 Carnao Road
Bombay 400002

Leather wallets, purses, belts

Shri Shakti Traders
311 Adhyok Industrial Estate
Sun Mill Compound
Bombay 400013

Transister cases

Precious Leather Works
First floor
273 Ebrahim Rahimatulla Road
Bombay 400003

Ladies' handbags, wallets, money
purses, fancy chappals

Handicrafts Exports
Shop No.4
Mohamadali Building
2nd Peer Khan Street
Wagpada, Bombay 400008

Leather handbags, wallets, money
purses, key cases, suitcases,
attaché cases

<u>Name and address</u>	<u>Products</u>
Apsara Boutique 2nd left lane from Regal Cinema Colaba Casueway Bombay 400001	Wallets, billfolds, key cases, purses, passport wallets, ladies' handbags, fancy chappals
Sundeep Sales Corp. 27 Church Bunder Road Bombay 400009	Ladies' handbags, wallets, money purses
Artistic National House Behind Regal Cinema Tulloch Road, Colaba Bombay 400001	Leather handbags and wallets, leather garments
Alka Arts Swadeshi Mills Compound Roxy Cinema Lane Girgaum, Bombay 400004	Ladies' handbags, jewellery cases, writing cases, cosmetic cases, cigarette cases, wallets
Nawrang Exports 219 Prasad Chambers Opera House, Bombay 400004	Handbags, shoulder bags, cosmetic bags, tote bags, sports bags, shopping bags, wallets
Indian Art Industries 10 Kingsolkar Chawl Kala Killa, Charavi Road Bombay 400017	Ladies' handbags, wallets, key cases, suitcases, writing cases, travel bags, jewellery bags
Fabrina 6 United Industrial Estate Mohal Lane, Mahim Bombay 400016	Ladies' handbags and knitted foot-wear
Alankar 42 Shalvakur 'B' Row Churchgate, Bombay 400020	Leather handbags and leather garments
Rajashree Traders Nivruti K. Kavanda Kala Killa Bombay 400017	Leather belts, money purses, purses and wallets
Shilpayatan 4 Hanvant Bhavan 30E Napean Sea Road Bombay 400004	Artistic ladies' handbags, wallets, leather handicrafts
Craftech 48 Abdul Rahman Street 111 Floor, Bombay 400003	Leather watch straps
Dr. J. Joshi 5 Yashwant Place New Delhi 110021	Ladies' handbags, wallets, purses and leather garments
M.M. Exports K.276 Gurudwara Road Kotla Mubarakpur New Delhi 110003	Ladies' handbags, leather garments, wallets and purses

Name and address

Products

Luoky Leather Craft
F. 32 Krishnanagar
Kotla Mubarakpur
New Delhi 110003

Leather handicrafts, ties, ladies' handbags, gloves, leather garments

Kabs Associates
E. 11 Green Park Extension
New Delhi 110016

Leather garments, ladies' handbags, wallets

Raison Traders
41-5/4 Single Sabha Road
Shaktinagar
Delhi 110007

Leather garments, ladies' handbags, wallets, purses

Sharma & Sons
4/441 Balaganj
Agra 282001

Attache cases

Overseas Corporation
6-2/20 Vasant Vihar
New Delhi 110057

Leather garments, ladies' handbags

Prabhat Leather Works
10741 Jhandevalan Road
Nabi Kasim, New Delhi

Travelling leather goods, suitcases, attache cases

Mathir Exports/Imports
289A Defence Colony
New Delhi

Ladies' handbags, leather garments

N. Reddy
122 Corneveial Street
Bangalore 560001

Ladies' handbags, suitcases, travel cases

Madhu Overseas
Seoond Cross
Journalist Colony
Bangalore 560002

Ladies' handbags, pouches, leather garments

Bajaj Leathers Private Ltd
44-2 Bannerghatta Road
Bangalore 560029

Leather wallets

Millismaoh Agency
97/3 Jakkasandra Village
Sarjapur Road
Post: St. John's Medical College
Bangalore 560034

Ladies's handbags, leather garments

Intercraft Private Ltd
107-C F.I. Industrial Area
Naraina, New Delhi

Leather garments, ladies's handbags

Benil Leather Corporation
Vepery High Road
Periamet, Madras 600003

Ladies' handbags, attache cases, pouches, wallets

Name and address

Products

Gypsy Rose
E-91 Oboroe Centre
Nariman Point
Bombay 400021

Ladies' handbags, wallets, money purses,
shopping bags

Biraj Enterprises
4 Frampa Villa
3/3 C.S.T. Road
Kalina, Bombay 400029

Ladies' handbags, purses, wallets

Leatherwear India
224 Universal Industrial Estate
Jaiprakash Road, Andheri
Bombay 400058

Ladies' handbags, leather ties,
shopping bags

Kala Bhavan
4 Jevabhai Baug
Dr. Ambedkar Road
Byoulia, Bombay 400027

Leather wallets, passport cases,
pouches, ladies' handbags

Cara Lisa
Nhavo House
65 Karve Marg
Bombay 400002

Ladies' handbags, pouches, wallets,
shopping bags, attaché cases, briefcases,
leather handiorafts

Annex VII

TRAINING PROGRAMME FOR DESIGN AND PATTERN CUTTING
(Duration: 48 weeks)

Week 1

Practical: Design materials. Elementary drawing. General introduction to tools.

Technology: The analysis of design for the appreciation of function, appearance and economic production. The classification of leather goods, their sections and materials.

Week 2

Practical: Exercises in line point and composition. Use of the knife, sharpening and care of basic tools.

Technology: The influence on design of social habits, fashion seasons, selling-price level, marketing. The progression from design stimulus to pattern cutting.

Week 3

Practical: Three dimensional drawing of solid cubic bodies. Knowledge of the best working surfaces, their care and preparation.

Technology: Advertising and consumer research. Introduction to making and cutting patterns.

Week 4

Practical: Spatial composition. General exercises to give familiarization of tools.

Technology: The effects and limitations of material selection and design components upon construction. The rudiments of pattern cutting and its conversion into permanent parts.

Week 5

Practical: Parallel projection. The basic procedure to pattern cutting.

Technology: The relationship to artistic appearance, size, proportion and shape. Colour harmony, contrast, weight balance. The role of the pattern cutter and designer.

Week 6

Practical: Principles of perspective. The general procedure for producing. Making parts for out edge work.

Technology: The function and value of superficial design and ornamentation. The importance of accuracy for mass production.

Week 7

Practical: Narrative drawing. Procedure for producing cutting patterns from marking patterns.

Technology: The effects of industrial and economic conditions upon creative ability. Pattern numbering and identification.

Week 8

Practical: Three dimensional drawing of specific leather goods. Season ticket case patterns and various arrangements.

Technology: Design illustration and presentation. The effects of pocket top shapes upon construction and their relationship to cost of material.

Week 9

Practical: Basic use of colour. Colour mixing. Colour application. Card-case patterns.

Technology: The value of technical drawing to the industry. Pocket front attachments. Concave and convex edges.

Week 10

Practical: Introduction to hand tooling. Selection of tools. Card-case patterns continued.

Technology: Leather available for tooling. Historical and industrial background to leather goods design.

Week 11

Practical: General exercise in use of tools. Produce own designs. Mount on board.

Technology: Organisation and structure of the industry. Social and economic importance to design.

Week 12

Practical: Sketching own designs. Produce note case pattern.

Technology: Fashion: What is it? How does it change? How is it influenced?

Week 13

Practical: Hand tooling. Inside variations. Producing own design.

Technology: Analysis of current international fashion stimuli for original ideas. Introduction to various leathers, their storage and method of purchasing.

Week 14

Practical: Hand tooling. Production of patterns including zip and flap pockets.

Technology: Type of tannage and its identification.

Week 15

Practical: Hand tooling. Combination wallet purse.

Technology: Leather grading and finishing techniques.

Week 16

Practical: Hand tooling.

Technology: Cutting department, its importance and the various methods of costing.

Week 17

Practical: Silk screening. Production of patterns for bill folds.

Technology: Costing practice.

Week 18

Practical: Silk screening. Basic allowances for bending methods of producing flat billfolds.

Technology: Departmental equipment. Mechanical tools, their selection, care and maintenance.

Week 19

Practical: Internal arrangement, own design. Introduction to sewing machine and types of machines.

Technology: Fundamental rules of hand cutting. Sewing machines: types and uses, adjustments and various attachments available.

Week 20

Practical: Pattern for note case. Simple paper exercises. Control of machine.

Technology: General cutting methods. The relationship of needles and threads for all weights and classes of weight and their selection.

Week 21

Practical: Pattern for note case. Practice sewing.

Technology: Skin selections, their names. Tension stitch formation. Lengths and margins.

Week 22

Practical: Variation on note case. Practice sewing.

Technology: Disposition of quality substance and stretch. Stitching faults, checks and remedies.

Week 23

Practical: Note case continue. Simple skiving exercises.

Technology: Matching grains and colours. Machine and thread lubrication. The machining sequences and procedures for various grades and type of work.

Week 24

Practical: Money clip patterns. Sewing practice.

Technology: Matching grains and colours. Machine and thread lubrication. The machining sequences and procedures for various grades and type of work.

Week 25

Practical: Patterns for combination wallet-note case. Silk screening. Simple article. Practical use of clicking knife. Hand cutting of small shape.

Technology: Flaws and defects. Leather sorting. Cutting procedures adopted for suede, reptile.

Week 26

Practical: Combination wallet. Silk screening. Simple article. Cutting continued.

Technology: Embossed leathers and coloured leathers.

Week 27

Practical: Patterns for own design. Silk screening. Simple article. Practice in press cutting. Preparation and manipulation of materials and press knives.

Technology: Types of lining and outside fabrics, their folding systems.

Week 28

Practical: Patterns continued. Simple article. Hand clicking.

Technology: Systematic pattern planning and cutting principles. Types of boards and papers, fabrics, leather and other reinforcement cutting methods.

Week 29

Practical: Introduction to purse patterns, their effects upon frame shape. Working methods of production.

Technology: Padding types used, purpose. Cutting methods. Leather grain identification, nature assisted and embossed grains.

Week 30

Practical: Purse patterns. Hand cutting of reinforced leather used. Lining and fibres for small leather goods.

Technology: Recognition of the principle. The perspective merits of hand and machine cutting. For hides, skins and synthetic materials.

Week 31

Practical: Practice in use of splitting and skiving machines.

Technology: Types of stains and their application. Introduction to hand paring and the types of finishing for specific work.

Week 32

Practical: Use of other cutting machinery, its operation, adjustments. Production working methods.

Technology: Creasers, types, shapes, working surfaces required.

Week 33

Practical: Staining, its method of application. Polishing of edges. Practice staining. Introduction to creasing.

Technology: Adhesives, types and preparation and their means of application.

Week 34

Practical: Creasing practices.

Technology: Types and sizes of rivets, press studs and other fittings.

Week 35

Practical: Hand skiving. Introduction to sharpening knife and practice. Skiving for knife-edge finish.

Technology: Reinforcements, the types used in small leather goods, including paper board, silk etc.

Week 36

Practical: Use of adhesives and methods of application. Introduction to press stud fittings and locks.

Technology: Jigs and tools to assist production. Simple methods of cost control.

Week 37

Practical: Preparing and assembling. Card case No.1.

Technology: The influence of machining upon design and pattern shapes. The respective merits and demerits of different methods of handbag construction.

Week 38

Practical: Preparing and assembling. Note case No.2.

Technology: Seam types, their arrangements, positioning effects upon construction and their strengthening agent. Reinforcement calculations, fitting margins.

Week 39

Practical: Preparing and assembling. Note case No.3.

Technology: Principles of one piece patterns. Gosset formations and allowances.

Week 40

Practical: Preparing and assembling. Wallet and purse No.4.

Technology: Base styles for bags, their effect upon design and capacity.

Week 41

Practical: Preparing and assembling. Key case No.5.

Technology: Frame sections, shapes and effects on design and patterns. Handle design construction and fitting.

Week 42

Practical: Preparing and assembling. Spectacle case. Passport case.

Technology: Lining methods. Fitting allowances and accessories.

Week 43

Practical: One piece pattern. Preparing and assembling. Under-arm case.

Technology: Methods of improving. Production points to look for in quality control and methods used.

Week 44

Practical: One piece pattern, continued. Preparing and assembling. Thonged shoulder bag.

Technology: Basic principles used in instructor training, o.g., stages and key points.

Week 45

Practical: Square-mouth zip-bag patterns. Preparing and assembling. Shoulder bag.

Technology: General considerations of costing systems. Direct labour cost, estimating and recording.

Week 46

Practical: Two-piece lining patterns. Preparing and assembling. Framed purse.

Technology: Necessity for recovering factory overhead expenses. Selling and distribution expenses.

Week 47

Practical: Linings, continued. Preparing and assembling. Turned-over-edge wallet.

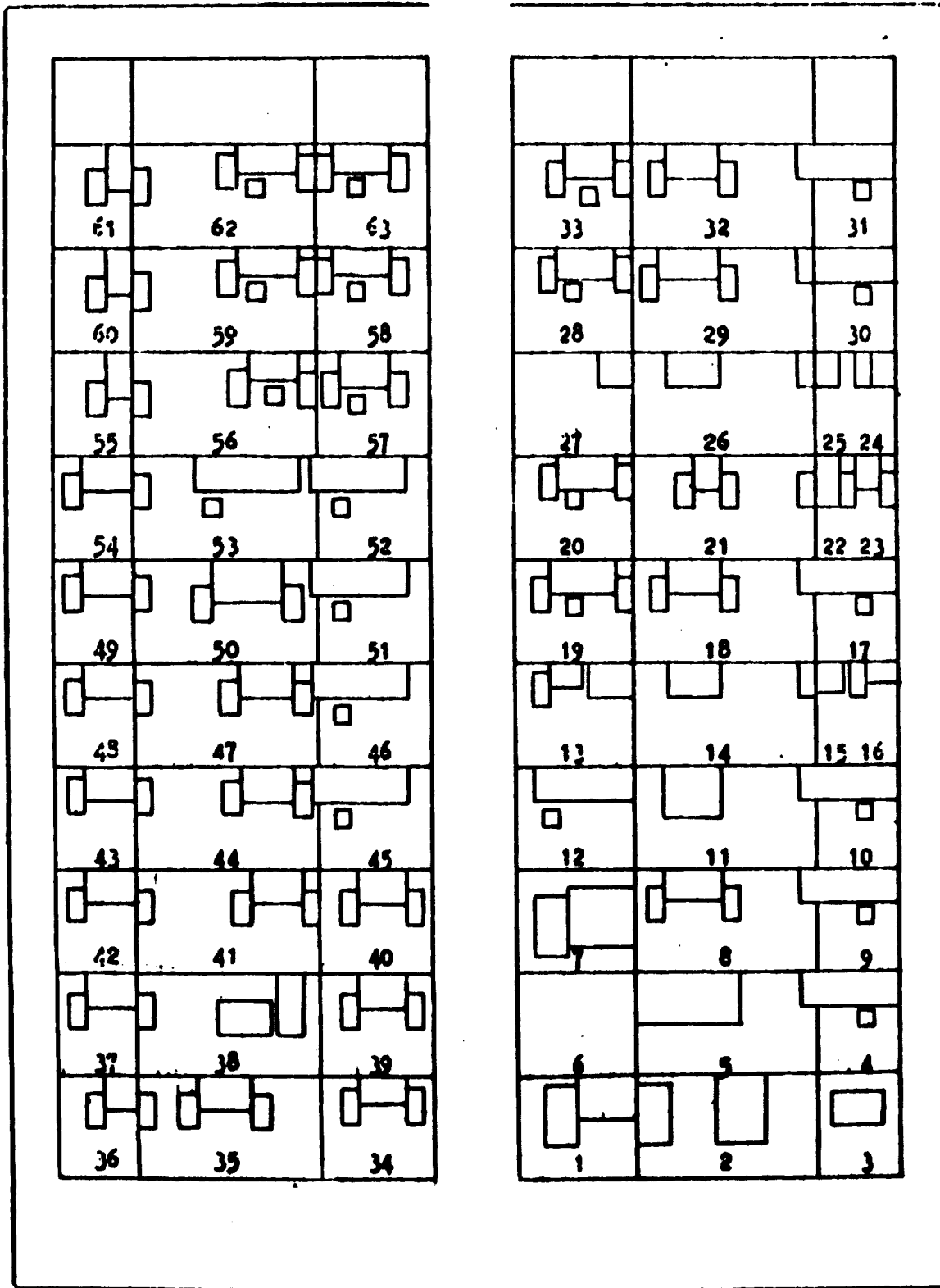
Technology: Cost estimating and computer recording of cost estimates. Elements of work study.

Week 48

Practical: Preparing and assembling. Zip writing case.

Technology: Outline of the government assistance given to small industries.

Layout of training facilities



Note: For key to layout of work stations, see next page.

Key to layout of work stations

- | | | |
|--------------|-----|------------------------------|
| Work Station | 1. | Clicking press |
| | 2. | Guillotine machine |
| | 3. | Strap-cutting machine |
| | 4. | Working table |
| | 5. | Clicking table |
| | 6. | Working table |
| | 7. | Splitting machine |
| | 8. | Skiving machine |
| | 9. | Working table |
| | 10. | Working table |
| | 11. | Splitting machine (Fortuna) |
| | 12. | Working table |
| | 13. | Edge-folder machine |
| | 14. | Gluing machine |
| | 15. | Creasing machine |
| | 16. | Strap-turned-over machine |
| | 17. | Working table |
| | 18. | Edge-staining machine |
| | 19. | Adler sewing machine (heavy) |
| | 20. | Adler sewing machine |
| | 21. | Punching press |

- Work Station 22. Riveting machine
23. Punching machine
24. Eyeletting machine
25. Punching press
26. Working table
27. Puritan sewing machine
28. Sewing machine
29. Sewing machine
30. Working table
31. Working table
32. Working table
33. Working table
34. Skiving machine (Sril)
35. Foil stamping machine
36. Clicking press (Vrevetta)
37. Air Mite
38. Hydraulic press
39. Air Mite, straight creaser
40. Glueing
41. Air Mite, folder
42. Air Mite, clip fixing
43. Air Mite
44. Air Mite, gusset creasing machine
45. Working table

- Work Station 46. Working table
- 47. Air Mito, centre-fold crease machine
 - 48. Air Mito
 - 49. Air Mito
 - 50. Setting roller machine
 - 51. Working table
 - 52. Working table
 - 53. ASTOR button-covering machine
 - 54. Air Mito
 - 55. Frame opener
 - 56. Sewing machine (cylinder bed)
 - 57. Working table
 - 58. Sewing machine
 - 59. Sewing machine
 - 60. Frame-fixing machine
 - 61. Frame-fixing machine
 - 62. Sewing machine
 - 63. Sewing machine.

Annex VIII

NEED FOR RESEARCH AND DEVELOPMENT CENTRE
FOR LEATHER GOODS FITTINGS

India now realizes that the geographical centres of the tanning and leather-finishing industries in the world are rapidly changing and that its ultimate objective should be to convert as much as possible its raw hides and skins to finished leather articles with the obvious increase in added value.

As a result of the shortage of labour, effluent problems and higher cost of production in the developed countries, the number of tanneries, foot-wear and leather goods units in the developed countries has generally declined over the last two decades. This factor favours the development of finished leather and leather products industries in developing countries such as India, which possess the basic raw materials - some of which, for instance red-hair sheep skins, are the best in the world.

Government policy

The Government set up an expert committee under the chairmanship of Dr. A. Seetharamaiah, Senior Industrial Adviser to the Government, on the steps to be taken relating to the export of finished leather and leather goods. On the recommendation of this committee, the Government placed quantitative restrictions on the export of E.I. and wet blue leathers starting in the financial year 1973/74. These exports were to be progressively reduced every year and within a period of five years brought to a level equal to 25 per cent of the 1971/72 figure for exports.

With the restriction of E.I. and wet blue leathers and switching over to finished leather production, exports of leather and leather goods, which were at the level of about Rs 190 crore in 1972/73, will have to be increased to Rs 435 crore in 1978/79 at constant price levels. If the long-term trend in leather and leather product prices has been taken into consideration, it is envisaged that the total export earnings by leather and leather goods would be about Rs 600 crore.

Leather goods exports

Before discussing the need for a research and development centre for leather goods fittings, it is necessary to assess export trends in leather goods and the targets fixed by the Government.

Export of leather goods from India, 1970/71 to 1974/75
(rupees)

<u>Year</u>	<u>Value in million</u>
1970/71	9.35
1971/72	15.47
1972/73	28.60
1973/74	44.29
1974/75	56.17

Source: Monthly statistics of the Ministry of Foreign Trade.

It may be seen from the above table that leather goods exports have shown continuous increases since 1970/71. Exports of leather goods were Rs 56.17 million in 1974/75 as against only Rs 9.35 million in 1970/71. Exports of leather goods have shown significant progress since the introduction of a quota system for E.I. and wet blue tanned leather exports in 1972/73. At the end of the fifth five-year plan, i.e. 1978/79, leather goods exports have been fixed at Rs 175 million. The targets were set at 1972/73 price levels. If an annual increase of 10 per cent price increase is assumed, exports of leather goods by 1978/79 should reach the level of Rs 250 million.

Fittings

Leather goods as finished products contain various materials other than genuine leather. Hardware is a very important element of leather goods. Improvements are constantly being introduced and new parts developed, for example, frames, zippers, clasps, hinges, locks, hooks, handles, handle attachments, eyelets, rivets, grommets and washers, ferrules, hole plugs, corners, catches and decorative trims. The hardware should match the quality of the product as a whole. In many developing countries, including India, quality hardware are not available and overseas buyers of leather goods complain about the lack of quality.

The need for a research and development centre for leather goods fittings arises owing to the following factors:

1. Although supplies of finished leathers exist as raw materials, quality fittings are not manufactured in India which could be utilized in the production of fashionable leather goods. Fittings manufacturers in India cater mainly to the plastic and rexine goods manufacturers. These synthetic and leather substitute goods are produced in bulk quantities in India for the domestic markets. The same materials are used by the Indian leather goods industry. Naturally the product is cheap and the finishing is crude. Hardware intended for synthetic materials are used for leather goods production, the materials are not durable and their functioning is also not proper and complete.
2. Export markets for leather goods are highly sophisticated. For certain items such as handbags, fashion and design changes are more important than for other products. Fashion for leather goods changes twice every year in spring and autumn in the Western countries. Designers are kept busy creating new products which might appeal more to consumers. Similarly, a leather goods fitting manufacturer in Europe or the United States constantly introduces newly designed products to attract consumers, the emphasis being on improved styles and more functional features. In India, fittings manufacturers produce hardware mainly for synthetic manufacturers and only to a smaller extent for leather goods manufacturers. As a result, these manufacturers do not bother about fashion trends. Even now fittings sold for leather goods manufacturers were designed some 20 years ago. This emphasizes the need for a research and development centre which could look after the design and production of quality fittings which would be acceptable to overseas buyers.
3. In order to make available imported fittings to the leather goods manufacturers, the Government of India provides 20 per cent import replenishment for light categories of travel and other leather goods such as attaché cases, briefcases, ladies' handbags, wallets, leather apparel, garments, purses and fashion leather hand gloves, and 15 per cent for heavy leather goods such as saddlery items, leather trunks, leather suitcases. Since the Indian leather goods industry is in its infancy, the exports of individual leather goods

manufacturers are also small. When the entitlement is distributed to various items, manufacturers could not utilize it. When the manufacturer actually purchases the imported fittings, the market price is higher by 100 to 200 per cent compared with the landed price. Thus, while the price of an indigenously made lock Rs 2 to 3 (for 2 in., 2- $\frac{1}{2}$ in., 3 in.), the price of imported locks in the market is about Rs 10. If there were a centre manufacturing quality fittings for leather goods indigenously, the price of such products would naturally be lower and Indian leather goods manufacturers could profitably use these fittings and compete in the international market.

Import substitution

To correct the imbalance in the international trade, the Government of India undertakes two types of measures: (1) export promotion and (2) import substitution. The setting up of a research and development centre for leather goods fittings would be in line with import substitution. The Government now provides 20 per cent import entitlement. By 1978/79, leather goods exports are anticipated to achieve a target of Rs 250 million. This means that the Government will have to provide Rs 50 million worth of entitlements to leather goods manufacturers for the import of fittings and other accessories. If and when a research and development centre is set up for the manufacture of leather goods fittings, the centre could substitute at least 50 per cent of the imported fittings. Again, if quality fittings are manufactured in India, they could be exported especially to other developing countries.

Preliminary work relating to the development of fittings has already been undertaken in the machine-shop section of the UNDP leather goods project in CLRI. Buckles, locks, cutting tools, cutters, keeper and special sets of tools have been developed. The know-how and the prototypes have been transferred to a firm for the production of a sample order of 500 pieces. The research and development centre for leather goods fittings will be an extension of the present set up. This expanded project is to take care of production of fittings and ancillary gadgets specially suited to the leather goods industry. The UNDP input should be of the order of \$100,000 (\$40,000 for experts and \$60,000 for equipment). In the second phase, a pilot plant could be set up to take care of the production. In the third phase, the design and technology could be transferred for large scale production to the industry.

List of fitting manufacturers

Press studs and machines

Needle Industries
Ketti P.O. Nilgris
Delhi

National Buckles Mfg. Co.
Bapu Marg
Aligarh, U.P.

Textamp Mfg. Company (India)
Textamp House, Upperkot
Aligarh, U.P.

Jindal Metal Works
Mamubhanja, Jindal Road
Aligarh, U.P.

Narsin Kirplani Industries
71 Ibrahim Rahimutullah Road
Bombay 3

Pioneer Eyuelets Mfg. Co. Pvt. Ltd
Dayamandir, 2nd floor
123-125 Mumbadevi Road
Bombay 3 ER

Hand tools and clicking knives

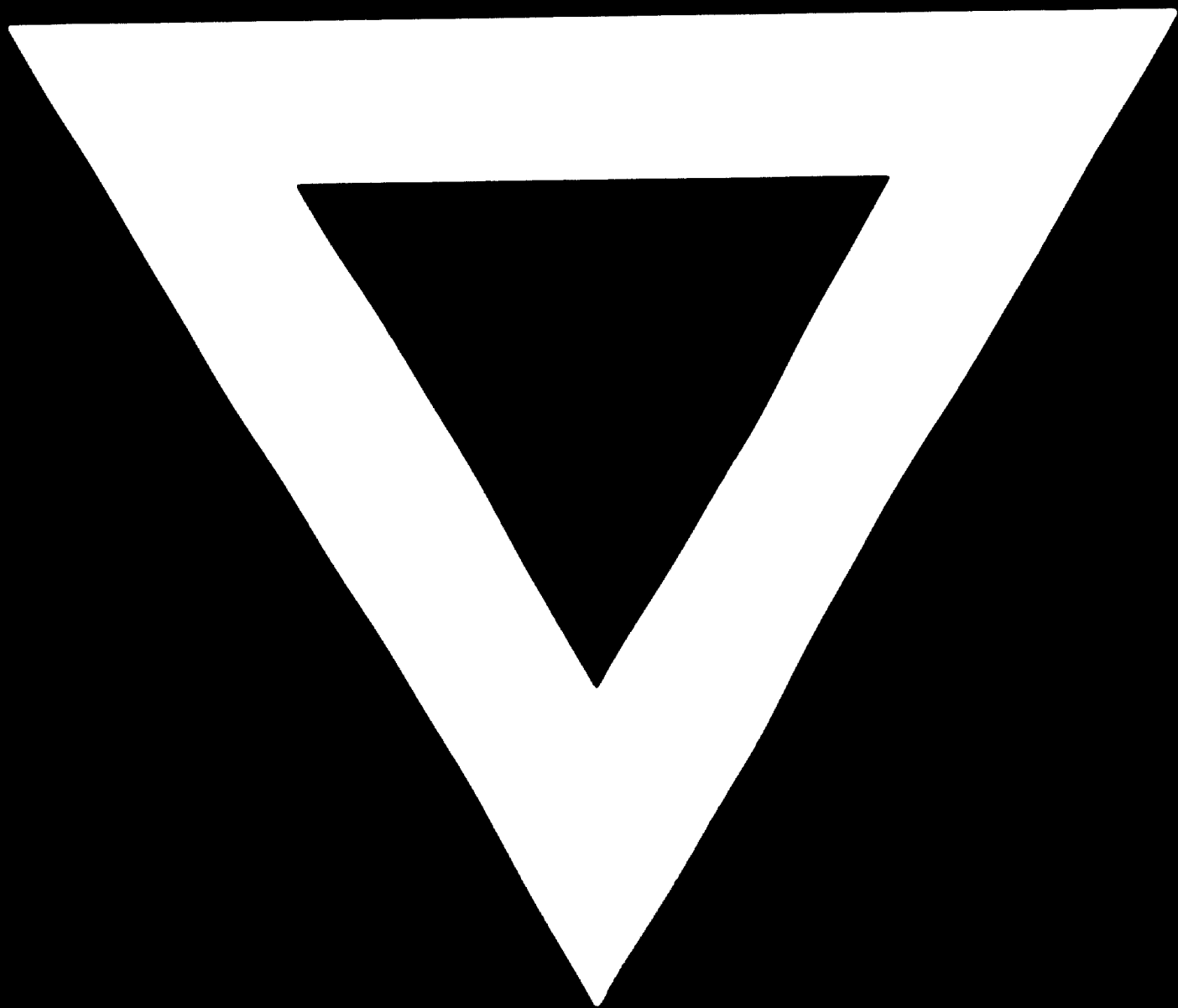
Bharat Electroplating Works
Moti Katra Road
Agra

Hand-clicking press and strap-cutting machines

Benson Industries
96 Sri Arabinda Road
Salkia, Howrah 8
Calcutta



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