

FDDI NEWSLETTER

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Institution of National Importance (INI)
under FDDI Act, 2017

A Weekly Newsletter
साप्ताहिक समाचारपत्रिका

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NOIDA

30th March 2018

Issue No. 669

Interactive Session on 'The Importance of Sustainable Development and Earth Hour' held at FDDI, Noida

An interactive session on 'The Importance of Sustainable Development and Earth Hour' was held at Footwear Design & Development Institute (FDDI), Noida campus on 23rd March 2018.

The session was conducted by Mr. Adarsh Kumar, AFHQ CS, Executive Director, FDDI which was attended by the staff and students of the institute.



Mr. Adarsh Kumar, AFHQ CS, Executive Director, FDDI addressing the audience

In his address, Mr. Adarsh focused on environmental protection and said that "The Earth is bearing the burden of our excesses, our limitless demands and mindless consumption. So, let's give up our wasteful behaviour and consumption without thought. Let's give up, so that the earth doesn't."

He motivated the students & staff members to actively participate in environmental protection activities for the betterment of the society, nature & the world. He also urged the gathering to switch off the lights and fans during Earth Hour.



A view of the audience

To promote sustainable living, conservation of natural resources, investing on renewable energy is needed.

Encouraging conservation efforts are vital in the contemporary world and everyone must take action to protect our living planet, by living more sustainably and avoiding wasteful consumption in our daily life.

Leather exporters approach Italian banking group for funds

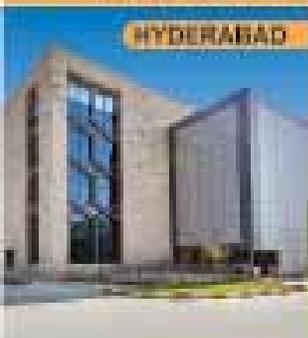
Days after the Reserve Bank of India (RBI) banned issue of Letters of

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Undertaking (LoU) and Letter of Comfort (LoC) much to the chagrin of exporters, a group of leather exporters from Kolkata approached Intesa Sanpaolo — the largest Italian banking group by market capitalization — to explore the possibility of financial assistance for their imports.

LoUs and LoCs were mostly used for import of raw materials where the bank took an undertaking on behalf of the corporate.



Desperate measures Leather exporters are looking for alternative funding sources to keep their business going

Now staring at a prospect of a near 30-50 per cent drop in exports and increased working capital requirements, leather exporters are looking for alternative fund sources to keep their business going.

Typically, tanners import high quality leather as raw material from which finished leather goods — wallets, gloves and so on — are made.

“Import of raw leather is down by 15-30 per cent and this means export of finished products, too, will be hit. We

are anticipating a 30-50 per cent drop in exports,” Mr. Imran Ahmed Khan, a member of Committee of Administration for Council for Leather Exports, said.

Funding Options

For exporters, the alternative funding options include use of bank guarantees or Letter of Credits (LC). Typically, bank guarantees and LCs are at least 100-200 basis points (1- 2 per cent) costlier than LoUs and LoCs.

The other alternative is to borrow from unsecured creditors at higher rate of interest.

Mr. Khan says both the options are not viable. “Our costs go up even if interest rates move up by 1 per cent. It impacts margins,” he says pointing out that interest expenses (outgoes) is expected to be higher by 18 per cent now.

Cost Rise

According to Mr. Khan, post demonetisation and implementation of GST, the working capital requirement at tanneries has shot up by least 10 per cent. The latest RBI move further squeezes their cash flows.

To make matters worse, GST refunds to the tune of Rs. 4,000 Crore (for the leather industry as a whole) are pending.

Lay-offs likely

As margins shrink and bottom-line take a hit, job cuts may become a reality in the leather industry.

For instance, in the Eastern region – which accounts for one-fourth of the country’s leather exports (Rs.13,000 Crore out of



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Rs.45,500 Crore) – there are 1,200-odd tanneries employing at least 500,000 people.

At a recent meeting, some city-based tanneries discussed the probability of layoffs, if finances do not improve. Mr. Ramesh Juneja, President of the Calcutta Leather Complex – an export-oriented industrial area in the eastern fringes of the city that serves a central leather-tanning complex – admits to the worsening scenario.

“A prolonged hit in profit will lead to job-cuts. We intend to approach the West Bengal Government for some relief or an intervention,” he said.

(Source: Business Line)

GST refunds still an issue for leather exporters

Though liquidity crunch is easing for leather exporters, GST refunds continue to be a challenge for some, even nine months after its implementation. Lack of clarity and inability to afford professionals, especially by smaller players, is a major issue.

Challenges

Mr. Ajay Sahai, Director General and Chief Executive Officer, Federation of Indian Export Organisations, said that for small and medium companies, a substantial portion of the refunds is locked in GST and they continue to face liquidity crunch. Unlike the bigger players, who have access to the domestic market, these companies solely depend on exports.

Mr. Siddiq Ahmed, who handles finance for a small shoe manufacturer, agrees.

Though refunds have started coming in, they are still suffering from liquidity crunch. The company does business worth Rs. 3 Crore annually, which requires a working capital of Rs. 1.5 Crore.

“Earlier close to Rs. 70 Lakh were stuck in refunds,” he added. Though the initial liquidity crunch has eased, they still have a hard time catering to the order of 35,000 pairs of shoes. With not many banks willing to come forward to give them loans, they now find themselves in a tight spot.

Issue of LUT

Mr. Israr Ahmed Mecca, Regional Chairman – South, Council for Leather Exports (CLE), said: “There are two parts to getting GST refunds – automated refunds and Letter of Undertaking (LUT).” In the case of the former, refunds are processed in a matter of a month if your documents and bills uploaded in the GST platform are right. The challenge is getting refunds through LUT route.

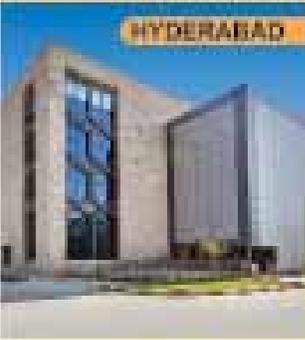
Under GST, leather was levied a tax of 5-28 per cent, with raw materials coming under higher tax bracket than products. For these products, exporters have to take the LUT route. Around 30 per cent of the exporters of finished leather come under this category and are unable to get refunds. Finished leather accounts for about 15 per cent of the total exports.

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“We have to submit the documents manually to get refunds. This takes longer time as there is not enough clarity about the process,” he said. Mr. PR Aqeel Ahmed, Vice-Chairman, CLE, said even consultants and auditors need to be trained. The CLE is working with FIEO to educate the exporters, he added.

“These issues are impacting auxiliary service providers as well. The demand for spare parts has reduced by half,” said Mr. K Rajasekaran, owner of Ramya Engineering works and executive member, Ambur Consumer Council.

Most spare parts have come under the 28 per cent tax slab as opposed to 14.5 per cent in the previous tax regime. Due to cash crunch, companies that stock up are doing it sparingly. “For example, in the place of 10 orders, I’m getting orders only for two,” he explained. His turnover is likely to come down to Rs. 20-25 lakh from Rs. 35-40 Lakh last year.

(Source: Business Line)

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A-10/A, Sector-24,
NOIDA- 201301

Phone : + 91-120-4500100, 4500107

Fax : + 91-120-2412556, 2411301

Editor-in-Chief: Vivek Sharma

Asst. Editor : Adarsh Kumar

Email : ashish@fddiindia.com

Website : http://www.fddiindia.com

Physical Laboratory Testing Services Provided by FDDI, NOIDA

S.No.	Test Description	Charges in ₹
2.20	Light fastness	1200
2.21	Wet/Dry/Solvent rub fastness	400
2.22	Colour migration	200
2.23	Shrinkage Test	600
2.24	Fungus growth	1000
2.25	Cold crack temperature	2000
2.26	Martindale abrasion	1000
2.27	Needle abrasion	600
2.28	Maser flexing	1000
2.29	Vamp flexing for dry/wet/cold	2700
2.30	PVC Migration Test	1200
2.31	Identification of leather	1200
2.32	Leather dry-cleaning as per ISO	600
2.33	Colour fastness to perspiration	1200
2.34	Finish adhesion test	
3.	PLASTIC/RUBBER/PU FOAMS/SOLING MATERIALS	
3.1	Specific gravity/density	250
3.2	Tensile strength & elongation at break	600
3.3	Hardness	100
3.4	Ross/bennewart flexing index at room temp.	700
3.5	Ross/bennewart flexing index at low temp.	2000
3.6	SATRA/BATA belt flexing	700
3.7	Oil swelling	900
3.8	Compression set	600
3.9	Split tear strength	600
3.10	Die “C” tear test	600
3.11	Hear shrinkage	600
3.12	% Volatile loss	600
3.13	Abrasion	700
3.14	Bond strength (raw material)	900
3.15	Bond strength (prepared sample)	600
3.16	Light fastness	1200
3.17	Dynamic water resistance (leather)	600
3.18	Grain crack index (leather)	600
3.19	Tear strength	600
3.20	Izod Impact	1000
3.21	Ozone resistance	
a.	Upto 100hrs for 1st sample	3000
b.	Upto 100hrs for next 3 sample per sample	1000
c.	Upto 200 hrs for 1st sample	6000
d.	Upto 200 hrs for next 3 sample per sample	2000
3.22	Chemical resistance per chemical	400
3.23	Hardness of PU foams (Seats)	1000
3.24	Blooming test	2000

FDDI ITC (NOIDA & CHENNAI) IS OFFERING FLAT 20 % DISCOUNT ON ALL TESTING TO ALL THE CUSTOMERS TILL THIS FINANCIAL YEAR 2017-18
* The said discount is not applicable on inter-lab testing & package fee

To be continued...