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# Management of HRD Requirements - A Case Study of Indian Footwear Industry

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**Abstract:** Footwear is the product to protect human feet from effects of all biological damages. Many companies use to concentrate different segment like men's-wear, women's-wear and children's-wear separately. Footwear industry has been giving considerable amount of employment to the nation especially weaker sections and minority sections of society in India. Population growth, exports, domestic markets are the factors of expansion of footwear industry and creation of employment opportunities in this sector. This case study reveals the production capacities, structure of industry, exports growth, global imports, per capita consumption and estimates of Human Resources future requirements in footwear industry in India.

**Keywords:** Indian Footwear Industry, HRD in Indian Footwear Industry, HRD for footwear, Footwear Industry, Shoe Industry, Per Capita Consumption of footwear in India, Production Capacities in Footwear Industry

## I. INTRODUCTION

Footwear is the product to protect human feet from effects of all biological damages. Footwear industry is age old traditional industry in India and it has been changed structurally into different segments like casual-wears, dress-wears and sportswear. New segment is emerging for medical purposes as medical-wear like diabetic footwear. Many companies use to concentrate different segment like men's-wear, women's-wear and children's-wear separately. Footwear industry has been giving considerable amount of employment to the nation especially weaker sections and minority sections of society in India. Population growth, exports, domestic markets are the factors of expansion of footwear industry and creation of employment opportunities in this sector. This case study reveals the production capacities, structure of industry, exports growth, global imports, per capita consumption and estimates of future requirements of human resources in footwear industry in India.

**CONCENTRATION OF FOOTWEAR INDUSTRY IN INDIA:** The major production of footwear manufacturing concentrated in these centers.

- Tamil Nadu - Chennai, Ambur, Ranipet, Vaniyambadi, Trichy, Dindigul
- Maharashtra - Mumbai
- West Bengal - Kolkata
- Uttar Pradesh - Kanpur, Agra & Noida
- Punjab - Jalandhar, Ludhiana
- Karnataka - Bangalore
- Andhra Pradesh - Hyderabad
- Haryana - Ambala, Gurgaon, Panchkula and Karnal
- Delhi and Surroundings

## MICRO, SMALL & MEDIUM ENTERPRISES IN INDIAN FOOTWEAR SECTOR

According to Micro, Small & Medium Enterprises, Government of India estimates that there are **20463 units** registered as working enterprises, with employment of 97,741 people, with the networth of Rs. 3993.99 crores in micro, small & medium enterprises in India. These units are having Rs.737.17 crores in Plant and Machinery investment and Rs.2324.94 crores in fixed assets and Gross output of Rs.6008.77 crores. All these units are manufacturing all kinds of

# International Journal of Innovative Research in Science, Engineering and Technology

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Vol.3 , Issue 2, February 2014

footwear like leather, non-leather and other types of footwear. These units had the 1.31 percentage in the total Indian units of 1563974 (100%) in micro, small & medium enterprises in India.[1]

Table No. 1: **Footwear Manufacturing Sector in Micro, Small & Medium Enterprises**<sup>1</sup>

Micro, Small & Medium Enterprises	Number of working Enterprises	% Share
Manufacture of Footwear	20,463	1.31
All India (All Segments)	15,63,974	100.00

**PRODUCTION CAPACITIES OF INDIAN LEATHER INDUSTRY:** As per Council for Leather Exports, Chennai estimates, India produces 2065 million pairs of different categories of footwear (leather footwear - 909 million pairs, leather shoe uppers - 100 million pairs and non-leather footwear - 1056 million pairs). India exports about 115 million pairs. Thus, nearly 95% of its production goes to meet its own domestic demand.[2]

Table No. 2: **Production Capacities in Indian Leather Industry**

Product	Capacity
Footwear and Footwear Components	909 million pairs
Leather Shoe Uppers	100 million pairs
Non-leather footwear	1056 million pairs
<b>Total</b>	<b>2065 million pairs</b>

Leather shoes and uppers are manufactured in medium to large-scale units and the sandals and chappals are manufactured in the household and cottage sector. The industry is poised for adopting the modern and state-of-the-art technology to suit the exacting international requirements and standards. India produces more of gent’s footwear while the world’s major production is in ladies footwear. In the case of chapels and sandals, use of non-leather material is prevalent in the domestic market.

### PER CAPITA CONSUMPTION

Some estimates available for population growth and per capita footwear consumption and there is a significant rise from 1.65 in 2008 to 1.87 in 2011 and again to 2.19 in 2013.[3]

Table No. 3 **INDIAN FOOTWEAR - PER CAPITA CONSUMPTION**

YEAR	Pairs (in millions)	Population (in millions)	Per Capita Consumption (in Pairs)
2004	1100		
2005	1204		
2006	1299		
2007	1412		
2008	1532	930	1.65
2009 Provisional	1800		
2010 Provsional	2060		
2011 Estimates	2245	1200	1.87
2012 Estimates	2470		
2013 Estimates	2742	1250	2.19

### FOOTWEAR PRICING SEGMENTS

- Mass Market – Target price of Rs.185-700 is dominated by Bata and Liberty
- Economy Market - Target price of Rs.700-1000 is dominated again by Bata and Liberty
- Sports Market - Target price of Rs.1000-3000 is dominated by international brands Nike, Adidas
- Premium Leather Market - Target price of Rs.3000-5000 is dominated by different brands
- Luxury Market - Target price of Rs. 10,000 – 50,000 is dominated by GUCCI, Louis Vuitton, etc.

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## II PROBLEM STATEMENT

Indian footwear industry is providing employment opportunities to India. Basically this industry is labour intensive since it is regular consumable item for everybody. Based on the present employment, domestic markets, export growth, there is a need to look into this industry for creation of more employment opportunities to the nation. Industry, Government, Educational Institutions, Industry Associations would look into further investments in the industry and also HRD requirements for future years. Thus Estimates of HRD are required to give an idea for overall development of Industry.

## III RESEARCH METHODOLOGY

This study is in terms of purpose is an applied and is type of descriptive- analytical and in terms of data collection is library method and data gathering tools in this study is through website, internet. Analysis on exports growth, global markets, present employment, employment required per unit and further estimates on the growth of exports and domestic markets.

### EXPORTS FROM INDIAN FOOTWEAR INDUSTRY AND GROWTH

Table No. 4 - EXPORTS FROM INDIAN FOOTWEAR INDUSTRY – DIFFERENT SEGMENTS (2011-12 & 2012-13 AND 2013 Latest)

CATEGORY	(Value in Million US\$)					
	APR-MAR 2011-12	APR-MAR 2012-13	% VARIATION	APR-SEP 2012	APR-SEP 2013	% VARIATION
LEATHER FOOTWEAR	1717.24	1684.22	-1.92%	840.12	956.00	13.79%
FOOTWEAR COMPONENTS	281.94	245.04	-13.09%	124.04	160.64	29.50%
NON-LEATHER FOOTWEAR	79.96	126.67	58.42%	53.11	88.69	67.01%
<b>TOTAL</b>	<b>2079.14</b>	<b>2055.93</b>	<b>-1.12%</b>	<b>1017.27</b>	<b>1205.33</b>	<b>18.49%</b>

**MAJOR EXPORT MARKETS** - During 2011-12, the main markets for Indian Footwear are UK with a share of 17.35%, Germany 17.03%, Italy 10.58%, USA 8.81%, France 7.67%, Spain 5.48%, Netherlands 4.90%, Portugal 1.38%, U.A.E 2.99% and Denmark 1.17%. These 10 countries together accounts for nearly 80% share in India’s total footwear export. Nearly 90% of India’s export of footwear goes to European Countries and the USA. Future growth of Indian footwear in India will continue to be market driven. The European countries and the US are major consumers for the Indian footwear. [4]

Table No.5 - INDIAN FOOTWEAR INDUSTRY EXPORT MARKETS

Country	(Value in Million \$)							
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	% Share
Germany	170.97	217.23	246.84	229.65	224.3	286.7	353.77	<b>17.03%</b>
UK	195.78	208.2	241.37	247.06	296.45	339.65	360.48	<b>17.35%</b>
Italy	134.35	186.11	229.81	221.09	210	219.72	219.79	<b>10.58%</b>
USA	131.07	127.15	136.92	163.03	123.6	143.02	183.1	<b>8.81%</b>
France	74.48	99.81	116.03	119.2	144.56	154.95	159.27	<b>7.67%</b>
Spain	63.7	64.57	76.69	91.86	95.94	112.05	113.85	<b>5.48%</b>
Netherlands	32.96	48.57	72.91	76.2	65.13	6.19	101.72	<b>4.90%</b>
Portugal	22.15	35.03	37.34	28.21	22.63	25.69	28.77	<b>1.38%</b>

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**Vol.3 , Issue 2, February 2014**

UAE	25.78	34.64	39.23	39.4	39.45	41.82	62.06	<b>2.99%</b>
Denmark	18.37	14.65	17.48	14.78	17.01	16.55	24.3	<b>1.17%</b>
Australia	11.58	10.11	12.52	13.34	15.5	12.82	15.59	<b>0.75%</b>
Sweden	6.77	7.99	12.04	12.64	12.2	12.07	14.08	<b>0.68%</b>
Canada	11.95	10.91	10.41	8.96	9.3	10.56	15.01	<b>0.72%</b>
South Africa	8.26	12.11	8.52	8.49	9.87	11.33	14.75	<b>0.71%</b>
Japan	3.17	3.07	4.63	8.23	5.45	7.51	14.63	<b>0.70%</b>
Others	133.9	156.76	226.61	252.18	216.2	358.04	396.10	<b>19.07%</b>
<b>Total</b>	<b>1045.24</b>	<b>1236.91</b>	<b>1489.35</b>	<b>1534.32</b>	<b>1507.59</b>	<b>1758.67</b>	<b>2077.27</b>	<b>100.00%</b>

**GLOBAL SCENERIO OF FOOTWEAR INDUSTRY - IMPORTS**

**Footwear Imports - Global Trend:[5]**

Below Tables shows that Russia, The Netherlands, Germany, Japan, Spain, Canada has considerable growth in their imports but Hong Kong, Belgium has little negative growth in their imports. In dollar terms, difference in imports for five years has given and difference is more in USA than Russia even though growth rate is higher in Russia than USA.

**Table No. 6 - Major Importing Countries of Footwear (Leather and Non-Leather) (Value in Million US\$)**

Country	2007	2011	Diffrence	% Growth
USA	20039.13	23245.06	3205.93	16.00
Germany	5966.99	8527.62	2560.63	42.91
France	5473.04	6538.01	1064.97	19.46
UK	5281.55	5886.75	605.2	11.46
Italy	4529.77	5661.77	1132	24.99
Japan	3750.04	5062.13	1312.09	34.99
Hong Kong	4881.67	4850.30	-31.37	-0.64
Russia	2067.82	3935.95	1868.13	90.34
Netherlands	2297.95	3716.65	1418.7	61.74
Spain	2388.74	3114.08	725.34	30.36
Belgium	2543.04	2427.09	-115.95	-4.56
Canada	1677.05	2089.43	412.38	24.59

**IV.MANAGEMENT OF HUMAN RESOURCES REQUIREMENTS FOR INDIAN FOOTWEAR INDUSTRY**

**EMPLOYMENT** - The footwear industry is an employment intensive sector, providing jobs nearly about 1.10 million people, mostly from the weaker and minority sections of the society in which women employment is predominantly more in comparison with other industries. Nearly semi skilled and skilled manpower contributed about 50% share in its workforce. Many estimates are available on workforce on leather industry, but experts in the industry accepted the following figures in the Twelfth Five Year Plan period 2012-17. The estimated employment in different sectors of leather industry is as follows:

**Table No. 7 - Employment in Various Segments in Footwear Industry**

Industry segment	Workforce (All over India) in million	Percentage of Total
Footwear & Footwear components (organised)	0.20	8%
Footwear & Footwear components (cottage, house hold, and rural artisans in unorganised sector)	0.90	36%
Total Indian Leather and leather product Industries	2.50	100%

# International Journal of Innovative Research in Science, Engineering and Technology

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Employment Required Per Unit - Estimates are available and persons required for 1000 pairs per day in footwear factory for full shoe unit and shoe upper unit separately. Different categories are required for the manufacturing of full shoe or shoe upper in a footwear unit.

**Table No. 8 - EMPLOYMENT PER UNIT IN FOOTWEAR INDUSTRY (1000 Pairs per Day)**

Category	Closed Shoes	Shoe Uppers
Production Manager	2	2
Supervisor	20	20
Shop floor Workers	200	200
Machine Operators	50	--
Machine Maintenance Personnel	10	--
Designer Pattern Makers	5	2

**Table No. 9 - Distribution of human resource across various functions in footwear industry**

Function	Percentage of People
Manufacturing/Production	80-85%
Designing & Sampling	2-3%
Sales	3-5%
Finance, HR, Administration, etc	10-15%
Total	100%

## EDUCATION AND TRAINING

Established institutions are offering many courses for footwear industry. Central Leather Research Institute, Chennai is offering certificate, diploma, B.Tech, M.Tech and Ph.D courses for footwear industry. Footwear Design & Development Institute is offering many designing courses and Central Footwear Training Institutes are offering courses for manufacture of footwear. Nearly 25 institutions in the country such as the Footwear Design and Development Institute (FDDI), Central Footwear Training Institute (CFTI), Central Footwear Training Center (CFTC), Institute of Leather Technology (ILT) etc. impart training to students. Here again, out of 3,200 trainees passing out of these institutions per annum, 53% have degree, diploma or certificate courses (long term) as against 47% completing the short term (less than one year) courses. While the former group is absorbed as middle level managers/supervisors, the latter group is placed as Assistant Supervisors or Skilled Workers.

**Table No.10- Distribution of human resource by education level in manufacture of leather products**

Education Level	Percentage of People	Role in the organization
CA/MBA	1-2%	Management, Marketing, Accounts, Planning
Other Graduates	3-5%	Assistants in various departments, rising up to Department Head level overtime with experience
Engineers	1-2%	Marketing, Merchandising, Product Development and Engineering, Designing & Sampling, Production Planning
Diploma or Equivalent Certification	2-3%	Production supervisors, Maintenance supervisor, Store manager
Other Vocational Courses	1-2%	Line in-charge, Machine Maintenance
Class12th/10 <sup>th</sup> & Below	85-90%	Operators, assistants, helpers
Total	100%	

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Vol.3 , Issue 2, February 2014

## HRD FUTURE REQUIREMENTS

Based on the export target set by the Government of India, structure and expansion of industry and its production capacities, a study has been conducted for human resource and skill requirements in leather and leather goods industry by National Skills Development Corporation, New Delhi (NSDC). NSDC engaged IMaCS (ICRAManagement Consulting Services Limited) to prepare the report, which is based on independent research and analysis done by IMaCS. Projection of HRD requirements for footwear industry has been calculated and given by IMaCS based on 12% CAGR (Compound Annual Growth Rate) for Exports and 8% CAGR for domestic markets. For Export markets, for the year of 2011, estimated figures are given below:[6]

**Table No.11- Human resource required by the exports segment in leather sector by 2011 (in ‘000s)**

Product	Human resource / unit of production	Human resource requirement
Footwear	400 persons/1000 pairs/ day	400

ICRA Management Consulting Services Limited (IMaCS) analysis estimates the requirements of human resources for Indian footwear industry. Below table shows the estimates for different years and incremental figures for future requirements.

**Table No.12 - Human resource requirement in the footwear industry between 2008 and 2022 (in ‘000s)**

Sector	2008	2012	2018	2022	Incremental
Footwear and footwear components	1,100	1,698	2,334	3,141	2,041

## IV.CONCLUSION

Employment opportunities creation is very important to any nation like India. Footwear industry is giving more employment opportunities since the people are spending more on footwear and its quality. More opportunities in exports and domestic markets due to population growth and increase in per capita consumption and purchasing power of middle class people are giving hope to India in footwear sector for future employment creation in India. Being a labour intensive industry, its contribution to employment as well as Indian economy is significant. It has potential to provide employment across all sections of the economy especially weaker sections and minority communities in India. With a focused approach on growing the Industrial and Institutional business, the industry can offer globally renowned industrial footwear products. Quality consciousness, research & development, abundance of raw material, export potential and low cost are some of the distinct features of the Indian Footwear Industry. However, to maintain the growth trajectory, there is need of a purposeful review of programmes and policies of human resources development to rejuvenate it.

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