

Impact of ban on cow slaughter on Indian Leather Industry

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Abstract: *Leather is one of the most widely traded items in the world. Leather exports from India comprise of raw-hide skins, finished leather, leather goods, leather garments, leather footwear component, saddlery and harness. India is the second largest exporter of leather garments and third largest exporter of saddlery and harness in the world. Recent ban on cow slaughter has an impact on the export of leather. The researcher has reviewed various studies for this study. Data was collected from 156 respondents. Primary and secondary data was used for analysis. Researcher used Correlation analysis. This research will provide information regarding the impact on ban on cow slaughter on Indian leather industry.*

Key Words: *Cow slaughter. Leather Industry, Export.*

1. INTRODUCTION:

India the second largest producer in terms of footwear and leather garments production in the world accounts for about 10 per cent of the world's footwear production. India is also 3rd largest exporter of saddlery and harness items and the 5th largest exporter of Leather goods. The leather industry in India is highly labour oriented and employs more than 4.40 million workers. The leather industry is heavily dependent of the Cattle slaughter industry. The industry has been able to penetrate several new markets like UAE, Canada, Australia, Japan, Korea, Russia etc., in the recent years. In India, the leather is prepared from the raw-hide skin of different animals like buffalo, goat, cow and sheep. The Indian leather industry is bestowed with an affluence of raw materials as India is endowed with 20% of world cattle and buffalo and 11% of world goat and sheep population. The dedicated support of the allied industries has added to the strength of Indian Leather industry. Majority of the skin used are from buffalo and goat to make leather products that are exported to the other countries. Some varieties of goat/calf/sheep skins are in high demand and are used for premium products. It is inferred that of the total leather exports 40 percent of buffalo and 30 percent of goat rawhide skins are used for leather. Much of India's leather trade takes place in the informal sector. This makes it difficult to understand the impact of the closing of illegal slaughter houses and ban on trading for slaughter as it is hard to measure. Closure of unlicensed slaughter houses and ban on the sale of cattle for slaughter are causing a big slowdown in the Indian leather industry. The hides of the slaughtered cattle are used in a variety of industrial production, leather being the biggest consumer. The Indian leather industry accounts for around 12.90 per cent of the world's leather production of hides and skins. The cattle slaughter business in India supplies hides and skins of USD 5.5 billion to the leather units in the country.

2. LITERATURE REVIEW:

The Hindu Business Line (2017) stated that if India bans the slaughter of cattle completely, the outcome can be a "serious threat" to its economy.

The Hindustan Times (2017) The ban on cattle sale for slaughter hit the once flourishing leather industry and its poorest employees, especially Muslims and Dalits.

B.G. Mane (2012) stated that the most obvious use of beef lies in it is the availability of the cheapest source of protein,

In the year 2010, of the total 6.27 million tonnes of meat produced, 40.67% was beef.

The bill from Karnataka was passed stating that the industry would be driven harming all the parties. The butchers in

question, lack of security, trade is stopped with notice and would be liable to pay fines or be imprisoned.

Maseh Rahman (2000) revealed that Laws preventing cow slaughter have practically cost India Millions in economic

gain by virtue of huge multinational companies banning the use of Indian leather in their products.

3. OBJECTIVES OF THE STUDY:

The objectives of the study are as follows:

- To understand the impact of ban on cow slaughter on Indian Leather Industry.
- To propose viable suggestion on the growth of Indian Leather Industry.

4. RESEARCH METHODOLOGY:

Explanatory research together with empirical studies has been used to examine the impact of ban on cow slaughter on leather industry. The researcher has followed stratified random sampling method to collect responses from 156 exporters, keeping convenience in mind. Both primary and secondary sources have been used to produce effective information. Primary data collection was done with the help of a well-structured questionnaire. The Secondary data was sourced from articles published in journals, newspapers and books, besides surfing the net using search engines. The researcher deliberately chose Chennai city as the area of the study, as it is the State Capital of Tamil Nadu. The table below gives the details of the distribution and collection of questionnaires

Table No.1 : Table showing the distribution and collection of questionnaires

| Total Number of Questionnaires | | | | |
|--------------------------------|----------|--------------|------------|--------------|
| Circulated | Returned | Not Returned | Incomplete | Final Sample |
| 200 | 180 | 20 | 24 | 156 |

5. STATISTICAL TOOLS USED FOR ANALYSIS

The researcher has used Correlation to analyze the data with the help of SPSS software.

6. LIMITATIONS OF THE STUDY

- The responses are subject to the personal prejudice of the respondents.
- The data collected was confined to the cow slaughter impact on leather industry.
- The study covered only on impact of cow slaughter on Indian leather industry.

Table: 2 India’s export of leather & leather products for 5 years

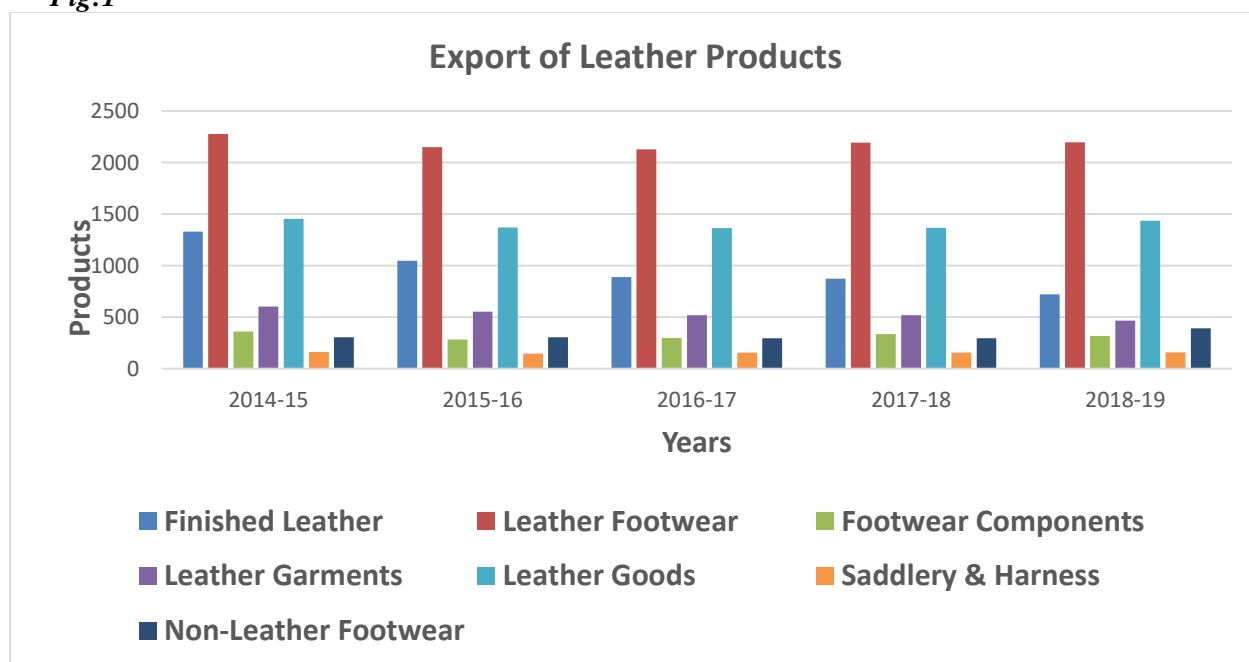
Value in US\$ Mn

| Product | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|----------------------|----------------|----------------|----------------|----------------|----------------|
| Finished Leather | 1329.05 | 1046.45 | 888.39 | 874.24 | 721.73 |
| Leather Footwear | 2278.18 | 2147.98 | 2128.87 | 2193.86 | 2195.47 |
| Footwear Components | 361.29 | 284.34 | 298.69 | 335.24 | 319.10 |
| Leather Garments | 604.35 | 553.11 | 518.96 | 518.96 | 468.48 |
| Leather Goods | 1452.83 | 1370.04 | 1365.22 | 1365.79 | 1434.24 |
| Saddlery & Harness | 162.7 | 146.38 | 155.88 | 155.97 | 159.35 |
| Non-Leather Footwear | 306.44 | 306.74 | 296.68 | 296.91 | 392.63 |
| Total | 6494.84 | 5855.06 | 5646.79 | 5740.97 | 5691.00 |
| % Growth | 9.37% | -9.85% | -3.56% | 1.67% | -0.87% |

Source: DGCI&S (Secondary data)

The following figure represents India’s export of leather & leather products for 5 years

Fig:1



Interpretation:

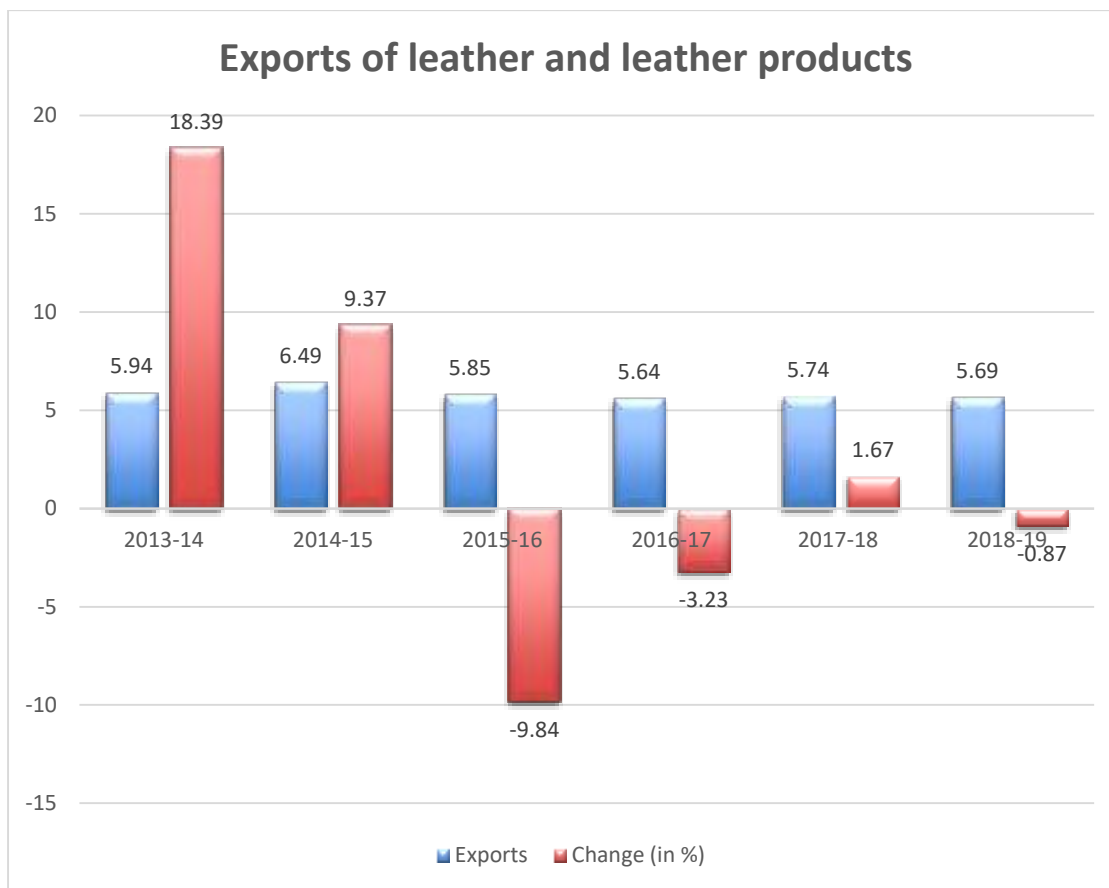
Table:2 shows the export of leather and leather products from 2014-2015 to 2018- 2019. In the year 2014-15 and 2017-18 the growth percentage was 9.37% and 1.67% for finished leather, leather footwear, footwear components, leather garments, leather goods, saddlery and harness and non-leather footwear. In the year 2015-16, 2016-17 and 2018-19 the growth percentage is -9.85, -3.56% and -0.87%. There is a drastic fall in the growth percentage. The decrease in growth percentage may be the ban of cow slaughter or due to low production.

Table : 3 The following table depicts the exports of leather and leather products from 2013-14 to 2018-19

| Exports Of Leather & Leather Products, 2013-14 To 2018-19 | | | | | | |
|---|---------|---------|---------|---------|---------|---------|
| Year | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Exports | 5.94 | 6.49 | 5.85 | 5.64 | 5.74 | 5.69 |
| Change (in %) | 18.39 | 9.37 | -9.84 | -3.23 | 1.67 | -0.87 |

Source: Export archive of Council for Leather Export, ministry of commerce & industry; figures in \$ billion

Fig : 2 Bar diagram represents Exports of Leather & Leather Products, 2013-14 To 2018-19



Interpretation:

The above table depicts the exports of leather and leather products from 2013-14 to 2018-19. In the year the change in percentage was 18.39 % then, the % has been reduced to 9.37%, -9.84%, -3.23%, In the year 2017-18 it has been increased to 1.67% and it is reduced to -0.87%. in the year 2018-19. This may be due to low production or lower level of quantity to export.

7. DATA ANALYSIS:

The researcher has formulated hypothesis:

H1 - There is no significant relationship between cow slaughter and leather industry.

The following segment analyzes the data collected with the help of the tools mentioned

Table: 4 Correlation Matrix of Latent Variables

| Variables | Employment | Cost of Production | Domestic Market | Import | Export |
|--------------------|------------|--------------------|-----------------|--------|--------|
| Employment | 1.000 | | | | |
| Cost of Production | 0.116 | 1.000 | | | |
| Domestic Market | 0.127 | -0.073 | 1.000 | | |
| Import | 0.033 | -0.70 | 0.094 | 1.000 | |
| Export | 0.033 | -0.75 | -0.024 | 0.576 | 1.000 |

Source : Computed

Correlation is significant 1%

Interpretation:

Correlation is a statistical analysis to find the relationship between two variables. It is a statistic representing the closeness of two variables. The above table is a correlation matrix constructed based on the correlation between the variables. The correlated variables can vary from -1 and 1.

If the r value is 1 it implies there is a perfect positive correlation between the variables. When the r value is -1 there is a perfect negative correlation between the variables. If the r value is 0, then the two variables are uncorrelated. When the r value is exactly - 1 then it is said to be perfect negative linear relationship, -0.70 a strong negative linear relationship between the variables, -0.50 a moderate negative relationship between the variables, -0.30 a negative linear relationship between the variables, 0.30 reveals positive linear relationship, 0.70 a strong positive linear relationship between the variables. Exactly 1 is a positive linear relationship between the variables. From the above table: 4 it reveals that the relationship between import and export shows a significant relationship between the variables with 0.576 which is a strong positive correlation. The rest of the values are less than 0.60, there is no correlation between the other variables and they stand alone.

8. SUGGESTIONS:

- The leather industry should look into other options for sourcing their hides and other raw materials.
- The government of India has to announce favorable schemes and stimulus packages for the leather industry.
- To overcome the temporary shortage of hides due to the ban the companies should import more raw materials to cater to the existing needs.
- The small and tiny village industries in the country which are in the unorganized sector should be supported by the government and the Leather councils by giving financial support by way of loans and subsidy to migrate from their present stage to a more competitive and advanced methods of production.
- The large companies should import the raw materials and supply the same to the existing unorganized sectors (village industry), and utilize the work force on a buy back arrangement.
- The ban on cow slaughter has mainly affected the farmers and the small-scale industries as their income mainly depends on the slaughter industry. To overcome the loss of employment to the poorest section of the unorganized sector, new avenues for employment for the displaced workers has to be created.
- Promoting new start-ups in the leather industry in those areas where the unorganized and un licensed slaughter houses will help in utilizing the skilled work force.

9. CONCLUSION:

Much of India's meat and leather trade takes place in the informal economy, meaning the impact of the closing of illegal abattoirs and ban on trading for slaughter is hard to measure. The ban has affected the small-time tanneries in the unorganised sector for want of hides.

The unorganized sector has been the sufferer as they do not have any organized sourcing system or any relief measures to overcome the situation unlike in the organized sectors. The organized sectors and the medium and large-scale industries are able to outsource or import the raw materials and change according to the situation. Some of the large-scale industries have migrated to the states where the ban is not implemented and also established factories in other countries for want of raw materials. Large scale exporters also say they have enough leather as they source hides widely and also resort to the import of raw materials. The ban has taken away the jobs of the poorest sections engaged in unorganized workers. Leather industry is showing fast recovery form the temporary slide down due to the ban and is expected to recapture the growth. On the export front, the industry is able to make satisfactory progress after the ban of cow slaughter in India. The Indian Leather industry is equipped enough to handle global development with confidence. The future of Indian Leather Industry is very bright. The ban of cow slaughter in India has not made any considerable impact on the export of Indian leather products.

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