

a starter's guide

Leather

A starter's guide to leather tannery
in the Kashmir Valley



People in the state of Jammu and Kashmir, particularly from the valley, are known to be voracious meat eaters. Every year the state consumes around five million animals- sheep, goats and cattle (as per the industry figures). This also generates a pile of raw material for leather industry in the form of skins and hides.

But the raw material is not used to its full potential because the state doesn't have a full fledged leather industry. That forces people in the trade to sell off these hides at throwaway prices outside the side.

Market Snapshot

According to industry estimates, Kashmir leather industry has the potential to generate Rs.600 crore annually to the state economy. But the potential has not been exploited fully.

On an average 3.5 million sheep and goat skins plus 1.2 million cattle hides are produced in the market every year. These hides go out from Kashmir at an average price of about Rs.175 each and return processed at the rate of Rs.700 per skin.

There are only a few tanneries in the state. Therefore, the market is primarily untapped.

Financials involved

How much does it cost to set up a leather tannery with processing capacity of 2,800 sq ft or 140 animal skins per day

Total Capital Cost	Rs.98 lakh
a) Land	Hired/Leased
b) Building	Rs.50 lakh
c) Machinery/Equipments	Rs.38 lakh
Operational Cost for first 3 months	Rs.110 lakh
Grand Total	Rs.208 lakh

Sales/earning

Total Returns/Earnings after 3 months	Rs.135.5 lakh
Sale of wet blue leather @ Rs 62/sq ft	Rs.135.5 lakh

Note: The cost may vary with market fluctuations. The above costing has been done for a minimum capacity leather tanning unit (2800 sq ft) which require four drums for soaking, liming and tanning of 1,100 kg each.

So you are up for having a leather tannery ? Take a look at must dos and don'ts first.

Do

- Ensure adequate and suitable water, sewage, electrical, and transportation facilities at the plant site
- Be sure that necessary raw materials are available in suitable quantity, quality
- Check market prices as they fluctuate quite often

Don't

- Open the unit near a residential area
- Hire or purchase land without proper legal documentation
- Construct building structure on marshy or swampy land

Opportunities

- Huge availability of land for leather tannery activities at state industrial areas
- Hides sent outside to the state for tanning which results in loss of crores of rupees
- Leather products are used across different industries like sports, furniture, garments and accessories, shoes, automobile etc and therefore has a huge potential for employment and revenue generation

Challenges

- Skilled labour scarcity
- Can cause environmental hazards in the absence of a proper effluent treatment plant
- Is highly capital intensive activity and finances may pose a challenge
- Getting people to tan the leather is difficult because it has perceived health issues
- Spare parts for machinery are not easily available in the local market

Relevant Govt. departments to approach for

- Industry and Commerce Department for tannery licensing
- State Pollution Control Board for pollution free certificate
- Power Development Department (PDD) for electricity connection
- Public Health Engineering (PHE) for water connection
- State Industrial Development Corporation (SIDCO) for land allotment in an industrial area

Checklist:

Land

- Area: 05 kanals
- Nature: Industrial area
- Lease deed with SIDCO

Building

Size of different sheds

- Shed for machinery : 35 X 25 sq ft
- Raw material (sheep) : 20 X 20 sq ft
- Raw material (cow) : 20 X 20 sq ft
- Storage for wet blue leather : 30 X 20 sq ft
- Office : 10 X 10 sq ft

Equipment

- Soaking drum 1 No
- Liming drum 1 No.
- Tanning drums 2 No.
- Flashing machines 2 No.

Money

- Check various finance schemes with JKEDI

Buyers

- Leather and leather product manufacturing industries

Suppliers

Registered dealers of

- Chemicals (from outside the state)
- Machinery and equipments (from outside the state)



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