

Tanning in South India

Report of the Committee for Leather Industry and Trade. Industries, Labour and Co-operation Department, Government of Madras (1954).

TANNING is one of the most important industries in India's economic life and is predominantly an important one for South India. The total value of leather reported from India during 1953-54 was of the order of Rs 25 crores—of which a lion's share was from Madras—and the item was fourth in importance in the list of exports, the first three being jute and cotton manufactures, and tea. The industry is concentrated in the South and according to the Madras Government's Court of Enquiry into the labour conditions in the Tanning Industry (1947), there were more than 400 tanneries in the undivided Madras State, affording direct employment to about 20,000 workers and indirect employment to over 10,000 persons.

In spite of its unique position, it is most unfortunate that the Madras tanning industry has remained for almost a century extremely vulnerable to trade fluctuations. One of such depressions—perhaps unparalleled in the annals of the East India kip and skin trade in its severity—occurred during 1951-52.

Although the war ended in 1945, the E I tanned kips continued to be bought and distributed through the UK Government's Leather Control and ceiling prices were maintained at a lower level than world prices up till December 1950. After the outbreak of the Korean war, the increased demands from and the higher prices offered by the USA for E I tanned kips of lighter weights gave a fillip to the E I kip prices and some speculators had cornered and accumulated large stocks of tanned kips in India. In consequence, an artificial shortage of tanned kips was created for UK buyers resulting in the lifting of the control on leather by the UK Government by mid-December 1950. The withdrawal of ceilings witnessed prices rising to new levels. The prices of tanned cowhides rose from Rs 2-5 per lb in November 1950 to Rs 3-10 in January 1951, reaching the peak of Rs 4-15 in March 1951. Tire spurt in kip prices during the beginning of 1951 had its impact on the tanned skin prices as well. The tanned sheep skins which were Rs 6-12 per lb at the beginning of November 1950 went up to

Rs 7-15-6 in January 1951 and Rs 9-15-1 in March 1951.

Towards the end of March 1951 the dressers in the UK, however, began to experience difficulties in selling their products as the consumers were showing resistance to higher prices. Consequently prices began to decline. The Madras tanners who had purchased the raw stock at higher prices in anticipation of a good demand from the UK, but had no holding power in a falling market, became nervous when prices in the UK declined, and were anxious to dispose of their goods quickly lest the prices should fall further. The offering of large quantities of E I tanned kips and skins had created an impression in the UK buyers that there was a tremendous increase in the E I kip and skin production, bringing down further the prices which were quoted at Rs 3-8 for sheep skins in April 1952 and Rs 1-15-9 for kips in May 1952.

To add to the misfortunes for the Madras tanners, the new Government which came to power in the UK then, curtailed credit facilities to most of the imported goods with a view to conserve foreign exchange. There was a great deal of hesitancy in opening letters of credit in favour of exporters from Madras. The effect of the credit curtailment was disastrous since offers of Madras tanners and shippers were not entertained by the usual UK importers of Madras kips and skins. Further, Japan which entered the Indian leather market after the end of the war began to buy under a quota system tanned sheep skins during the first quarter of 1951. She withdrew, however, from the market in the later part of 1951, depressing the prices of tanned sheep skins during the first half of 1952.

The slump in the E I tanned kip and skin trade which commenced in April 1951 reached the climax in May next year resulting in the closure of many tanneries, financial ruin of some of the leading tanners and exporters in the South and great distress among the people depending on the industry for their livelihood. The predicament of the tanning interests forced the Madras Government to appoint a Committee in

July 1952 with members drawn from the industry in order to make a study of the causes of the recent depression in the trade and to find ways and means to avoid recurrence of such adverse conditions in future. The report of the Committee was published early this year. At the same time that the Committee was set up by the Madras Government, the Ministry of Commerce and Industry of the Government of India also started a survey of the Indian tanneries, to collect statistics and to make a study of the various problems of the industry so as to obviate the recrudescence of the troubles which the industry had been facing frequently.

In analysing the causes of the depression in the leather industry, the Committee of the Madras Government has, in its report, failed to take note of an important factor which precipitated the collapse of the Madras leather market. The adulteration of tanned kips and skins in order to increase their weight is a curse of the E I leather trade and has brought down the century old reputation of Indian tanned hides and skins. The adulterated goat skins were bought by the US which was a quantity rather than a quality buyer; and adulterated sheep skins were increasingly purchased by Japan. The degree of adulteration varied according to demand and when the demand for E I tanned kips and skins was at its peak in 1950-51, the proportion of adulteration also reached the maximum. At times, the adulteration was as high as 25 per cent of the total weight. The foreign buyers began to resist not only higher prices but also the increasing tendency on the part of E I tanners to adulterate their product with the result that there was a landslide in the prices in the UK and tanners who were building up a huge raw stock at high prices with the idea of adulterating more were financially ruined. It appears that the policy of indiscriminate adulteration of tanned hides and skins with epsoin salt resorted to by the tanners was one of the principal causes leading to the collapse of the Madras leather market.

There is another grave omission of a significant cause which played

havoc with the Madras leather market in 1951-52; indeed, it has been mainly responsible for fluctuations in the past, namely, the dependence of the Madras tanners exclusively on the British market. The consequences of depending on a single market were inevitable. Barring a few instances, no serious efforts have been made by the tanning interests to explore the possibilities, however limited they may be, of exporting their product to continental markets.

The Madras Committee has, however, satisfied itself by recommending to the Government, as a means of rehabilitating and as an immediate measure of relief to, 'the industry:

- (i) Financial assistance to tanners in the shape of State aid and relief from income and sales taxes;
- (ii) Maintenance by the South India Skin and Hide Merchants Association, Madras, which is the premier tanners' association in the South, of trade representatives on the Continent of Europe and in USA attached to the Indian Embassies;
- (iii) Facilities to be given by the State for sending abroad trade delegations by the South Indian tanning industry for the expansion of markets for E I tanned kips and skins;
- (iv) Constitution of an E I Tanning Advisory Board with representatives of the E I tanning industry to look after their interests;
- (v) Provision of refrigerated rooms for the storage of raw hides and skins;
- (vi) Development of wattle plantations and setting up a tanning extract industry in India; and
- (vii) Enactment of legislation for the prevention of adulteration of tanned hides and skins.

The Committee has also examined the question of shifting the venue of auctions for tanned skins from London to Madras and come to the conclusion that there is no immediate necessity for establishing an auction market at Madras. The principal argument advanced for this conclusion, viz, that only a small proportion of the total E I tanned skins exported from South India to the UK is sold by auction in London and that even this proportion was gradually diminishing does not

carry conviction. The consignment of tanned skins to the London auctions was resorted to by the Madras tanners when the market conditions were unfavourable to them and they consigned goods solely anticipating a rise in prices when the goods reached the London auctions. After April 1952, the Madras leather market slowly recovered; and to arrive at an inference on the basis of the export trend observed during the convalescing period 1952-53 is neither logical nor warranted.

Many of the suggestions made in the report are neither new nor far-reaching. No doubt, the industry is in need of financial assistance. There is no guarantee, however, that the financial aid, if given, will not be mis-used by the tanners for speculative purposes. The deep rooted ills of the industry—which have also been dealt with in detail in the report—such as transport bottleneck, insufficiency in the supply of tanning materials, improvement in flaying, prohibition on the export of raw hides and skins, etc, had already

been covered in the Agricultural Marketing Reports on Raw Hides and Skins (1942 and 1943) and in the Panel Report on Leather and Leather Goods (1947). That the age-old problems of the industry still persist, call for a radical treatment and a permanent cure.

The ultimate solution of the problem of the E I tanned kip and skin trade lies undoubtedly in the modernisation of the industry, regulation of production according to demand, increasing the utilisation of tanned hides and skins for internal consumption by converting them into leather manufactures suitable for internal market and developing the export markets in finished products instead of in raw and semi-finished hides and skins.

The results of the enquiry carried out by the Ministry of Commerce and Industry of the Government of India have not been published yet. Since it was an all-India fact finding enquiry, the report will be awaited with keen interest by the leather trade and industry.

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