

IMPACT OF COVID-19 ON LEATHER BUSINESS IN MUMBAI

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Abstract:

The pandemic has affected all the sectors and businesses in India. Informal segments of many industries got badly affected due to supply and demand mismatch. Labour shortage and issues, fall in demand, etc. Mumbai is known for its leather business, which has been flourishing for the years and has been one of the major centers of the leather business. Along with caste artisans, many migrated communities from different states have become part of this industry. The contribution of Muslim entrepreneurs and labor has been playing a very important role in the growth of the leather business in Mumbai. Already, the business has many problems related to its growth. And, over to it, the Covid-19 pandemic brought a tremendous impact on it. The business was badly affected and faced many problems, but even though the optimism of the entrepreneurs has sustained them in the business and still wish to continue with the same business in near future as well

Key words: Leather, Migrated Muslim community, covid-19.

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I) Introduction

a. BACKGROUND OF THE STUDY

The leather business in Mumbai is as old as the history of the city. In the areas like Dharavi, major leatherwork is carried out. Thousands of artisans and laborers are engaged in the leather industry. The nature of leather units run in Mumbai mainly falls under the unorganized sector. Many entrepreneurs carry leather work independently at home or units hired. A few laborers are employed to work under them and the products are sold in the market. All kind of leather is produced in Mumbai, but the major production of footwear is taken over here. along with it, leather accessories and garments are also produced here. Being the 6th largest industry in India, the contribution to the national output by the Mumbai region is spectacular.

b. PROBLEM STATEMENT

The unorganized leather industry sufferers form financial, marketing, promotional, production, and other factors. The record of output produced is not centralized. Even there is no exact data of people working in this industry as manufacturers or labor. There is asymmetrical information. Over to it, the covid-19, pandemic fuelled further and created more issues in the industry. The manufacturers did not get orders during the lockdown. So wholesale trade was affected. People were not on the roads to buy as markets

were closed so retail business was also affected badly. There was no supply of raw labor and many related issues were faced by the manufacturers. The covid-19 brought negative impact on the leather business as the exports too got affected negatively.

c. SIGNIFICANCE OF THE STUDY

This study is important as the leather industry employs millions of people all over India. There are many centers where leather is produced and exported. The industry contributes to GDP and GNP as Indian leather is in more demand in international markets. The soft and hard leather, both are produced in the Mumbai region. The industry has national importance as it is an export-oriented industry. Therefore, the people who have sustained it, should not be overlooked. There is a need to study the socio-economic conditions of people engaged in the leather industry. Indian industry is 2nd largest producer of footwear and therefore the impact of covid-19 is a subject matter to be studied as it is going to affect exports of a country.

d. OBJECTIVES OF THE STUDY

1. To discuss the problems faced by Muslim entrepreneurs running leather businesses.
2. To highlight the impact of covid-19 on the leather business.
3. To conclude with some suggestions to reduce the impact of the pandemic.

e. HYPOTHESES:

1. The impact of Covid-19 on the leather business is insignificant.
2. The entrepreneurs are pessimistic to continue the leather business in Mumbai.

II. LITERATURE REVIEW

P. Pushpa (1985) studied the export-oriented leather industry in the Arcot district of Tamil Nadu mainly focused on the effects of an Export Trade Control Order in August 1973. **R.R.Prasad (1986)** analyzed the leather business as a prime task of the people belonging to the scheduled castes. The introduction of the book includes the objective of studying searching for the traditional craft and the leatherworker relationship. The area of study undertaken in Uttar Pradesh. **Sharma Satish Kumar (1991)**⁶ highlighted the socio-economic conditions of Chamars known as scheduled caste people. The book discusses the craftsmanship and traditional skills of the workers in the leather industry. **Subramanian (1993)** have studied the contribution of the leather manufacturing firms in the export promotion and marketing orientation of exporters. **Thirthankar Roy, Indira (1994)** observed that artisan castes were typically those identifiable with the manufacture or trade of specific products. The integration of colonial India into a world market created an export boom for Indian hides and skins that began in the 1870s and continued for nearly half a century. **Gonca, Ozur & Eser (2011)**³⁰ compared worldwide leather industry structured with SME's in general. They mentioned that the nations like Italy and Spain are at the forefront of the world market with their brand images based on quality products while the LDC,s like India, Brazil, and China emphasize cheap labor and low cost. **Bhosale B.V., (2012)**³¹ described Kolhapur as one of the famous cities of Maharashtra

known for the production of footwear that too of a traditional kind. The leather tanning centers and the process of making Kolhapur chappals are some of the characteristics of the city. **Bhandivadkar Leela and Shastrabudhhe Avinash (2012)³²** introduced the cobbler community to their history and characteristics and source of contribution for economic growth. **Bombay Leather Survey Committee (1961)** report is divided into four classifications studied separately to conclude. Namely, Pre-tanning, Tanning, Leather Goods manufacturers, Allied Industries are the elements of study. **Exim bank research Brief (March 2006)** research briefed by Exim bank gives the complete export data of the leather industry in numerical and diagrammatic presentation. The world export is compared with India till the year 2004-2005. **Report on leather industry, Chandigarh (2007)** gives general social and living conditions of unorganized workers in leather and other art industries. The report has been divided into five parts.

III RESEARCH METHODOLOGY

Primary Data:

To understand the impact of covid-19 on the leather business in Mumbai, Data is collected from 100 Muslim entrepreneurs/ Manufacturers by distributing questionnaires physically as well as on google forms. Data is collected through a structured questionnaire having dichotomous and Likert scale questions.

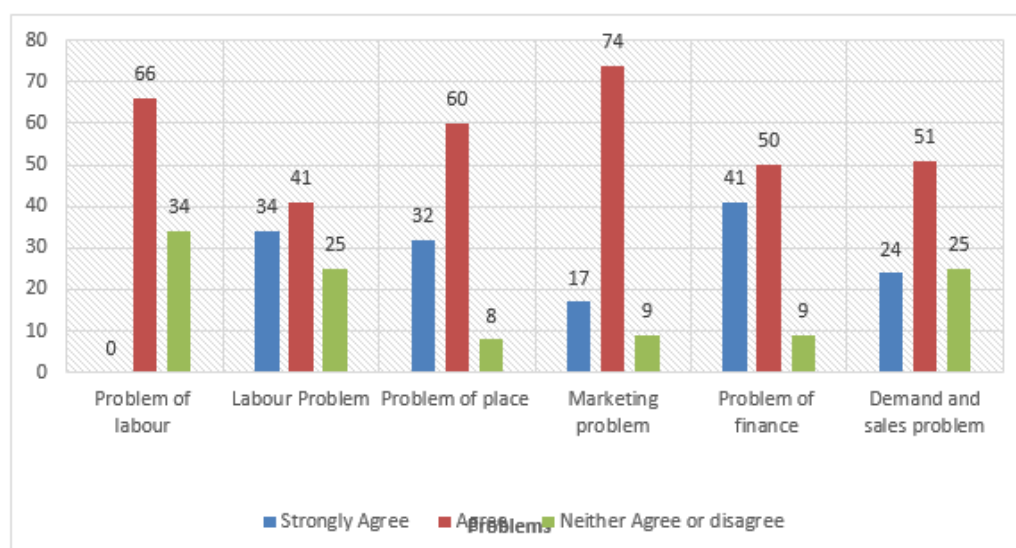
Secondary Data:

To supplement primary data, the information is also taken from reference books, research articles, theses, and new writ-ups.

IV ANALYSIS OF DATA;

A) Business Problems

Diagram 1
Business problem

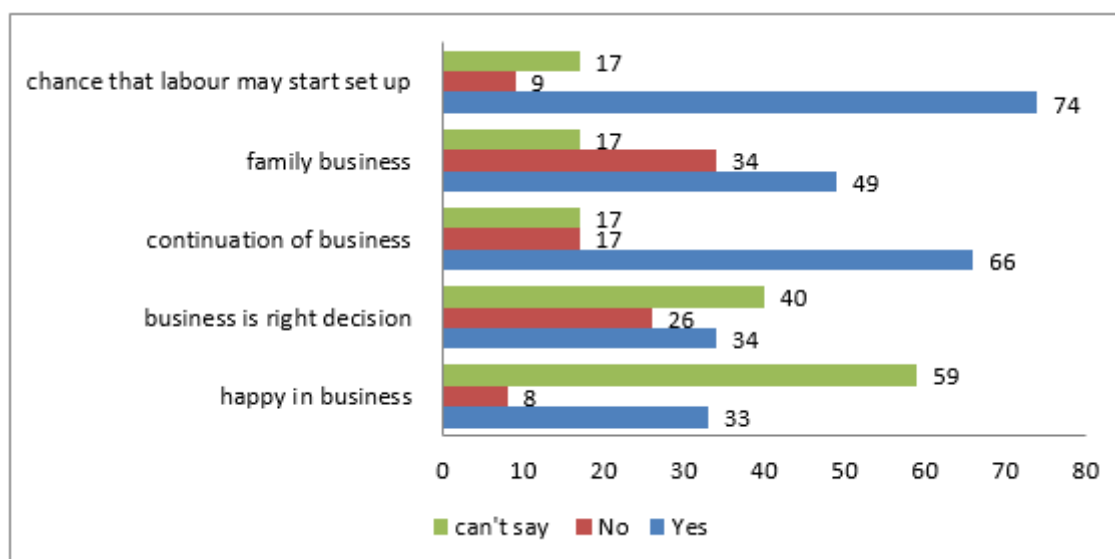


Source: Primary Data

Out of 100 entrepreneurs, 66 percent agree that they face problems with raw material whereas 34 percent do not either agree or disagree or are unable to understand the exact issue related to the raw material. 34 percent mentioned strongly agree and 41 percent agree with the statement that they face labor problems as it is an informal market and job skipping is very common. 32 percent strongly agree and 40 percent mentioned agree with the statement on the problem of face. In Mumbai, already there is the problem of space and people staying in slum areas. house only. But others have no option to buy rental premises to carry their work. 17 percent mentioned strongly agree and 74 mentions agree on the problem faced in marketing and promoting their leather products. 41 percent mentioned strongly agree, 50 percent mentioned agreeing on the problem of finance in this business. They need working capital to keep the business working. But they are not able to make it possible from self-financial and have to be dependent on source capital. 24 percent mentioned strongly agree, 51 mentioned agreed to the problem of demand and sales.

A) Regarding Business Status

Diagram 2
Regarding Business Status



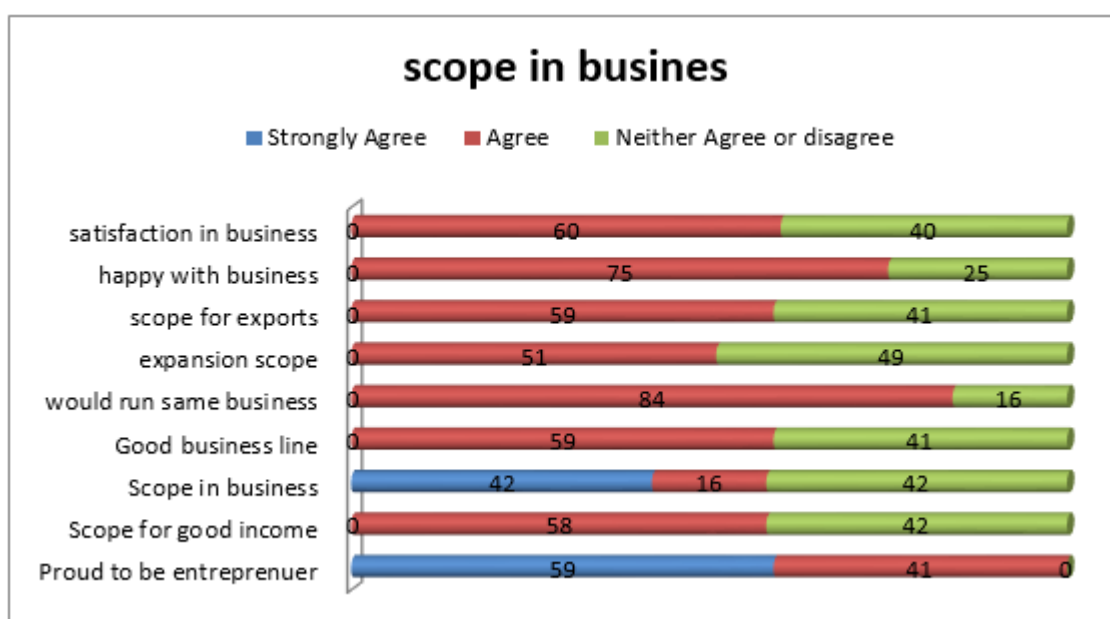
Source: Primary Data

Out of 100 entrepreneurs, Only 33 percent are happy with the leather business. 59 percent are not sure about their happiness as they are suffering from so many problems in the business. Rest 8 percent mentioned their unhappiness. Only 34 percent think that their decision to be in this business is right whereas 26 percent mentioned no. rest 40 percent are neutral on this question. Although entrepreneurs face so many problems, they do want to continue with this business. Might they have no other source or cannot substitute this work with other work

so easily. Nearly 49 percent wish to continue it as their family business. 34 percent do not want to keep the same business. 74 percent of entrepreneurs said yes and believe that their labor may steal work culture from them and may start their units and become competitors.

A) Scope in Business

Diagram 4.21
Scope in Business



Source: Primary Data

Out of 100 entrepreneurs

Nearly 60 percent are satisfied with their business. 40 percent are not able to tell if they are or not but still wish to carry with their leather business. 75 percent showed their contentment with whatever they have set up. 25 percent are unable to express it. 59 percent mentioned that there is a scope in business as exports are possible if good quality and design products are produced. Rest 41 percent are neutral on this question. 51 percent believed that business can further be expanded with more units and more products. 84 percent mentioned that they would run the same business, it clearly shows that they are comfortable in this business and do not want to diversify. 59 percent expressed that this is a good line business and the rest are not able to tell almost 100 percent feel proud to be a leather entrepreneur. 42 percent mentioned strongly agree and 16 agree with the statement of having scope in business. Rest is not able to express. 58 percent believe that good income can be earned in this business.

V) HYPOTHESIS TESTING:

- H₀: There is no statistically significant relationship between Problem of Finance and Return from Business**

Results

The results of the Fisher exact test were significant based on an alpha value of 0.05, $p < .001$, suggesting that ProblemF and Return are related to one another.

2. **H₀: There is no statistically significant relationship between Problem of Demand & Supply and Return from Business**

Results

The results of the Fisher exact test were significant based on an alpha value of 0.05, $p < .001$, suggesting that problems and Return are related to one another.

3. **H₀: There is no statistically significant relationship between Problem of Finance and Profit Margin**

Results

The results of the Fisher exact test were significant based on an alpha value of 0.05, $p < .001$, suggesting that ProblemF and Profitmargin are related to one another.

4. **H₀: There is no statistically significant relationship between Problem of Demand & Supply and Profit Margin**

Results

The results of the Fisher exact test were significant based on an alpha value of 0.05, $p < .001$, suggesting that problems and Profitmargin are related to one another.

5. **H₀: There is no statistically significant relationship between Decision on continuing business & Scope of export**

Results

The results of the Fisher exact test were significant based on an alpha value of 0.05, $p < .001$, suggesting that Continue and Exports are related to one another.

6. **H₀: There is no statistically significant relationship between Decision on continuing business & Satisfaction in business.**

Results

The results of the Fisher exact test were significant based on an alpha value of 0.05, $p < .001$, suggesting that Continue and Satisfaction are related to one another.

VI) SUGGESTIONS

- Being one of the crucial industries, the government should focus on its informal segment of the leather industry. This is the largest segment which is well organized and has been contributing to the GDP thought output and also employment generation.
- Training should be given to the young entrepreneurs working in the leather industry in Mumbai
- There has to be a subsidy in the procurement of raw material used by the leather entrepreneurs
- There has to be a proper mechanism to record the number of people working in the leather industry in Mumbai

- The leather associations should be encouraged enabling them to demand their business to the concerned authority
- Cluster should be provided to these entrepreneurs enabling them to save their rent and increase profits. The place is a major issue in Mumbai
- Leather industry must be promoted to increase self-employment and entrepreneurship in the country
- Different training programs should be arranged under startup and standup flagship programs
- Different training centers should be started in different talukas and district levels to teach prospect entrepreneurs, how to bend the leather and how to proceed with expanding business activities
- Workshops should be organized to increase the scope of the leather business all over the world.
- Vocational or degree courses should be started especially having a curriculum on leather business and profession.
- Training should be given to innovate new designs and forms of leather to cater to the increasing need of the consumers.
- Looking at the enthusiasm of the young artisans to continue their business even in the intense competition, it is necessary to create more awareness of entrepreneurial activities among these new generation artisans. The focus should be given to more enrollments of them in the leather training institutions.
- There is a need for purposeful and timely review of the leather policies implemented by the government for the leather sector from time to time. Along with it, the leather producers should be encouraged to go for technology up-gradation.
- There should be regular updating of statistical data based on leather sectors, leather employment to present a true picture of the said industry.

VI) CONCLUSION:

It is observed that the leather business is badly affected in Mumbai due to the covid-19 lockdown. There were many business-related problems faced by these manufacturers. Still, they found scope in the business and showed their desire to continue their business in Mumbai. The majority of them hired the business and learned to carry it over years. They have been successful in flourishing businesses in Mumbai and constitute a major part of the National industry.

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