

15 February 2022

**Mr. Rajeev Singh Thakur,  
Additional Secretary, DPIIT  
Ministry of Commerce & Industry  
Govt. Of India**

***Joint Representation from Group of footwear manufacturing associations CLE, CIFI and RAI***

**Subject: Concern of Footwear Industry for implementation of QCO S.O.3860(E), S.O. 3858(E), S.O. 3857(E).**

***Honorable Additional Secretary,***  
Greetings from RAI!

Retailers Association of India (RAI) is the unified voice of Indian retailers working with all the stakeholders for creating the right environment for the growth of the modern retail industry in India. RAI is the body that encourages, develops, facilitates and supports retailers to become modern and adopt best practices that will delight customers. It is the premier body of Retailers in India having around 14,000 member establishments including large and small retailers in the country having approximately 5,00,000 stores.

A propos to our meeting on 09<sup>th</sup> Feb 2022, First of all, we are highly thankful to you for listening and understanding the industry concerns on QCOs. We would like to submit the following points for your kind consideration.

## **India and World Footwear Industry Background.**

1. Footwear is a Fashion product and not just a daily need material.
2. Fashion Industry is Governed by creativity and also quality. In this industry, the customer's choice is more important as it is the customer who defines the movement of a product in the market on the basis of important parameters namely quality, durability, aesthetics and also the price.
3. Thus, the standards of footwear cannot be defined and are subject to constant changes depending on evolving trends in the market. Hence, defining footwear on the basis of a given set of standards in the form of QCOs will adversely impact the growth of the footwear industry in the country.
4. Worldwide, footwear is not governed by any specifications, standards or QCOs. Top global brands like Nike, Reebok, and Bata have their own quality

specifications as per customer's need & price band and the Government is not mandating it.

5. Hence, the QCOs will adversely impact the price competitiveness of the Indian footwear industry in the global market and will limit its innovation and creativity capabilities.
6. The Pandemic has opened-up a window of opportunities for the Indian footwear industry and many buyers are willing to shift their sourcing operations from China. If the QCOs are imposed, we will not be able to utilize these emerging business opportunities and will not be able to make major penetrations in the global market.
7. Many large-scale footwear manufacturers are now looking at India for establishing their manufacturing facilities, but now they are holding back, because of the apprehension of implementation of QCO, as if QCOs are implemented, they will not be able to manufacture right variety of footwear

## Impact on small scale industry

- Indian footwear industry size is about Rs.80000 Crores. Out of this, 70% to 80% is **unbranded/unorganized/artisans/micro industry**. These unorganized sector manufacturers are from MSME size to smallest room size factories. These manufacturers employ more than 50 Lakh unskilled people. Implementation of QCO will lead to closure of their business, as they do not have capabilities to install labs, and get certificates.

In addition to this, there are huge numbers of support industries who supply raw material for footwear industry and they will also be heavily impacted. The magnitude is unimaginable.

## Impact on customer & market

- Indian footwear market is dominated (Above 70%) by low value footwear in the range of MRP below Rs. 500/-. This segment of customer will have very limited choice, as the cost of footwear will definitely increase, making such units commercially unviable.

In view of the above, the stance of the Footwear industry is that the implementation of the QCOs will only affect the industry instead of promoting it. We are not able to visualize any benefit of it, neither in favor of Customer nor in favor of Government from the point of view of promoting quality products.

We understand that similar views were also mentioned in the letter of former



Honorable MSME Minister Shri Sarangi Ji & Honorable Union Minister of Commerce and Industry Shri Piyush Goyal.

In view of the aforesaid adverse impact of the QCOs on the people of India and the footwear industry, we would request that the QCOs may not be made mandatory and be made only optional for the industry.

Warm Regards,  
For and on Behalf of Retailers Association of India,

Gautam Jain, Director – Advocacy, RAI