Uttar Pradesh Footwear, Leather and Non-Leather Sector Development Policy 2025

Policy brief

Effective from 08.08.2025
Validity: 5 years

Nodal Department

MSME & Export Promotion Department, Government of Uttar Pradesh, India

A consolidated summary of eligibility, project categories and incentive structures for industrial units and private industrial parks.

Indian growth story fuelling Footwear industry

Budget support, tariff reductions & FTA, creating unprecedented opportunities for Footwear industry

$47 Bn

2030 Turnover target - Indian footwear & leather industry

$315 Mn

FDI inflow in leather industry between 2000-24

National Growth Priority: Footwear sector in Focus

UNION BUDGET FY 25-26

Focus Product Scheme: Footwear & Leather sector

National Targets

- **2.2 Million** jobs
- Turnover : **$47 Bn**
- Exports : **$13 Bn**

Strategic initiative to **boost domestic manufacturing capacity** and **export competitiveness**

Input Cost Optimization

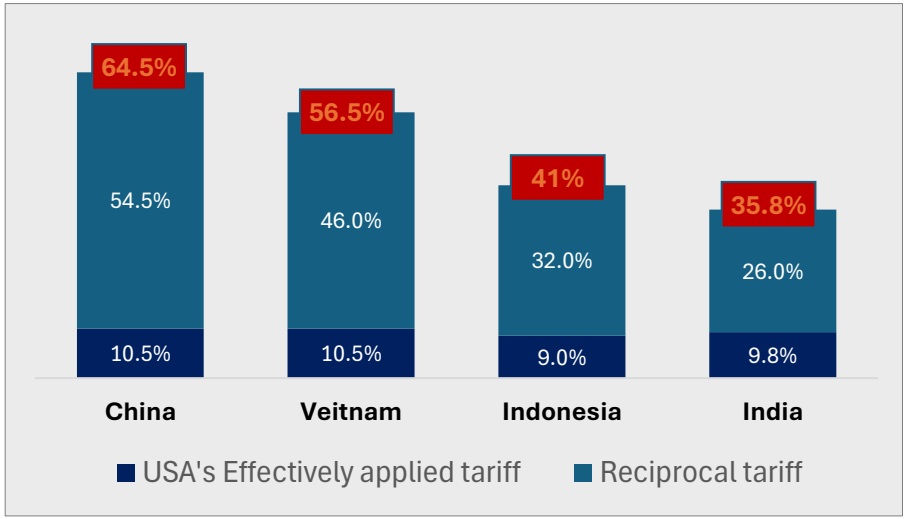
Decrease in Tariff rate for imported Footwear components vide union budget FY-25-26

35% ⇨ 20%

Premium Market Access: UK-INDIA Free Trade Agreement

- UK-India **trade expected to double** to $120Bn by 2030, boosting footwear export potential
- 99% of Indian footwear exports to UK now duty-free, **saving up to 16% in tariffs**
- **Zero tariffs cover nearly 100% of footwear trade value** with the UK

India's tariff advantage in Footwear Exports to US



Strategic Advantage for India/UP-based Manufacturers:

- **Lowest total estimated tariffs (35.8%)** -India benefits from significantly lower tariff rates than key competitors, , creating a **strong export advantage**.
- **Cost Advantage** - India's manufacturing ecosystem supports globally competitive pricing while sustaining healthy profit margins.

Investing in UP: India's Growth Engine with Scale, Speed & Stability

Strategic infrastructure meets economic resilience and demographic advantage

1 UP's strong economic fundamentals - High and resilient growth.



$335 Bn

Economy size in 2023-24

Among the top five economies

~12%

GSDP growth rate

Annual GR: 2023-24

2 Leading Infrastructure revolution

- **Rank # 1 in network of Expressway** -3000+ Kms
- **#5 international airports**, and **#16 domestic airports**
- **Largest network of roads** (> 400,000 kms)
- **Largest railway network** (> 16,000 kms)
- **Dedicated Freight Corridors** (EDFC & WDFC), linking ports
- **Logistics excellence:** MMTH, MMLH, IWT

Efficient & Pro-growth administration

- **Achiever State** in country wide Ease of Doing Business (EODB)
- **Achiever State** in Logistics Ease Across Different States (LEADS)
- **Amongst top 3 States** in Export Preparedness Index *

Digital governance & Investor facilitation

- **Nivesh Mitra:** Country's leading Online single window portal
- **Nivesh Sarthi:** Online Customer relationship Management
- **Dedicated team & Senior officer** for end-to-end support

**For Land locked states*

MMTH: Multi Modal Transport Hub, MMLH: Multi Modal Logistics Hub; IWT: Inland Water Transport

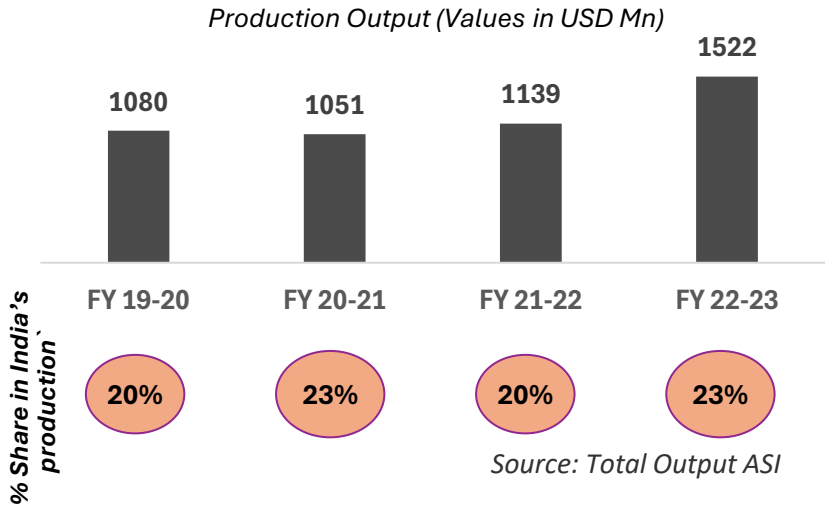
EDFC: Eastern Dedicated Freight Corridor, WDFC: Western Dedicated Freight Corridor

Footprint of Footwear manufacturing sector in UP

Strategic advantages and global export reach positioning UP as the preferred investment destination

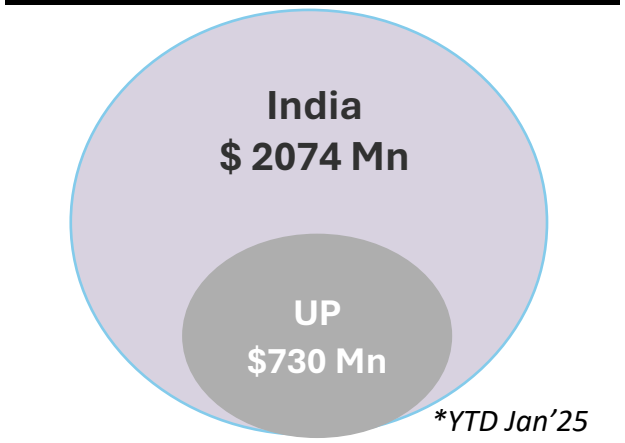
1 Share in India's Footwear manufacturing Output

UP **Ranks 2nd** in Terms of production (Output) in Footwear manufacturing

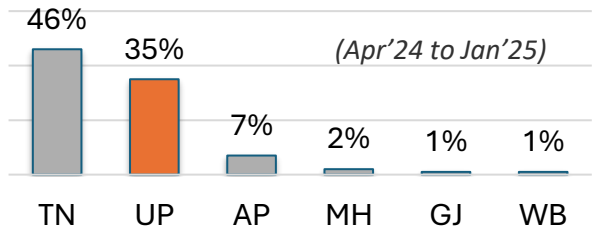


- UP consistently contributes **~23% national market share**
- Steady **9% CAGR** demonstrates sustainable growth and **resilience even through global economic challenges**

2 UP's Export Capabilities

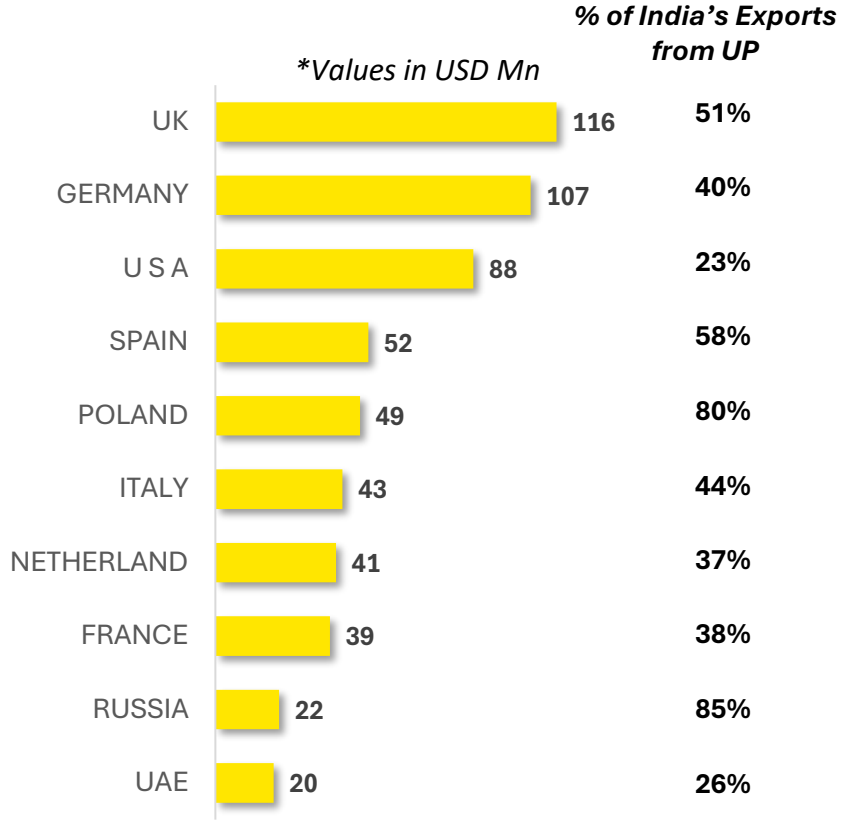


Footwear: Top 6 exporting states & their national share



***Export-production ratio of ~50%** - strong global market integration and quality acceptance*

3 Top 10 Export Destinations from UP



UP dominates specific export markets** with **exceptional penetration rates

Reaping the demographic dividend: Talent pipeline

UP's Specialized Footwear Training Ecosystem

240 Mn	56%	24.7 Yrs	1 Million	>1500
Total Population	Working age population	Median age	Employed in Footwear sector in UP	New trained professionals (Diploma)
1/5th of India's population	*Working population (18-60 years)*	*Less than India's Median age of 28 Yrs*	*One of the largest employment providing sectors*	***Annual** supply of trained workforce in the sector*

Footwear Design and Development Institute (FDDI)

#	FDDI Campus
1	Raebareli
2	Noida

#	FDDI Training Centers
1	Kanpur
2	Bareilly
3	Agra

Sector specific training institutes in UP

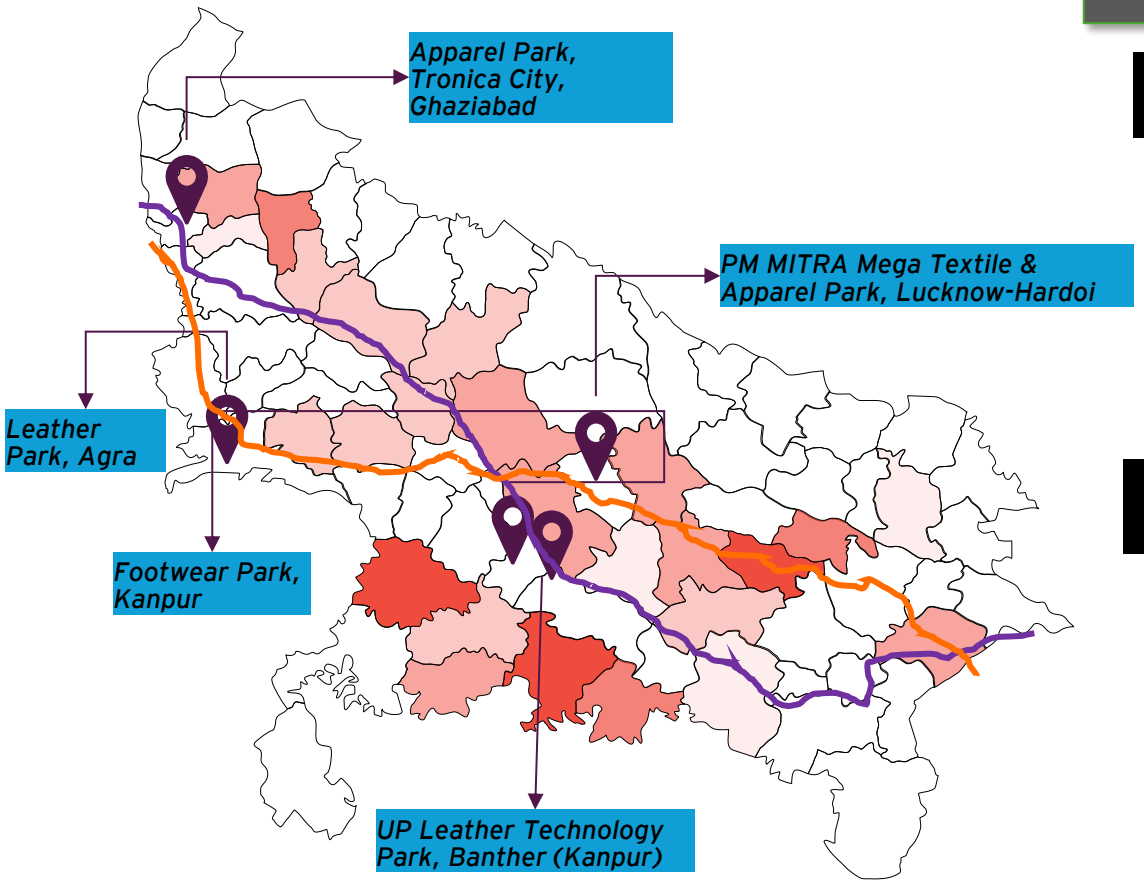
#	Institute
1	Government Leather Institute, Agra
2	Government Leather Institute, Kanpur
3	Central Footwear Training Institute (CFTI), Agra
4	Harcourt Butler Technical University (HBTU), Kanpur
5	Aligarh Muslim University (Footwear & leather training institute

Home to Eminent Institutes

- IIT Kanpur (QS IND Rank 5, QS World Rank 264)
- IIT BHU (NIRF Rank 29)
- IIM Lucknow (FT Rank 64)
- IIIT Lucknow
- IIIT Praygaraj
- Aligarh Muslim University (AMU)

Industrial Land Bank Powering UP's manufacturing future

Plug-and-play industrial land across expressways with sector specific parks



Available Industrial land across districts

Ready to allot land bank at existing clusters

Footwear Park, Kanpur (Ramaipur)

- **Area :** 130 acres
- **Connectivity** : Highway (5km) ; Air (25 km)
- **Infrastructure** : *Dedicated Freight Corridor (<5km) ; ICD (13 km)*

Leather Park, Agra

- **Area :** 283 acres
- **Connectivity** : Highway (<1km) ; Air (45 km)
- **Infrastructure** : Dedicated Freight Corridor (50 km) ; ICD (30 km)

UP Leather Technology Park, Banther (Kanpur)

- **Area :** 232 acres
- **Connectivity** : Highway (<1km) ; Air (10 km)
- **Infrastructure** : Dedicated Freight Corridor (30 km) ; ICD (20 km)

PM MITRA Mega Textile & Apparel Park, Lucknow-Hardoi

- **Area :** 1000 acres
- **Connectivity** : Highway (5km) ; Air (45 km)
- **Infrastructure** : Dedicated Freight Corridor (45 km) ; ICD (95 km)

>9000 Acres

Additional Land across Expressways

UP's Footwear Policy: A New Era for Investment, Exports & Employment

Transforming Uttar Pradesh into a global hub for footwear & leather products

Key Pillars

1. **Land & Infrastructure**
   - Plug-and-play assured land availability
   - Online single-window allotment with fast-track approval for mega unit.
2. **Skilling, R&D & Innovation**
   - Incentivising local employment/ Women/ PwD
   - Training centres aligned with industry needs
   - R&D subsidies, innovation hubs, and COE
3. **Fiscal Incentives**
   - Land subsidy
   - Capital Incentives (Plant & Machinery)
4. **Market Access & Exports**
   - Export incentives and certification support
   - Branding support vide global trade fairs
5. **Sustainability**
   - Grants for eco-friendly practices

Eligible Categories

Investment Thresholds

- Stand alone units: USD 5.8 Mn – 17.6 Mn
- Mega Anchor Units: USD 17.6 Mn above

Target Sectors

- Leather footwear manufacturing
- Non-leather footwear (PU, EVA)
- Ancillary Units (components)
- Leather apparel & accessories
- Machinery manufacturing units
- R&D centers and design studios
- Allied footwear and leather units

Key Incentives

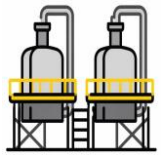
Fiscal Incentives

- Land cost subsidy (Regular & Anchor units)
- Capital investment subsidy
- Stamp duty exemption
- R&D Support / Transport & logistics/ Training grants/ Employment generation grants /
- Electricity tariff subsidy
- Export Oriented incentives

Non- Fiscal Support

- Skill upgradation centers
- International expo participations
- Sustainable manufacturing grants

Policy Structure: Two Main Tracks



Industrial Units

Project categories and minimum investment limits

Project category	Min. Capital investment
Stand-alone unit	₹50–150 Cr
Machinery units	₹50–150 Cr
Mega anchor unit	Minimum ₹150 Cr
Cluster unit	Minimum ₹200 Cr (collective)
Allied unit	₹150 Cr+

Coverage New units; expansion with ≥25% increase in gross fixed assets

Nodal agency MSME Industry: Directorate of Industries, Kanpur; Above MSME: Invest UP

Investment timeline: 3 years



Private Industrial Parks

Park categories, eligibility and timeline

Park category	Land / scale
Small park	25–100 acres
Large park	100+ acres

Eligibility conditions

Minimum 25 acres on private land
Minimum 5 industrial units
No single unit >80% land allocation
25% green area / common facilities reserved

Nodal agency Directorate of Industries, Kanpur
MSME & Export Promotion Department

Construction timeline: 5 years (25–100 acres); 6 years (100+ acres)

ECI: Eligible Capital Investment

Projects Coverage

#	Project category	Coverage / indicative scope
1	Footwear Manufacturing Units	• Leather footwear manufacturing- footwear made mainly of leather. • Non-leather footwear manufacturing (PU, EVA, rubber, synthetic, sportswear, woven footwear) • Ancillary units (e.g. buttons, snap fastners, inlay cards, buckles, eyelets, hooks, etc. for footwear companies) • Non-leather processing units like up stitching units, stock fitting facilities, flannit factory, mold factory
2	Leather and Nonleather Products Manufacturing Units	• Leather and non-leather accessories and finished goods • Leather Apparel • Saddlery & Harness • Auxiliary units (e.g. chemicals, dyes, oils, adhesives, soles, heels, etc.)
3	Footwear leather and non-leather machinery manufacturing units	• Leather Sewing/ Stitching Machines manufacturer • Leather cutting, moulding machines manufacturer • Technical textiles machines manufacturer • Non-Leather Shoes (Safety shoes) machines Eg: PU Injection Molding Machines for Sole, EVA Sole Molding Machines, Rubber Vulcanizing Presses, Automated Shoe Lasting Machines for Safety Shoes, etc.
4	Allied Footwear Leather and non-leather Units	• At least 50% of the annual turnover comes from footwear/leather product manufacturing units • Can be located outside the cluster due to various resource or compliance requirements but are an essential part of the supply chain eg: (A) Specialized Sole Manufacturing Plant, (B)Outsole/Upper Printing Units, (C) Dedicated shoe packaging units etc.
5	Product Development Centre, R&D Centre	• Footwear & Leather Design Studios, R&D Centre for Leather & Footwear
6	Private Industrial Park	• Private Industrial Park developed on minimum 25 acres, on privately owned land

Not Exclusive

Eligible / Ineligible Capital Investment

Eligible investments — Industrial units

– Land cost (excluding stamp duty and registration)
– Buildings: offices, R&D, testing facilities, storage and worker hostels
– Other construction: campus walls, internal roads, borewells, tanks, pipelines
– Plant & machinery, utilities, dies, moulds and related foundation / transformer costs
– New roads, sewer lines, drainage, power lines and feeders

Eligible investments — Industrial parks

– Core infrastructure: bridges (100-acre parks), internal roads, street lighting, boundary walls, drainage, water supply, sewerage, STP, energy/gas networks, communications, parking and fire protection

– Commercial facilities: hospitality, health, fuel/charging, banking, administrative office, warehouses, weighbridges, skill centres, R&D and testing labs

Ineligible investments

Industrial units: working capital, goodwill, pre-operating expenses, capitalised interest, consulting / technical know-how, royalties, design & drawing, patents, licences, software/IP and non-captive power generation.

Industrial parks: land and site preparation, consumables and non-capital goods, fees and non-property costs, unqualified machinery, surveillance and other exceptions.

* If land cost subsidy is availed, land cost is not included in eligible capital investment.

Incentives (1/4): Land Cost Subsidy

1 Land cost subsidy

Project category	Western UP (Paschimanchal) region	(Central (Madhyanchal, Eastern (Purvanchal) & Bundelkhand
Stand-alone footwear & leather products manufacturing units **Footwear & leather machinery manufacturing units**	25%	35%
Mega anchor unit / cluster	75%	80%

Important: choose either Route A (Capital Investment) OR Route B (Land Subsidy) — one-time decision

Route B: Land cost subsidy

- Land from State IDA / Government allocation
- Claim on allotment value
- Eligible capital investment excludes land cost

Route A: Capital subsidy

- Land from own / private purchase
- Claim on total eligible capital investment
- Eligible capital investment includes land cost

Incentives (2/4): Capital Subsidy

2 Capital subsidy

Project category	Western UP (Paschimanchal) region	(Central (Madhyanchal, Eastern (Purvanchal) & Bundelkhand
Stand-alone footwear & leather products manufacturing units **Footwear & leather machinery manufacturing units**	20% of ECI; max ₹30 crore over 5 years Annual cap: ₹6 crore	30% of ECI; max ₹45 crore over 5 years Annual cap: ₹9 crore
Allied leather unit	25% of ECI; max ₹125 crore over 5 years ; Annual cap: ₹25 crore / unit	
Mega anchor unit / cluster	30% of ECI; max ₹600 crore over 5 years Annual cap: ₹120 crore / unit	35% of ECI; max ₹700 crore over 5 years Annual cap: ₹140 crore / unit

ECI: Eligible Capital Investment

Incentives (3/4): Additional Industrial Unit Incentives

3	**Stamp duty exemption**	100% exemption in stamp duty; applicable on deposit of equivalent amount in lieu of Bank Guarantee
4	**Employment generation grant**	100% employer EPF contribution subsidy; up to maximum ₹50 crore for 5 years
5	**Training aids**	30% fee subsidy (maximum ₹15,000) for general trainees; subsidy up to ₹20,000 for women/SC/ST/persons with disabilities. Unit-driven training programs are also included in the policy.
6	**Electricity tariff subsidy**	₹2.00/unit for 5 years from commercial production start; up to maximum ₹60 lakh/year/unit
7	**Transport & logistics subsidy**	Machine transfer subsidy: assistance up to 75% of cost (maximum ₹10 crore) for bringing machinery from another country to UP
8	**Export-oriented incentives**	Units can avail incentives available under the export policy of Government of Uttar Pradesh

EPF: Employees' Provident Fund

Incentives (4/4): R&D, Sustainability

9 R&D Support	– I.P.R. incentive: 70% reimbursement for patent, copyright, trademark and GI registration, up to ₹1 crore per project – 50% grant for design lab or footwear prototyping centre, up to ₹1 crore per unit – Centre of Excellence: 50% establishment grant, up to ₹10 crore per project; max 1 centre per district
10 Sustainable industries	– 50% reimbursement on carbon credits, energy audits and RECs, up to ₹50 lakh per unit – 50% subsidy for green technology adoption, up to ₹1 crore per unit – 75% subsidy for international certification (LEED, ISO 14001, LWG etc.), up to ₹1 crore **– Additional 5% ECI capital subsidy up to ₹15 crore** for alternative leather units in 7 annual instalments
Benefits for MSME units	MSME units are eligible for incentives under the UP MSME Policy 2022; however, the same investment cannot receive dual benefit from both policies.
Overall ceiling	**Total incentives ≤ 100% ECI.** **Dovetailing of Incentives with central government schemes is allowed.**

REC: Renewable Energy Certificate

Private Industrial Parks – Incentives



Eligible capital investment

– Internal roads and streetlights
– Drainage, water distribution and sewerage
– CETP/STP and electricity / gas network
– Communication network
– Fire station and disaster management
– Truck parking, common facilities, testing labs, R&D centres and hostels

Incentives

1	**Capital subsidy**	**25%** of eligible fixed capital investment, subject to limits: 25–100 acres: max ₹45 crore; 100+ acres: max ₹80 crore
2	**Stamp duty exemption**	100% exemption at the time of land registration.

Ineligible investments

A. Land & site preparation: land cost, soil filling, grading and levelling. B. Consumables & non-capital goods: fuel, consumables and stores. C. Fees & non-property costs: machinery installation, consultancy and handling. D. Unqualified machinery: used / refurbished / second-hand machinery. E. Surveillance & other exceptions: CCTV and related equipment.

Thank you

MSME & Export Promotion Department, Government of Uttar Pradesh, India

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