

Impact of COVID-19 Pandemic on Leather and Footwear SMEs





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Centre of Excellence for Leather Skill Bangladesh Limited (COEL) is an initiative of Industry Skills Council (ISC) of the Leather, Leather Goods and Footwear sector. Bangladesh is a developing country which relies on export-led manufacturing growth. Skills development has become important to increase productivity and industrial growth, to ensure that the country reaches its target of achieving middle-income status. COEL was set up in the year 2009, to meet the technical skill needs of the leather sector and to build awareness on Occupational Health & Safety at factory workplaces. Since then COEL strives to become a 'Centre of Excellence' for not just technical skills but also to provide one-stop solution for the leather industry, in terms of machine operator training, operational excellence, productivity improvement, ancillary support services, consultancy, research & assessment, compliance, etc. for the leather sector. At present, COEL, in collaboration with the industry, imparts technical and soft skills training to create skilled manpower.

Table of Contents

List of Acronyms	1
Executive Summary	2
Chapter 1: Bangladesh Leather Sector Overview	3
Chapter 2: The Leather Sector Supply Chain and Impact of Coronavirus	8
Chapter 3: Impact of Pandemic on Factories Operating in Bhairab and Kishoreganj	13
Immediate Challenges Faced due to COVID-19	
Impact on Revenue due to COVID-19	
Supply Chain Disruptions Faced	
Outstanding Debt and Repayment Situation	
Support Required from Government	
Chapter 4: Assistances Essential for the Industry	18
Contributors	21

List of Acronyms

BDT	- Bangladesh Taka
BSCIC	- Bangladesh Small and Cottage Industries Corporation
BTA	- Bangladesh Tanners Association
CETP	- Central Effluent Treatment Plant
COEL	- Centre of Excellence for Leather Skill Bangladesh Limited
EKN	- Embassy of the Kingdom of the Netherlands
FY	- Fiscal Year
GSP	- Generalized System of Preferences
LFMEAB	- Leather goods And Footwear Manufacturers & Exporters Association of Bangladesh
LWG	- Leather Working Group
MFI	- Microfinance Institutions
NGO	- Non-governmental Organizations
RMG	- Readymade Garments
SME	- Small and Medium Enterprises
USD	- United States Dollar

Executive Summary

After the Ready-Made Garments (RMG) sector, the leather sector is the second-largest contributor in earning foreign currency through exports for Bangladesh. Ranking fourth in Asia, Bangladesh produces significant leather and leather products after India, China and Pakistan. Leather from Bangladesh is highly reputed for its good quality, and leather goods and footwear factories are increasingly able to meet the high demands of foreign buyers.

The leather industry products include leather-based garments, shoes, belts, bags, jackets, suitcases, wallets and other items with footwear at the forefront of the market. Key export destinations are the EU, USA, Australia, Japan, Singapore, and South Korea.

According to the Leather goods and Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB), as of April 2020, orders amounting to USD 316 million were canceled due to Covid-19 outbreak disrupting the entire leather and leather products value chain of Bangladesh.¹ However, despite the lower demand and canceled orders, the global supply chain is eager to continue production in order to survive the crisis.

China is the largest producer of leather globally, however, considering the outbreak, it is expected that orders might shift from China to Bangladesh as Vietnam is already operating at their full capacity. Currently, Bangladesh provides 1.3 percent² of the total leather production of the world. The Bangladesh leather goods sector is mostly comprised of SMEs, who have been severely impacted by the Covid-19 pandemic.

1. For now, the leather sector's priority is to just stay afloat, The Daily Star, 2020. Accessible at:

<https://www.thedailystar.net/business/news/now-the-leather-sectors-priority-just-stay-afloat-1892416>

2. Covid-19 pandemic is greatly affecting the leather industry also, The Independent, 2020. Accessible at:

<http://www.theindependentbd.com/post/246307>

Chapter 1

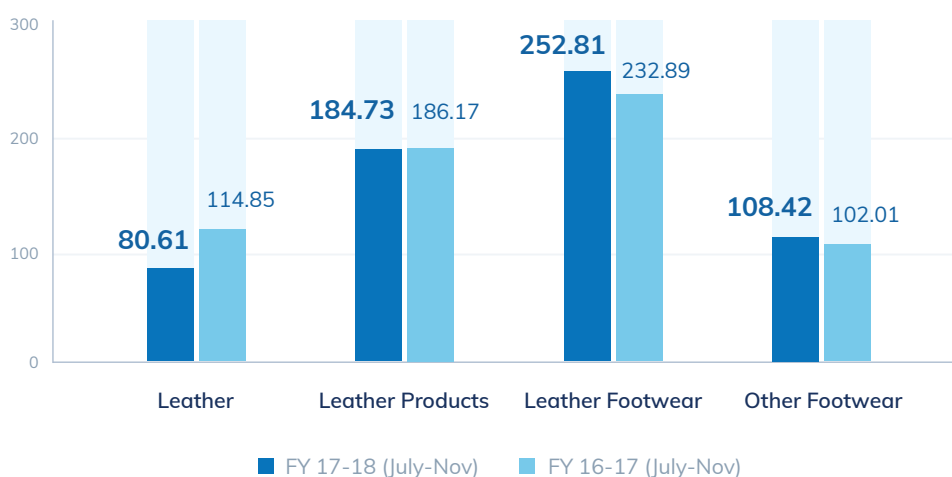
Bangladesh Leather Sector Overview

Bangladesh Leather Sector Overview

Bangladesh has been experiencing strong economic growth over the last few decades, mainly driven by a flourishing RMG industry that accounts for 85 percent of the country's export in value. The industry has employed close to 3.5 million people³ and have given rise to multitudes of secondary and manufacturing and export driven industries. In the country's over-reliance on RMG, the export has also become precariously skewed and requires significant diversification in order to sustain the economic growth achieved so far. One of the industries that the government sees strong potential in is the leather and leather products sector of Bangladesh. The leather industry is the second largest earner of foreign currencies of Bangladesh after RMG. Driven by both local and global demand, the leather and footwear industry of Bangladesh has witnessed a significant growth in recent years. The major reasons for global buyers sourcing from Bangladesh are the GSP Trade facilities that the country enjoys and the abundance of low-cost workforce. In order to exploit the country's full potentials in this sector, the Bangladesh Government identified leather as a thrust sector for export. Ample supply of hides and skins, their fine grain pattern, uniform fiber structure, and competitive labor cost contribute to the overall competitiveness.

Domestically, the sector has the complete potential to build the entire supply chain from sourcing raw leather to producing leather footwear and footwear products. According to LFMEAB, as of 2018, the local demand of leather footwear and goods was worth about USD 1.88 billion, 40 percent of which is met through imports. On the other hand, about 85 percent of leather and leather products of Bangladesh are exported abroad.⁴ The leather sector of Bangladesh, the second largest earner of foreign currencies for the country after RMG, earned USD 1.01 billion in the fiscal year 2018-19.⁵

Export Performance (USD Million)



Source: Export Promotion Bureau (EPB)

3. Wage Digitization in the apparel sector of Bangladesh, Bill and Melinda Gates Foundation (2019)

4. An overview of Bangladesh leather industry, Textile Today, 2018. Accessible at: <https://www.textiletoday.com.bd/overview-bangladesh-leather-industry/>

5. Export earnings from leather industry continue to fall, Dhaka Tribune, 2019. Accessible at: <https://www.dhakatribune.com/business/2019/07/06/export-earnings-from-leather-industry-continue-to-fall>

As of 2018, the global leather (USD 27 billion), leather goods (USD 81 billion) and footwear (136 billion) export market combined stood at USD 244 billion. Currently, Asia makes up 40 percent of the Bangladeshi export market for leather and leather goods, closely followed by Europe (33 percent), North American, Africa and Australia. The global market scenario demonstrates high possibility for growth of Bangladesh to grab more export market share in the international supply chain.

The overall export target of the country's leather and footwear industry was USD 636.19 million in the fiscal year 2018-19 (July-November), which was underachieved by USD 9.62 million with an overall export performance of USD 626.57 million. The leather category witnessed a steep fall of 29.81 percent when compared to the same period of fiscal year 2017-18, achieving export earnings of USD 80.61 million against the expected target of USD 92.54 million. Moreover, the leather goods sector had a target of USD 208.21 million. However, the sector observed a decline of 0.77 percent from previous year and recorded export earnings of USD 187.73 million. Nevertheless, the leather footwear segment experienced a positive growth rate of 8.55 percent with export earnings of USD 252.81 million, which is USD 21.47 million surplus than the projected target.⁶

In April 2020, Bangladesh leather products and footwear export sector recorded a decline of 77.94 percent in export revenue month-on-month. Over the period of January to April, the country's overall export earnings from leather products and leather footwear stood at USD 200.43 million which represents a fall of 19.26 percent from USD 248.25 million in 2019. Subsequently, leather footwear witnessed a decline of 22.10 percent and recorded export earnings of USD 128.82 million. Moreover, the leather product segment exported USD 71.69 million which is a decline of 15.59 percent than that of 2019.⁷ The pandemic has also highly impacted large producers such as Bata and Apex in sales.

Over the last decade, more than 30 footwear exporters established local brands to satisfy the domestic demand. However, the industry has come to a halt in recent months owing to the Covid-19 pandemic. In the second quarter of 2020, Bata, a multinational footwear brand dominating the local market has earned only BDT 410 million in contrast to BDT 2.8 billion in the same period last year. The company further recorded net loss of BDT 706 million for the first half of 2020. Moreover, Apex, the largest local brand recorded a sales drop of more than 50 percent in the second quarter of the year owing to the pandemic.⁸

6. Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh. Accessed on 20.07.2020. Accessible at: <https://lfmeab.org/export/>

7. Leather products and footwear sector export dips drastically, The Financial Express, 2020. Accessible at: <https://thefinancialexpress.com.bd/trade/leather-products-and-footwear-sector-export-dips-drastically-1588996957>



8. Domestic footwear sector nears collapse, The Business Standard, 2020. Accessible at: <https://tbsnews.net/economy/domestic-footwear-sector-nears-collapse>

The major leather production hub of Bangladesh has been moved from Hazaribagh to the industrial park in Savar with plans to establish two more parks in Rajshahi and Chittagong respectively.



 Industrial Park 

- Savar
- Rajshahi (Under planning)
- Chittagong (Under planning)

 Clusters 

1. Bhairab and Kishoreganj
2. Old Dhaka: Kotwali Thana, Siddik Bazar, Bokshi Bazar, Kamrangirchar

The Hazaribagh area in Dhaka was primarily the central hub of tanneries with 220 tanneries operating for processing raw hide into processed leather. Due to environmental concerns, based on High Court order, the government removed power and gas connections of tanneries in Hazaribagh and relocated the tanneries to the purpose-built Savar Industrial leather park. The Savar Industrial Park has the capacity of 205 industrial plots under six categories. As of now, 155 factories have shifted to the park.⁹

Many tanneries had to be closed due to lack of infrastructure and space in the industrial park and currently some 600 SMEs offer peripheral services to the sector in the area. Currently, the tanneries produce an estimated 240 million cubic meter of leather per year and an estimated 25,000 people work here in these tanneries.¹⁰ From FY 2006-07 to FY 2016-17, the leather industry had been witnessing an average annual growth of 16.65 percent. However, due to the relocation, operational disruption of almost half the tanneries has led to 12 percent decrease in export earnings. (Source: Chairman, Bangladesh Tanners Association)

As a form of export incentive, the government initiated a 5 percent cash subsidy against the export cost from the government along with a 0.6 percent tax deduction at source for exporters with factories at the Savar Industrial Area with the goal of developing the industry.¹¹ Moreover, the government has allotted numerous incentives such as tax incentives, and duty-free import of raw materials and machinery for 100 percent export oriented factories.¹²

Additionally, in order to strengthen the sector and help meet local demands and also to boost the export earnings, Bangladesh Small and Cottage Industries Corporation (BSCIC) has taken an initiative to set up three footwear and leather goods industrial parks in the country. The parks are projected to be set up at Puthia in Rajshahi, adjacent area of Savar tannery industrial estate and Mirersarai Industrial Park in Chattogram.

Nevertheless, once thriving industry is now faced with multiple systematic, environmental and global challenges. Government interventions along with support from local and international NGOs and development sector agencies are essential in order to keep the sector sustaining in the midst of this economic crisis owing to the pandemic.

9. 3-year project may roll into 17 years!, The Business Standard, 2019. Accessible at:

<https://tbsnews.net/economy/industry/3-year-project-may-roll-17-years>

10. Water Network Sector Study, EKN

11. Govt to incentivise leather exports for next five years, says Hasina, BDNews 24, 2019. Accessible at:

<https://bdnews24.com/economy/2019/10/30/govt-to-incentivise-leather-exports-for-next-five-years-says-hasina>

12. Developing leather industry in Bangladesh, ADB, 2018. Accessible at:

<https://www.adb.org/sites/default/files/publication/467956/adb-brief-102-bangladesh-leather-industry.pdf>

Chapter 2

The Leather Sector Supply Chain
and Impact of Coronavirus

The Leather Sector Supply Chain and Impact of Coronavirus

Despite being one of the sectors with the strongest export potential, the leather sector value chain is still fraught with systems level challenges. The sector itself is highly integrated beyond the raw material supply level and requires high capital investments for new entrants. Currently, there are around estimated 155 tanneries in the country with the largest concentration in the Savar region.

The industry anticipated a dismal demand in rawhides during Eid-ul Adha this year owing to the Covid-19 pandemic. The seasonal cattle rawhide traders withdrew from the market prior to the festive season. Additionally, tannery owners are in debt owing billions of takas to the merchants resulting in cowhide prices plummeting to BDT 200- BDT 600 per piece, which is a record low in decades.

In order to develop traceability of leather supply chain, procurement of rawhides and skins should be streamlined by developing more efficient collection and preservation facilities, especially considering the upcoming Eid-ul- Adha.

During Eid-UI-Adha roughly 11.18 million animals were slaughtered in 2019 and a large portion of these were cattle. An estimate 4.8 million cattle are slaughtered per year during Eid-UI-Adha and serves as the main source of raw material supply for the leather sector. Estimated 40 percent of the supply of raw-hide comes from this seasonal peak. Livestock farmers are the first node of the value chain followed by livestock dealers and informal butchers. Collectors work as intermediaries between wholesalers and tanneries and purchase directly from large or small livestock wet markets. The tanneries are the first stage of large-scale processing and supply directly to buying houses for finished product processors or to foreign buyers of processed leather.

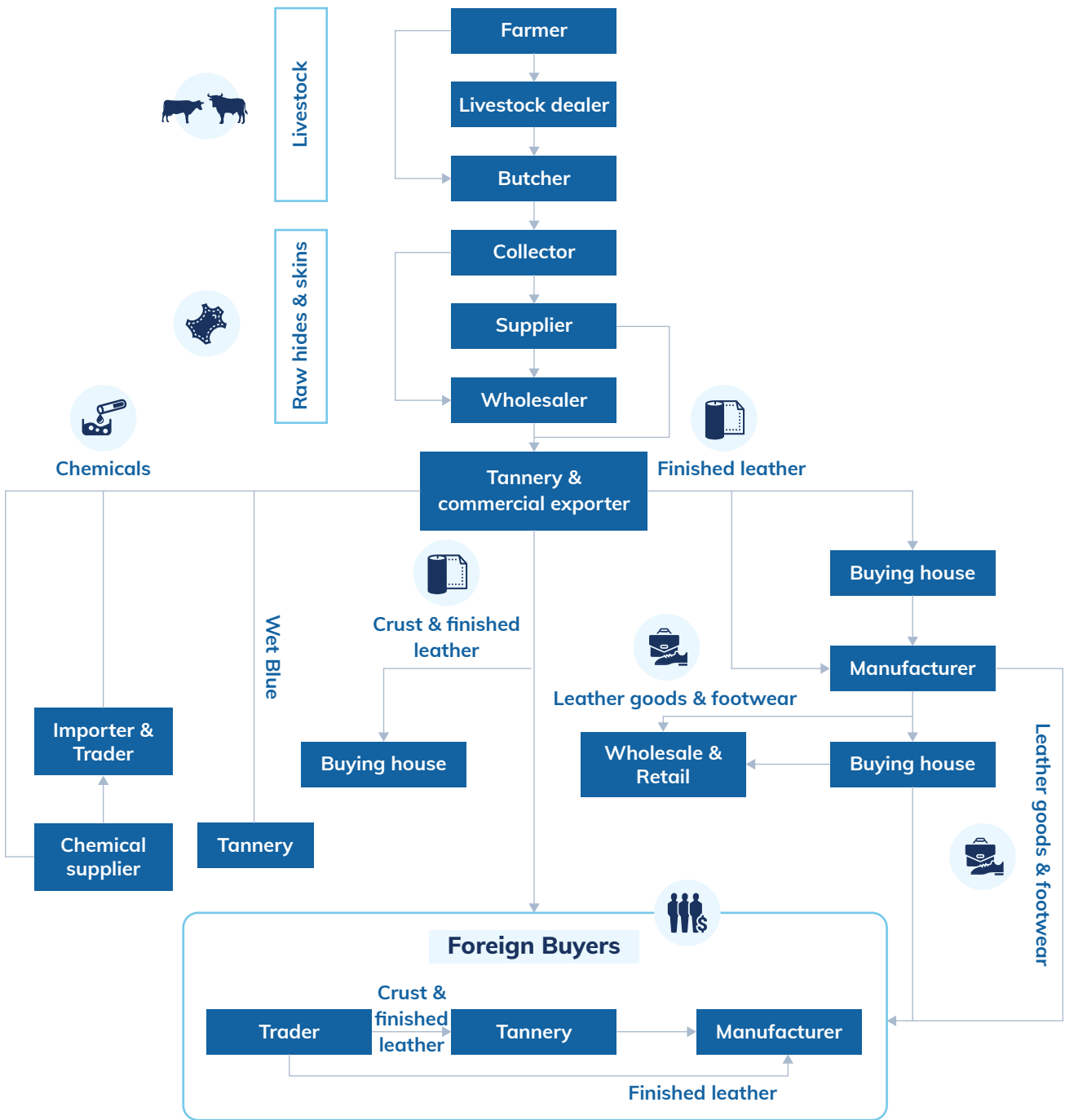


Figure: Value chain of Leather Sector of Bangladesh

The global leather and footwear market show huge growth prospects for the Bangladesh's leather market, however, inability to acquire LWG certification has caused the sector to lose out market shares.

European and North American buyers have more stringent requirements when it comes to sourcing leather products and majority of Bangladeshi tanneries are yet to conform to international standards in their entirety. The industrial zone in Savar has a Central Effluent Treatment Plant (CETP) which was constructed by and is currently operated by Bogura RD (a local company) having a capacity of 20,000 m. Although BSCIC have taken considerable steps to increase functionality of the CETP, it still requires more capacity to handle the industrial level demand. Additionally, the CETP is an effective liquid waste management tool but a solid waste management system is also much required. Considering the potential growth of the industry, the CETP would require significant expansion in the coming years. The Leather Industrial Park Design is now being changed as per the requirement of Leather Working Group (LWG), a platform comprising brands, manufacturers, suppliers, NGOs and end-users dedicated to developing and maintaining, and assessing environmental compliance as well as performance capabilities of leather manufacturers.

Much like most export-oriented industries, the leather sector has also been hit hard by the impact of COVID-19.¹³ Most international buyers have deferred or cancelled orders and as result, only 30 percent of the 155 established tanneries at Savar are currently operational. Foreign buyers are cutting down already razor thin asking prices, which is significantly hampering the profits of tanneries. The Bangladesh Tanners Association (BTA) has recently sought BDT 6 billion from the government to smoothen the impact of the coronavirus on their industry. In addition to this, a moratorium to previous loan payments was also sought.

In order to support tannery owners, the central bank has decided to reschedule their existing default loans and also allow them to borrow at 5 percent interest from the declared package for industry and service sectors.

As a response, the Bangladesh Bank has provided new incentives to the industry to safeguard against the shutdown. Tanneries who are defaulting will be allowed to reschedule their loans with a 2 percent down-payment and also receive loan to purchase raw-hide as raw materials for the upcoming Eid-ul-Adha period. The payback tenure is 6-8 years for these types of loans with a 5 percent interest rate. However, it must be noted that as of July, 2020 the default in the sector has already amounted to BDT 32.5 billion, with majority comprising of long-term debts. This is highly alarming as the loans to the industry already amount to BDT 40 billion, with almost 90 percent being funded by state-owned commercial banks.¹⁴

Tanneries had proposed that the price of raw-hides be fixed this Eid season to allow sufficient earnings and the central bank has also directed private banks to ease collateral requirements from leather sector

13. Tanners in a capital crunch, seek Tk 600cr, The Daily Star, 2020. Accessible at: <https://www.thedailystar.net/business/news/tanners-capital-crunch-seek-tk-600cr-1922753>

14. Rawhide traders can reschedule loans with 2pc down-payment, The Financial Express, 2020. Accessible at: <https://thefinancialexpress.com.bd/trade/rawhide-traders-can-reschedule-loans-with-2pc-down-payment-1593949994>

loan requests. Last year, the prices of rawhides of cows and goats were BDT 45-50 and BDT 18-20 respectively.¹⁵ The price of rawhides from animals sacrificed during Eid-ul-Adha remained unchanged from 2018 in 2019. Cowhide and Buffalo Rawhide being BDT 45-50 in Dhaka BDT 35-40 outside capital. Moreover, salted skin of castrated goats being BDT 18-20 per square feet and salted skin of un-castrated goats BDT 13-15 per square feet.^{16 17}

However, the government lowered the price of rawhide by 30 percent in 2020, setting the price of cowhide at BDT 35-40 per square feet in Dhaka and BDT 28-32 per square foot in other parts of the country.¹⁸ For goat hide, the price range is set at BDT 13-15 per square feet and the price of female goat hide is set at BDT 10-12 per square feet.¹⁹ However, the implementation of the fixed price system has faltered and raw hide dumping in protest was seen this Eid as well. After last year's raw hide dumping as tanneries offered too low prices to traders, the Commerce Ministry has decided to allow the export of wet blue and other forms of rawhide this year. The challenge with this proposition is that, to comply with the requirements and standards of most international buyers, rawhide has to be collected and preserved in cold storage within two to three days, the expertise or capacity that most producers do not possess. Furthermore, rawhide must be certified by international bodies such as the Leather Working Group.

15. Defaulting tanners get a shot in the arm, The Business Standard, 2020. Accessible at:

<https://tbsnews.net/economy/industry/defaulting-tanners-get-shot-arm-102274>

16. Govt fixes rawhide price for sacrificial animals, The Daily Star, 2019. Accessible at:

<https://www.thedailystar.net/country/govt-fixes-rawhide-price-sacrificial-animals-during-eid-ul-azha-2019-1782628>

17. Govt fixes rawhide prices for Eid-ul-Azha, The Daily Star, 2018. Accessible at:

<https://www.thedailystar.net/country/government-fixes-rawhide-prices-eid-ul-azha-2018-1618195>

18. Sacrificial rawhide prices worse than last year, Dhaka Tribune, 2020. Accessible at:

<https://www.dhakatribune.com/business/2020/08/04/sacrificial-rawhide-prices-worse-than-last-year>

19. Govt will allow export of rawhide if necessary: minister. The Daily Star, 2020. Accessible at:

<https://www.thedailystar.net/rawhide-price-fixed-in-bangladesh-for-eid-ul-azha-2020-1936429>

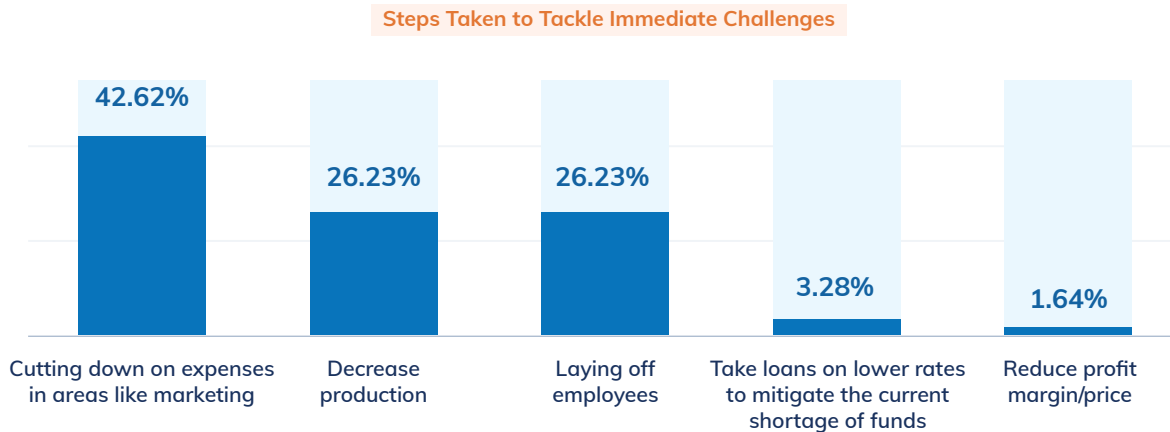
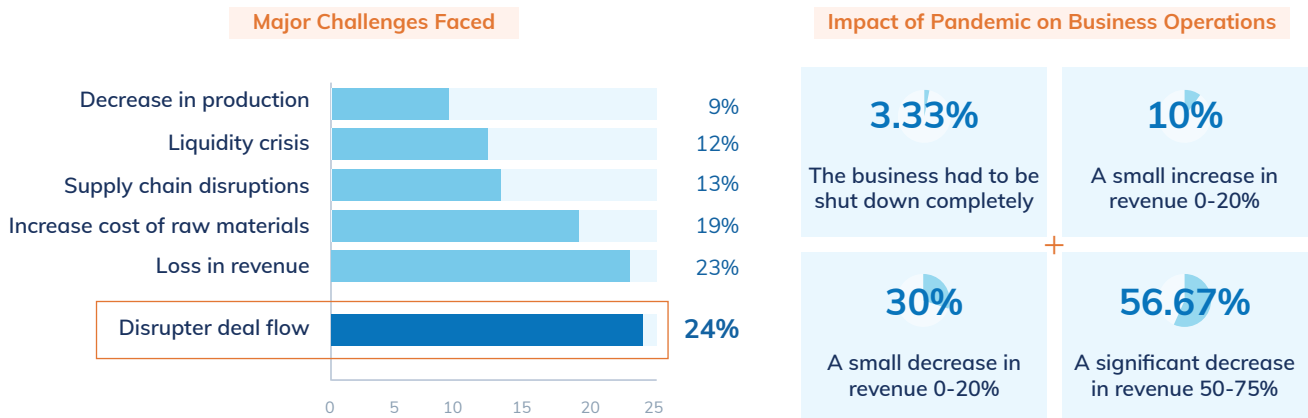
Chapter 3

Impact of Pandemic on Factories
Operating in Bhairab and
Kishoreganj

Impact of Pandemic on Factories Operating in Bhairab and Kishoreganj

Unlike the footwear industry, most of the Bangladeshi leather goods manufacturers are small to medium-sized enterprises. To gauge the impact of the pandemic on leather product and processing factories, a survey was conducted of 30 factories in the Bhairab and Kishoreganj area. These SMEs have a range of 15-120 employees combining of both full-time and contractual workers. The interviews have led to insights that give a real-life picture of the actual reach of proposed support systems and the policy course corrections that are pertinent.

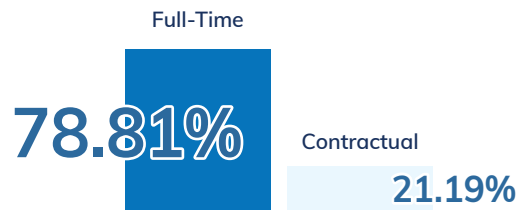
Immediate Challenges Faced due to COVID-19



Source: LightCastle Primary as of July, 2020.

The SMEs working in this sector mostly cater to serve the local market. However, the immediate impact faced through the pandemic has led to disruption in deal flow and a resulting loss in revenue for most factories. Local demand has decreased sharply resulting in lower revenue for most SMEs. At least 57 percent of factories report a 50 to 75 percent decrease in revenue due to factory closure during the pandemic. Factory owners have had to cut down marketing costs (43 percent) and have had to decrease production and lay off employees (27 percent) to survive.

Type of Employees

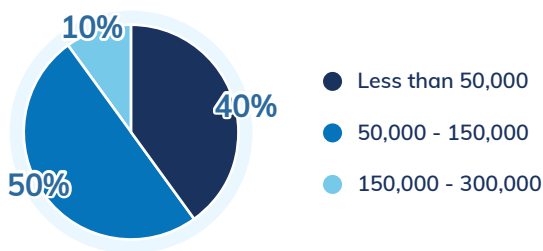


Source: LightCastle Primary as of July, 2020.

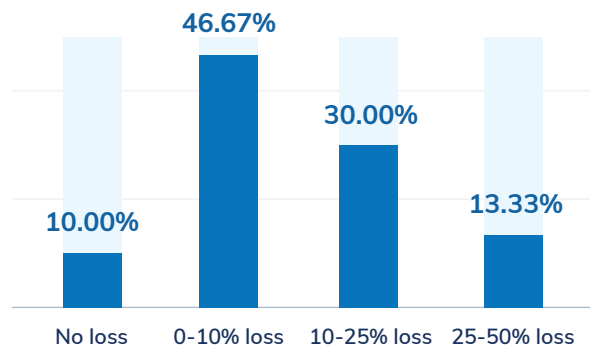
Majority of the employees working with the SMEs were working on a contractual basis. With orders being cancelled and revenue being disrupted, most of the workers are unable to renew their employment contract and is put out of work.

Impact on Revenue due to COVID-19

Range of Revenue per Month pre-COVID-19 (BDT)



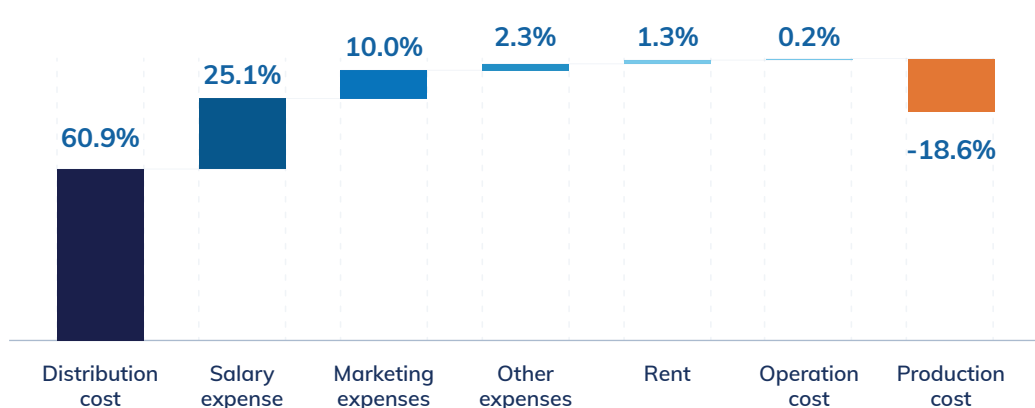
Impact on Sales due to COVID-19 Pandemic



Source: LightCastle Primary as of July, 2020.

At least fifty percent of SMEs interviewed had on an average revenue of BDT 50,000-150,000 per month before the pandemic with at least 10 percent of SMEs earning between BDT 150,000 and BDT 300,000. During the lockdown, at least 47 percent of SMEs have experienced a decrease of 10 percent of sales and in-turn on profit. Majority of SMEs experienced a decrease in cost of operation of at least 19 percent but due to the restrictions on travel, distribution cost increased by an alarming 61 percent from previous base.

Changes in Expenses during COVID-19



Source: LightCastle Primary as of July, 2020.

Supply Chain Disruptions Faced

Most businesses expressed loss of orders as a bigger challenge than disruption in supply chains but at least 87 percent of respondents have moderately agreed that they faced some form of disruption in supply chain due to the pandemic. What's more alarming is that, due to this closure, at least 73 percent of factories expect to lay-off more than 50 percent of their employees.

Outstanding Debt and Repayment Situation

Personal Loan Status

No outstanding personal loan



Business Loan Status

No outstanding business loan

66.67%

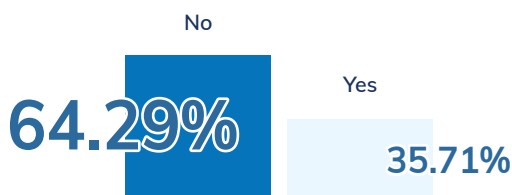
Yes (Banks) **30.00%**

Yes (MFIs) **3.33%**

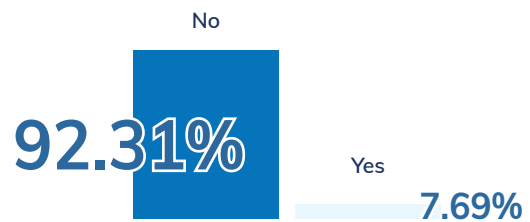
Source: LightCastle Primary as of July, 2020.

Of the SME factories interviewed, at least 13 percent of owners had some form of personal loans from Microfinance Institutions (MFI). These are high risk loans and most have provided very minimal collateral to the MFIs they've borrowed from. MFI loans also fall outside of the purview of the current stimulus package offered by the government. Among all the factories, only one-third had any outstanding loan and majority borrowed from Banks and majority have received no interest deferral options during the pandemic. Only 8 percent have received loan interest deferral support, which means that, regardless of the lack of operations, they're having to pay loan interests every month. Only 36 percent of factories so far have managed to meet their loan payment time period without incurring additional expenses.

Payment of Outstanding Loan on Time

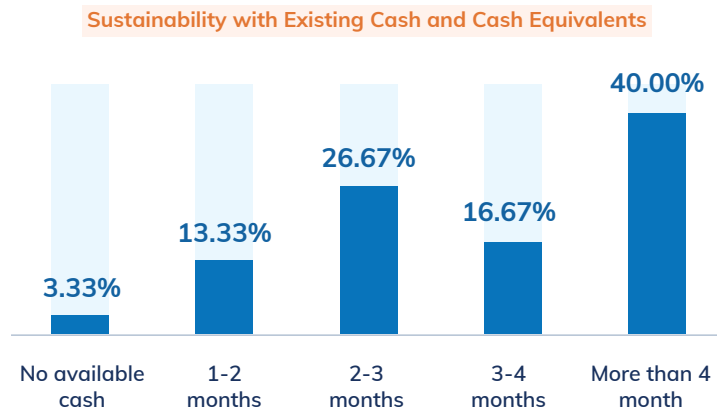
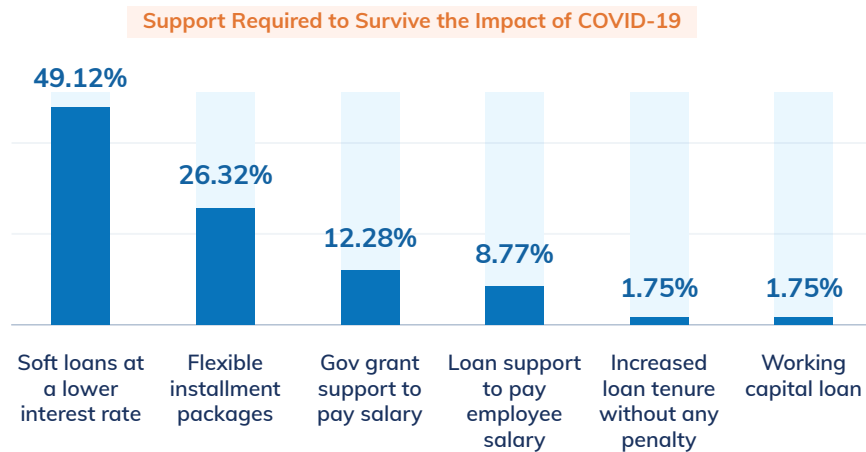


Access to Loan Interest Deferral Program



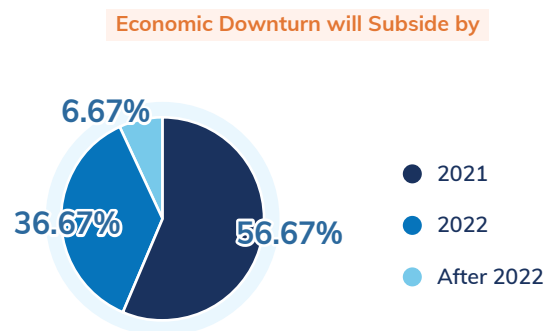
Source: LightCastle Primary as of July, 2020.

Support Required from Government



Source: LightCastle Primary as of July, 2020.

Only 40 percent of SMEs interviewed expect to survive the next four months of the year with their cash and assets. Others are experiencing less than optimistic situation in regards to survivability. Government support systems declared are yet to trickle down to SME level and timely support delivery is highly imperative in determining whether these SMEs will be operational by the year’s end. At least 49 percent want a soft loan at lower interest rate to meeting rising cost of operations and resume normal factory operations. Similarly, at least 26 percent flexible payment plans for their loans. On the brighter side, more than fifty percent of SMEs believe that if they receive timely support from the government, the impact of the pandemic can subside by year’s end and losses incurred can be recouped.



Source: LightCastle Primary as of July, 2020.

Chapter 4

Assistances Essential for the
Industry

Assistances Essential for the Industry

The industry requires much needed support from policy advocates and the government in order to compete with global players such as Vietnam, which has captured the global footwear market through quality control and facilitative trade policies e.g. FTA with EU and government incentives. The government has implemented SME friendly policies, facilitating the process of land allocation and loan disbursement for smaller leather manufacturers. The government also plays an active role in promoting the leather sector through the different ministries and embassies across the world.

The SMEs working in the Bangladesh leather and footwear sector of Bangladesh have been heavily impacted by the COVID-19 pandemic and proper implementation of the proposed relief incentives is required to uphold the industry. The declining exports due to lack of regulatory assistance have also added to the crisis for the players. Certain key support areas are to be fixated in order for the sector to survive the downturn:



Proper completion of the Savar industrial park and obtaining the LWG certification of compliance will help the players access the growing international market established for the leather, leather footwear and other leather products. Although the CETP is currently operational with support from BSCIC, the capacity of the system needs to be increased and a solid waste treatment process also needs to be introduced.



The government has declared multiple stimulus packages with the aim to support the stakeholders active in this sector during the COVID-19 pandemic. However, NGOs or development sector partners should take necessary steps in order to raise awareness among these players on how to get access to these packages.



Upskilling inside the sector and/or automation could prove to build strong competitiveness in the global market. Moreover, the government bodies should help secure free trade agreements with leather and footwear export destinations similar to Vietnam and other competing countries, in order to receive tax breaks, preferential tariff facilities and/or incentives in the future.



For long term sustainability, government bodies, donor agencies and/or NGOs working with this sector should conduct capacity building training and workshops on both improving workers' skill-set and raising awareness for better health and hygiene practices. Additionally, donor agencies should assess the value chain in details before deciding on supporting a particular segment. SMEs here should take precedence as they've been the most affected by the pandemic and acts as a necessary backbone to the industry's growth and employment generation.



The central bank has rescheduled the existing defaulting loans and has allowed to borrow with a lowered interest rate for the stakeholders in this sector considering the pandemic. However, for

long term sustainability, credit rating and loan-worthiness criteria should be re-evaluated and strictly implemented if the default rate does not go down following the economic recession.



SMEs working in the leather sector of Bangladesh could follow the industrial clustering strategy successfully implemented by the Chinese government. The “clusters” would provide a platform for SMEs in a region to share innovative facilities and production resources through closely knitted business networks.

The sector needs support in developing the market and its distribution channels, which has been significantly impacted by the COVID-19 pandemic. Subsequently, aid is essential in building necessary capability to form an integrated supply chain with capital intensive and high value adding stages. In order to overcome the economic downturn and survive in this competitive landscape, the industry needs to prioritize developing infrastructure and logistics, research and technology implementation. The government can further offer an easier access to finance by facilitating a credit line solely dedicated to small and medium-sized tanneries and footwear manufacturers. With substantial assistance from government bodies and associations, the SMEs involved in this sector can anticipate having a sustainable business in the long run.

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