



STATE TAX DEPARTMENT

Kanpur Zone 2nd, Kanpur

Presentation on footwear

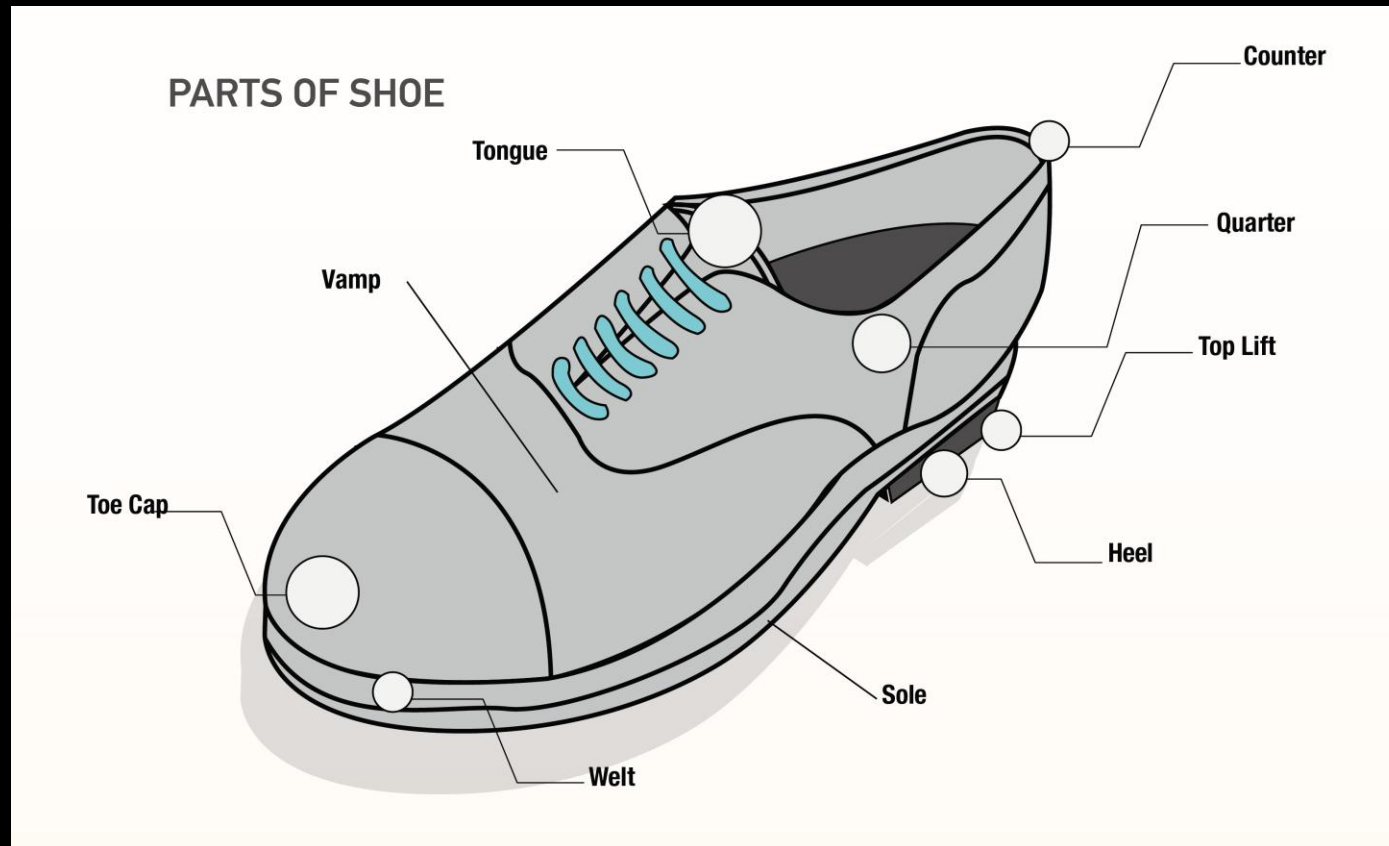
INTRODUCTION

- Footwear refers to any type of covering or garment that is worn on the feet for protection, comfort, or fashion purposes. It includes a wide range of items such as shoes, sandals, boots, slippers, and sneakers. Footwear serves the primary function of providing support, cushioning, and protection to the feet while walking, running, or engaging in various activities. Footwear is designed with different styles, materials, and features to cater to various needs and preferences. For example, athletic shoes are specifically designed for sports and physical activities, with features like cushioning, traction, and support. Dress shoes are typically more formal and are often worn for professional or formal occasions. Sandals and flip-flops are open-toed footwear options suitable for warmer weather, while boots provide additional coverage and insulation for colder climates..
- The Ministry of Commerce and Industry has specific definitions or rules regarding the manufacture, import, export or sale of footwear in India. In district Kanpur, leather footwear is manufactured and sold under the brand name of Red Chief and footwear of rubber and PVC is mainly manufactured and sold under the brand name of Rupani.

FOOTWEAR

- Over 2.2 Billion pairs of footwear are manufactured annually in India.
- Footwear is manufactured in organised and unorganised sector as well.
 - About 70% manufacturing of footwear belongs to unorganised sector.
 - Remaining 30% manufacturing of footwear belongs to organised sector.
- Different categories of footwear manufactured in India constituting almost equal percentage of leather and non leather footwear.
- India is the third largest Footwear consuming country after China and USA with consumption of nearly 1.66 pairs while average global consumption is 3.0 pairs.
- In Uttar Pradesh Agra & Kanpur are the major manufacturing hub of the footwear.
- Branded footwear (including store labels) is about 50% of the market, driven by men's footwear largely
- Only 10% of the total production of India is shipped overseas.

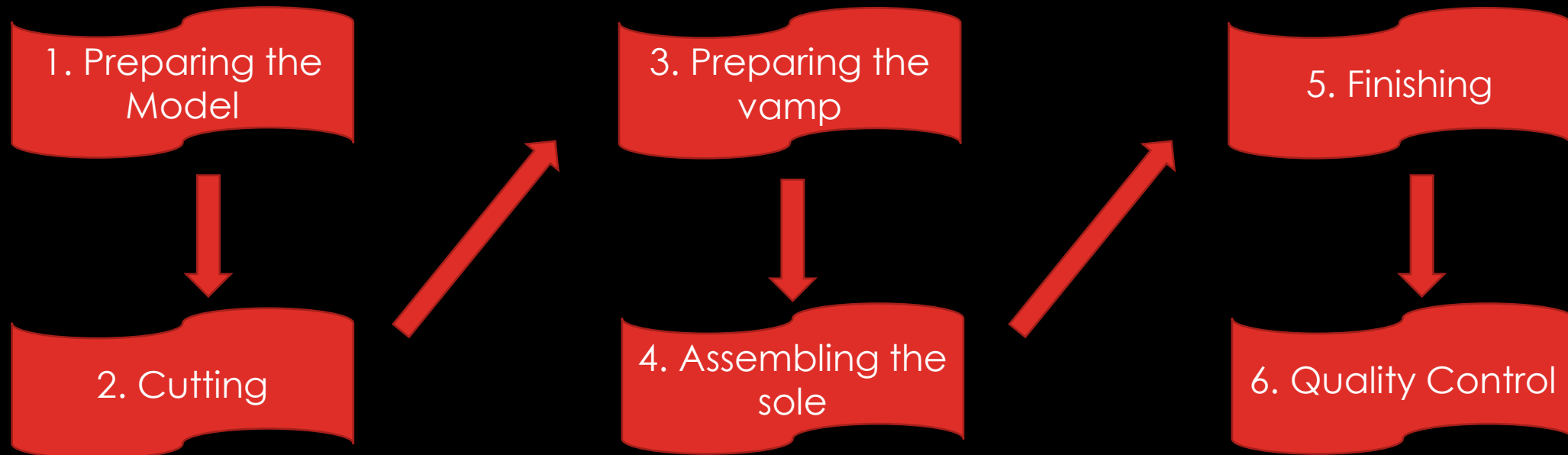
PARTS OF FOOTWEAR



FOOTWEAR MANUFACTURING PROCESS

Machinery and tools used

Apart from vamp planter, vamp razor and blade; sharpener, riffler, oil stone, scissors, hammer, marble, divider, glue fushing machine, bending machine, punch machine, blasting cap, pin and accessory machine, various yarns and glues



FOOTWEAR MANUFACTURING

- 1. Footwear Design, Product Development and Manufacturing Process:** Shoe designers need to study current fashion trends so that the shoes coordinate well with the apparel. Style, size, and fit characteristics that will make up the finished shoe are important.
- 2. Pattern-making:** A shoe consists of a number of different parts, each of which must be made into a perfectly accurate pattern to ensure a problem-free final product. The patterns may be created by using different methods.
- 3. Die manufacturing:** Cutting dies are prepared to cut several layers of material to make the shoe. Sharp steel strips are bent around the various paper patterns to form individual dies for each part of the shoe.
- 4. Cutting:** After manufacturing the dies, they are used to cut the materials. The dies are first placed over the materials and then pressed to cut through a number of layers.
- 5. Fitting or stitching:** A number of individual operations are performed in the fitting room where all individual parts are sewn together.

FOOTWEAR MANUFACTURING

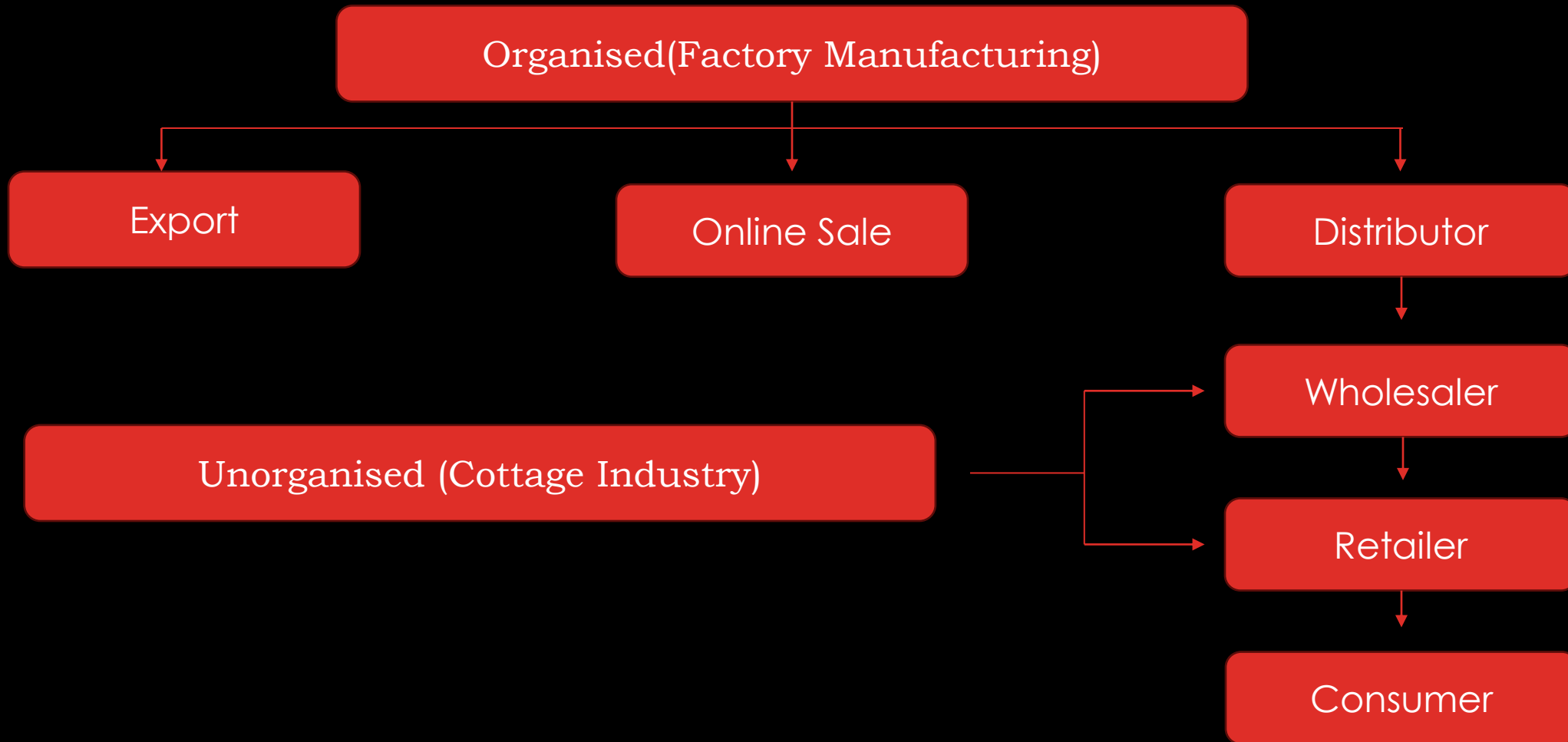
- 6. Lasting:** The fitted upper is pulled over the last in a series of operations that make the upper conform to shape of the last. Different lasting techniques can be adopted depending upon quality, appearance, and function of shoe required.
- 7. Assembling the remaining components:** After the upper is assembled and lasted, various parts/components such as counters, stiffening materials, sock linings, outsoles, shanks, and heels are assembled.
- 8. Bottoming:** In the bottoming room, the lasted upper receives shanks and fillers. It is prepared for the outsole to be permanently attached to the upper of the shoe. After this, heels are nailed through the insole for strength, which completes the shoe.
- 9. Finishing:** Various finishing operations are performed on a shoe before it is sent to the packing room to be shipped to retailers. After the product is considered to be ready for the final delivery to the customer, it is boxed and sent either to a warehouse for storage or directly to the purchaser.

Inputs for the manufacturing of FOOTWEAR

The major input [input] for the manufacture of leather shoes are as under-

1. Leather / Canvas etc.
2. Sole
3. In-sole
4. Thread
5. Nails
6. Lace
7. Dye
8. Adhesive

FOOTWEAR SUPPLY CHAIN



CHECK POINTS

POSSIBILITY OF TAX EVASION AT THE STAGE OF INPUTS

1. Concealment of purchase turnover from tanneries.
2. Purchases of tiny inputs like Sole, In-sole, Thread, Nails, Lace, Dye, Adhesive etc. from the small/unregistered retailers.
3. Concealment of purchase turnover of Packing Materials.



CHECK POINTS

POSSIBILITY OF TAX EVASION AT THE STAGE OF MANUFACTURING

1. Concealment of production.
 - Efficiency of machines.
 - Number of Labour/Man power used.
 - Consumption of energy
 - Job work
2. Ratio of raw materials & finished production



CHECK POINTS

POSSIBILITY AND MODE OF TAX EVASION AT THE STAGE OF SUPPLY

1. Different rate of tax.(12% GST rate is applicable for footwear having a retail sale price up to Rs. 1000 per pair. 18% GST rate is applicable for footwear having a retail sale price exceeding Rs.1000 per pair.)
2. Under valuation of finished products.
3. To avoid the e-way bill mandate invoices are generated less than 50 thousand INR.
4. ITC claim in the scenario of heavy discount.
5. RITC on samples.



Measures to check the tax evasion

- ❑ At sector level-
 - Analysis of E-Way Bill MIS,
 - Analysis of ITC chain.
 - Analysis of scanned EWB.
 - To register the unregistered suppliers of inputs.
 - To register the unregistered retailers.
 - ❖ By Getting the information of inward/Outward supply from large scale supplier.
- ❑ At Mobile Squad level-
 - Intensive checking of carriers.
 - Maximum scanning of EWB.
- ❑ At SIB level-
 - Intelligence and data analysis based SIB investigation.
 - Check the ratio of raw material & finished products.
 - Check the ITC claim in the scenario of heavy discount provided by the companies.
 - Identification of evaders of packing material.

ZONE WISE COLLECTION REPORT

Value in Lakh

S. No.	Zone	No. of Dealers	Upto the Month Collection(April to June)		
			Last Year (2022-2023)	Current Year (2023-2024)	Growth%
1	Agra	36	1,244.53	1,207.02	-3.01
2	Lucknow I	6	944.43	946.67	0.24
3	Kanpur II	9	687.53	643.18	-6.45
4	Kanpur I	15	589.95	484.09	-17.94
5	Ghaziabad II	3	270.72	313.17	15.68
6	Gautambudha Nagar	8	364.96	297.04	-18.61
7	Ghaziabad I	8	375.46	256.97	-31.56
8	Bareilly	4	102.14	109.28	6.99
9	Ayodhya	3	100.66	101.90	1.24
10	Varanasi I	4	97.13	88.12	-9.28
11	Lucknow II	4	107.97	79.71	-26.18
12	Varanasi II	3	84.94	75.46	-11.16
13	Prayagraj	4	95.24	68.42	-28.16
14	Gorakhpur	3	71.57	65.57	-8.38
15	Moradabad	1	35.80	44.82	25.18
16	Meerut	1	21.36	37.03	73.37
17	Saharanpur	1	18.15	16.59	-8.59

Top 10 footwear manufacturers in the state

in lakh

S. No.	GSTIN	Trade Name	Sector	Jurisdiction	In the Month Collection(June)			Upto the Month Collection(April to June)		
					Last Year (2022-2023)	Current Year (2023-2024)	Growth%	Last Year (2022-2023)	Current Year (2023-2024)	Growth%
1	09AABCB104 3Q1ZK	M/S Bata India Ltd.	Corporate Circle, Lucknow I	Center	145.61	144.98	-0.43	434.44	437.01	0.59
2	09AAACM475 4E1ZJ	Metro Brands Limited	Lucknow Sector- 1	Center	113.48	119.22	5.06	347.87	352.53	1.34
3	09AABCL8692 B1ZC	M/S Leayan Global Private Limited	Kanpur Sector- 28	Center	96.22	85.71	-10.92	275.06	237.04	-13.82
4	09AAACR0259 D1ZO	M/S Relaxo Footwears Ltd	Ghaziabad Sector-16	State	68.35	75.97	11.15	212.06	229.83	8.38
5	09AABFK4271 E2ZH	Kripal Agency	Agra Sector-4	State	57.20	56.77	-0.76	190.05	181.57	-4.46
6	09AALFV4707 C1Z4	M/S Versatile Operations	Agra Sector-15	Center	56.85	68.92	21.22	170.84	173.78	1.72
7	09AABCO660 4Q1ZY	M/S Oshina Expo Pvt Ltd	Corporate Circle, Ghaziabad I	State	37.49	34.16	-8.88	146.32	112.76	-22.93
8	09AAGFV3958 C1ZY	M/S Vikas Traders	Kanpur Sector- 24	State	35.96	43.04	19.69	112.08	111.48	-0.53
9	09AABCS9328 K1ZV	M/S Superhouse Ltd.	Corporate Circle, Kanpur II	Center	25.76	27.23	5.70	84.58	82.66	-2.26
10	09AAEFC7478 G1Z4	M/S Capstan Rubber (India) Unit-iii	Agra Sector-15	State	26.66	36.00	35.02	71.31	82.01	15.00

SPECIAL DRIVE

- In the month of June-2023, a special investigation campaign was conducted for the manufacturers of footwear and raw materials.
- A total of 54 traders were identified for checking in Kanpur in the special drive.
- A total of 26 of these traders were tanneries and footwear manufacturers.
- A total amount of Rs 9.55 crore was deposited from the tanneries and footwear manufacturers during the on-site inspection itself.
- ITC of Rs 1.31 crore was reversed from footwear manufacturer M/s Superhouse Limited.



Thank You !

State Tax Department
Kanpur Zone 2nd, Kanpur