



INDIAN FOOTWEAR INDUSTRY

India's Missed Steps and the Path
Forward

OCTOBER 2025





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India's footwear exports haven't risen by much over the past decade, with growth constrained by structural challenges and global market dynamics.

In contrast, Vietnam and Indonesia have gained prominence in the global footwear supply chain, driven by favourable trade agreements, robust manufacturing ecosystems, and rising international investments. This shift highlights the need for strategic policy reforms in India to remain competitive.



Global footwear production stood at nearly 24 billion pairs in CY2024, with Asia being both the production and the demand fulcrum. China maintained its dominance with 55–58% of global output, followed by India (8–10%), Vietnam (5–8%), and Indonesia (5–6%) — highlighting the prominence of Asia in the global footwear supply chain.



Global footwear brands are increasingly relocating manufacturing from China to emerging hubs like Vietnam and Indonesia, driven by rising costs in the former and the need for supply chain diversification. This transition has spurred investment-led growth and expanded production capacities - positioning both countries as strategic pillars in the global footwear supply chain.



Vietnam and Indonesia have leveraged free trade agreements, a robust network of specialised factories, competitive labor costs, and efficient logistics to strengthen their position in the global footwear supply chain.



India's footwear exports have remained stable over the past nine financial years, averaging 25–26 crore pairs annually. Following a record high in FY2023, growth slowed to around 3% in FY2025, largely due to subdued consumer demand in key markets like the US and Europe amid economic uncertainty and inflationary pressures.



Indian footwear exporters face several challenges, including reliance on imported raw materials, a fragmented industry structure, quality control regulations, and tariff barriers in key markets like the US. To enhance export performance, targeted policy interventions such as expanded Free Trade Agreements (FTA) and a dedicated Production Linked Incentive Scheme (PLI) for footwear parts is essential.

1 Overview of Global Footwear Industry



2 Vietnam & Indonesia – Success Stories



3 India – Missed Opportunities and Strategic Imperatives





Global Footwear Manufacturing Landscape

Global footwear industry saw strong recovery in CY2024

Exhibit 1 : Trend in global footwear production over the years (In billion pairs of shoes)

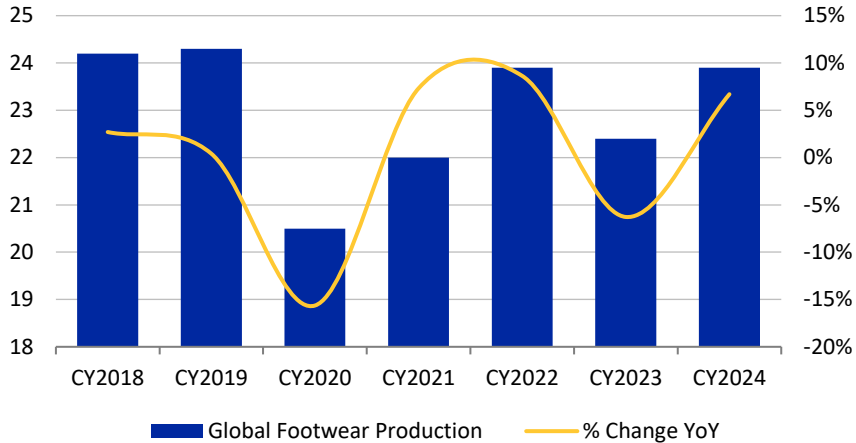
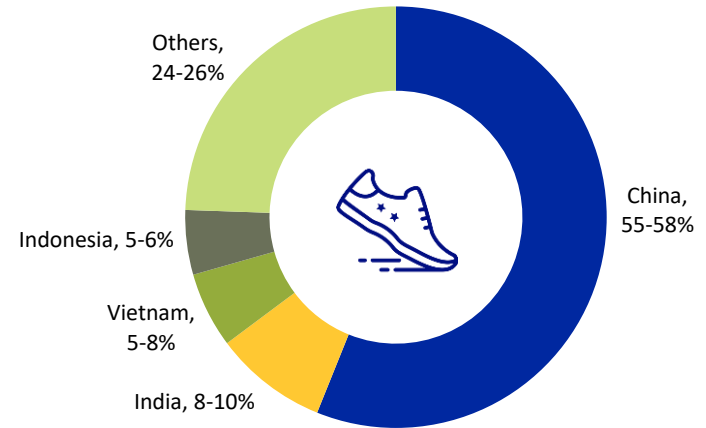


Exhibit 2 : Global footwear producers output share

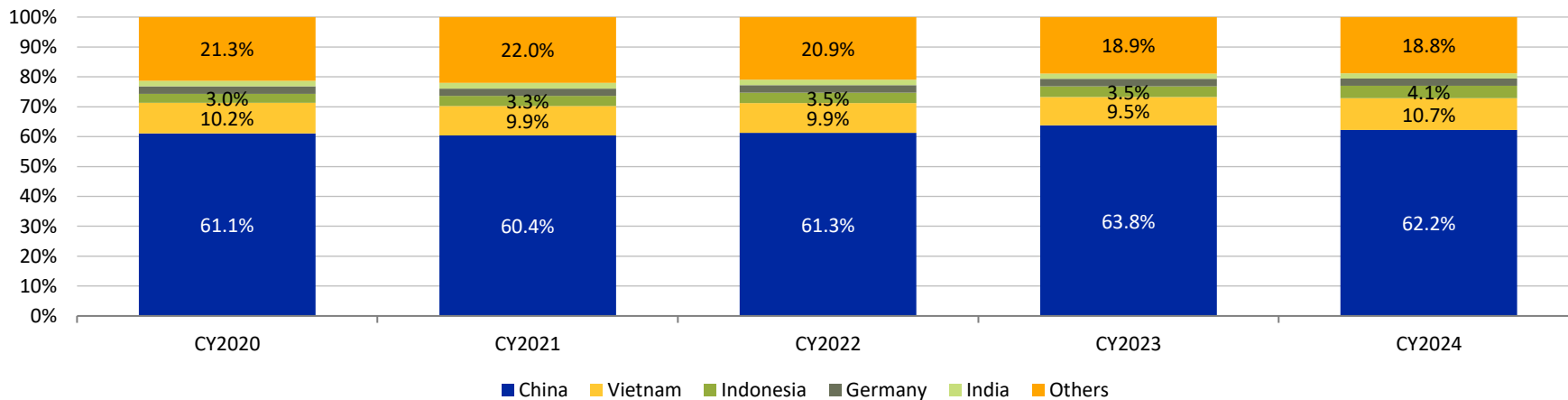


- In CY2024, global footwear production rebounded strongly, reaching nearly 24 billion pairs. This resurgence was primarily fuelled by rising demand across Asia, where cost-efficient manufacturing and expanding consumer markets played a pivotal role. South America and Africa also saw production growth, albeit at a more modest pace. In contrast, Europe experienced a decline, driven by escalating production costs and shifting supply chains. These trends underscore Asia's growing dominance in global footwear manufacturing and highlight the mounting challenges faced by traditional producers in mature markets.
- In terms of production, China dominates global footwear production, accounting for 55-58% of the market share, followed by India (8-10%), Vietnam (5-8%), and Indonesia (5-6%), while other countries collectively contribute 24-26%.

Source: World Footwear, ICRA Research

Global footwear export trends - China leads, India lags

Exhibit 3 : Distribution of footwear exports by country (In terms of volume)

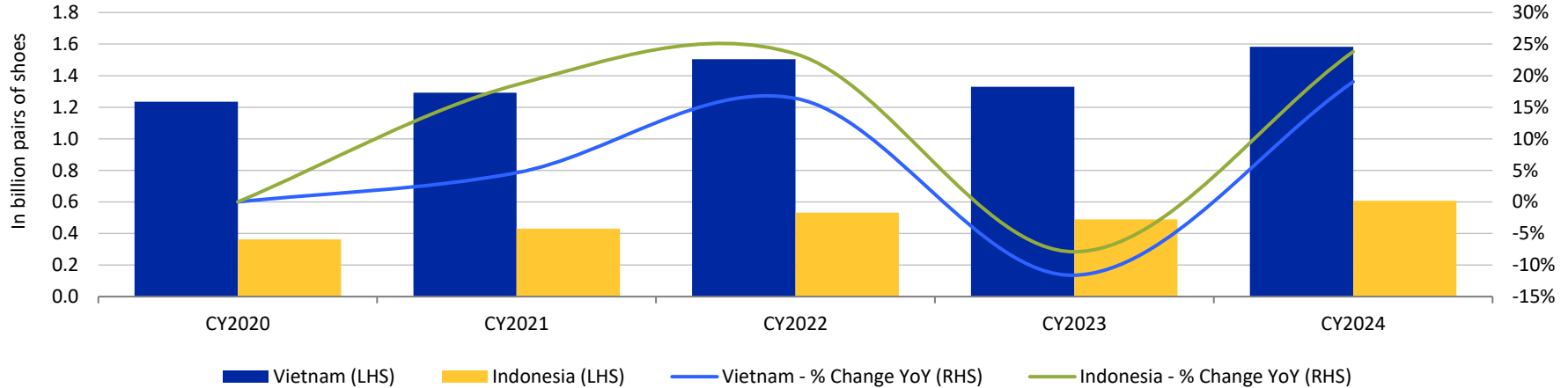


- China has consistently maintained its position as the global leader in footwear exports, accounting for over 60% of total exports annually. This dominance underscores the country's robust manufacturing capabilities and deep integration into global supply chains. Despite a slight decline to 62.2% in CY2024, China's leadership remains unchallenged, driven by its unmatched scale, cost-efficiency, and well-developed infrastructure.
- Vietnam and Indonesia have demonstrated healthy growth in footwear exports since CY2021, with Indonesia showing notable progress—rising from 3.0% in CY2020 to 4.1% in CY2024 of global footwear exports (in volumes). Vietnam also recovered in CY2024 following a brief decline in CY2023. In contrast, India's export share remains stagnant at around 1.8–1.9%, indicating limited global competitiveness and slower growth momentum. This plateau suggests underlying structural challenges or missed opportunities in scaling production capacity and enhancing global market reach.



Vietnam & Indonesia – Success Stories

Exhibit 4: Trend in footwear exports from Vietnam and Indonesia over the years



- Global footwear brands are increasingly shifting their manufacturing operations from China to emerging hubs like Vietnam and Indonesia. This strategic realignment is driven by the need to diversify supply chains, mitigate geopolitical and operational risks, and reduce reliance on a single source. Vietnam and Indonesia have gained traction as attractive alternatives, thanks to their competitive labor costs, improving infrastructure, and favourable trade policies.
- Driven by strategic shifts in global sourcing, both Vietnam and Indonesia have experienced a steady rise in footwear exports. Increased international investments have expanded local production capacities and helped generate employment. As a result, both countries are emerging as key players in the global footwear supply chain, positioning themselves as vital hubs for export-oriented manufacturing.

Source: Secondary Research, World Footwear, ICRA Research

Deepening export ties with western markets driving growth

Exhibit 5 : Distribution of footwear exports by Vietnam (In percentage)

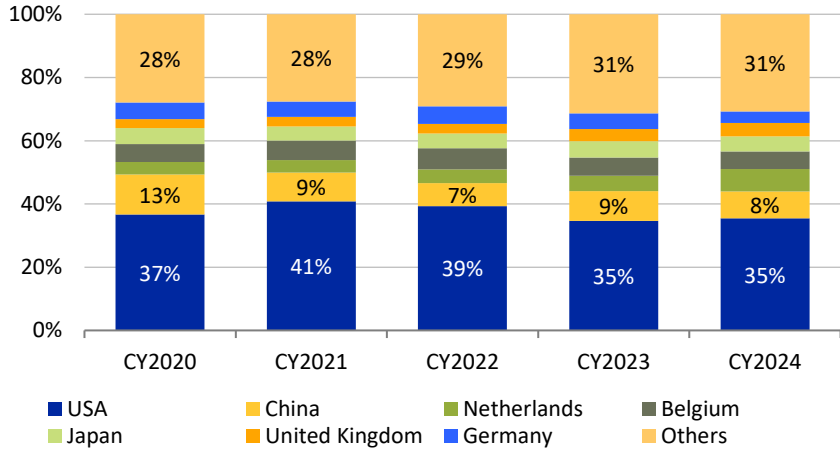
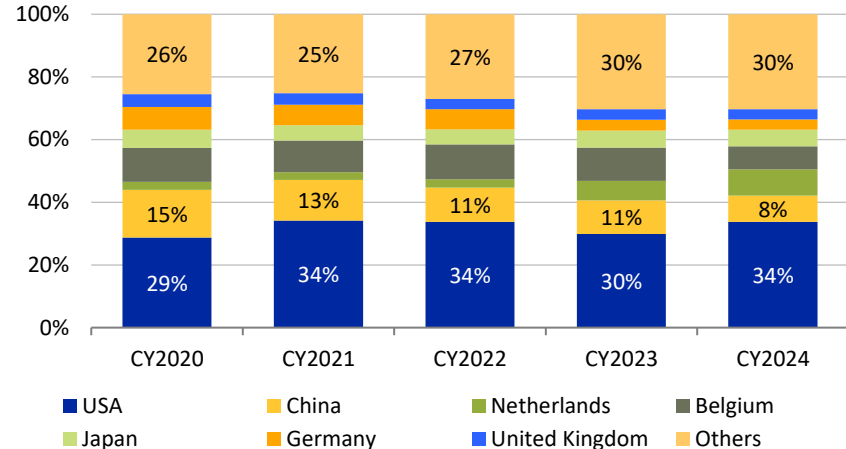


Exhibit 6 : Distribution of footwear exports by Indonesia (In percentage)



- In CY2024, Vietnam and Indonesia exported approximately 35% of their respective footwear shipments to the United States. This underscores the continued importance of the US as a key destination for Southeast Asia’s footwear exports.
- Both Vietnam and Indonesia have experienced a notable rise in footwear exports to the US and Europe in recent years. Vietnam has solidified its position as a leading supplier, leveraging trade agreements with key export markets (US, European Union (EU) and United Kingdom (UK)) and robust manufacturing capabilities. Indonesia, despite facing certain challenges like rising labour costs and regulatory complexity, continues to gradually expand its global footprint.

Source: ITC Trade Map, ICRA Research

Exhibit 7 : Country wise manufacturing of Nike footwears (In percentage)

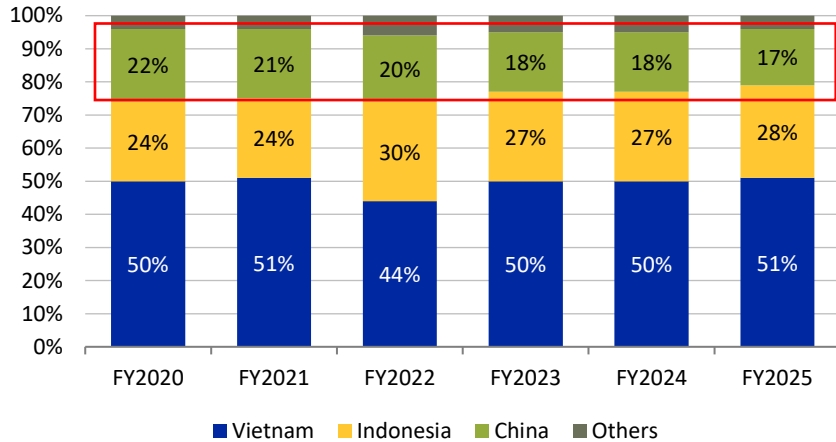
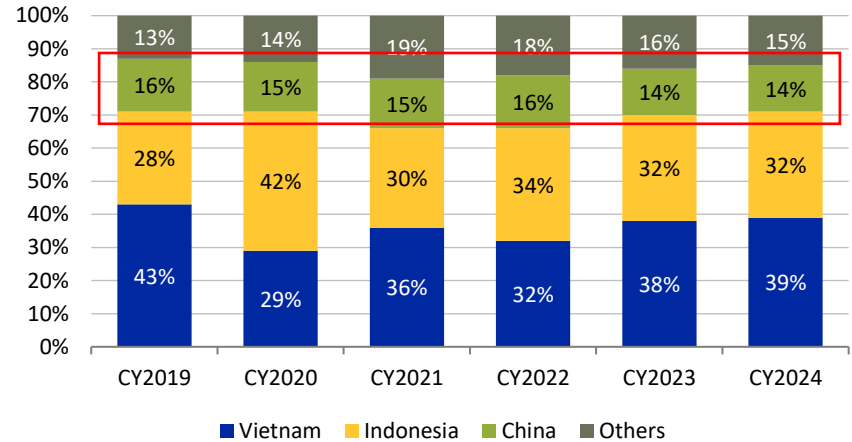


Exhibit 8 : Country wise manufacturing of Adidas footwears (In percentage)



- To reduce their dependence on China and navigate the risks stemming from ongoing US–China trade tensions, global sportswear giants like Nike and Adidas are increasingly shifting their manufacturing operations to Southeast Asian countries such as Vietnam and Indonesia.
- Between FY2020 and FY2025, Nike has reduced its manufacturing footprint in China from 22% to 17%, while Adidas has scaled back from 16% in CY2019 to 14% in CY2024. By diversifying their production bases, both companies are enhancing the resilience of their global supply chains and tapping into emerging markets that offer growing consumer demand and access to skilled labor.

Exhibit 9 : Vietnam & Indonesia - Strategic FTAs and their trade impact



Vietnam

01

EU–Vietnam FTA (EVFTA)

Signed in June 2019; effective tariffs imposed 0.53%; share of footwear exports to EU increased from 22.9% (2020) to 25.4% (2024).

02

UK–Vietnam FTA (UKVFTA)

Signed in January 2021; effective tariffs imposed 0.24%; share of UK in exports rose from 2.9% to 4.2%.

03

U.S.–Vietnam Trade Deal (July 2025)

Effective tariffs imposed 12.13%

04

Other FTAs

Vietnam–Korea FTA (VKFTA) signed in 2015; effective tariffs 0%
ASEAN–China Free Trade Area (ACFTA) implemented in 2010; effective tariffs 0%



Indonesia

01

ASEAN–China FTA

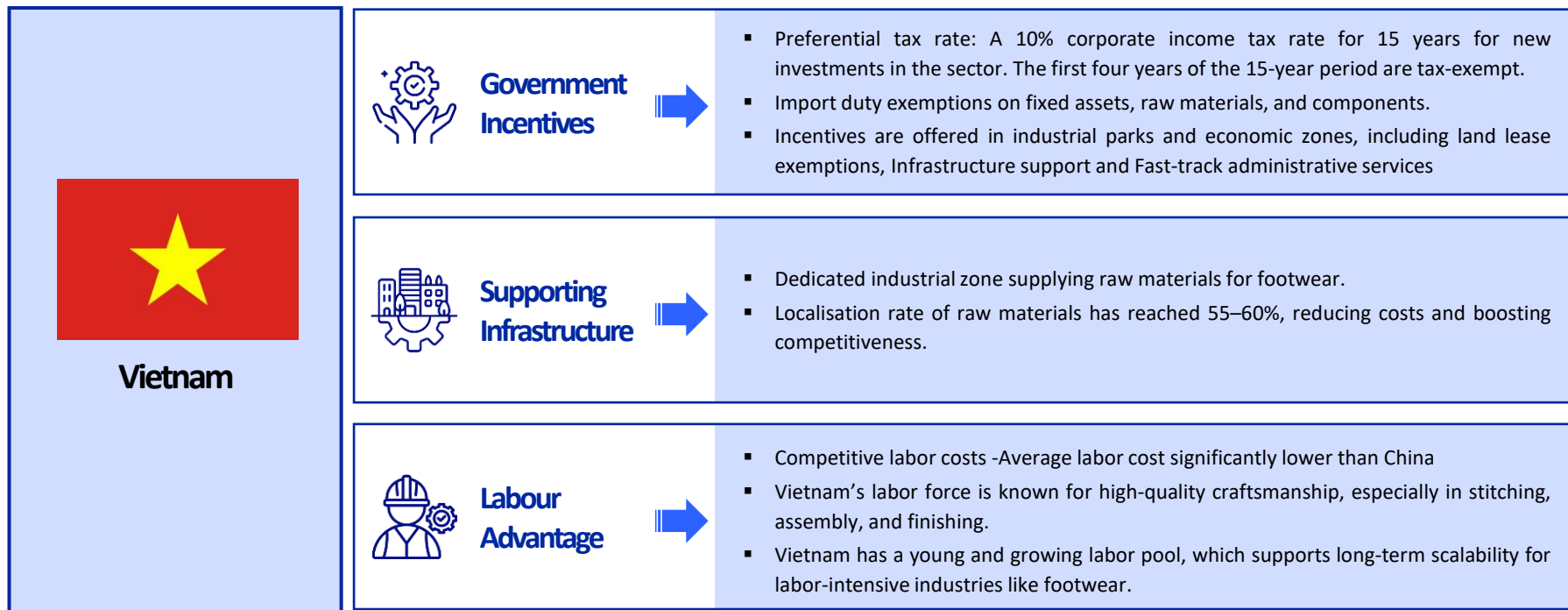
Strengthens regional trade ties and enhances market access for Indonesian goods in China and ASEAN countries; effective tariffs 0%

02

EU–Indonesia Trade Agreement

Signed in September 2025 to boost export competitiveness and global integration; effective tariffs 6.69%

Exhibit 10 : Government incentives and labor advantages in Vietnam



Source: ICRA Research

Exhibit 10 : Government incentives and labor advantages in Indonesia



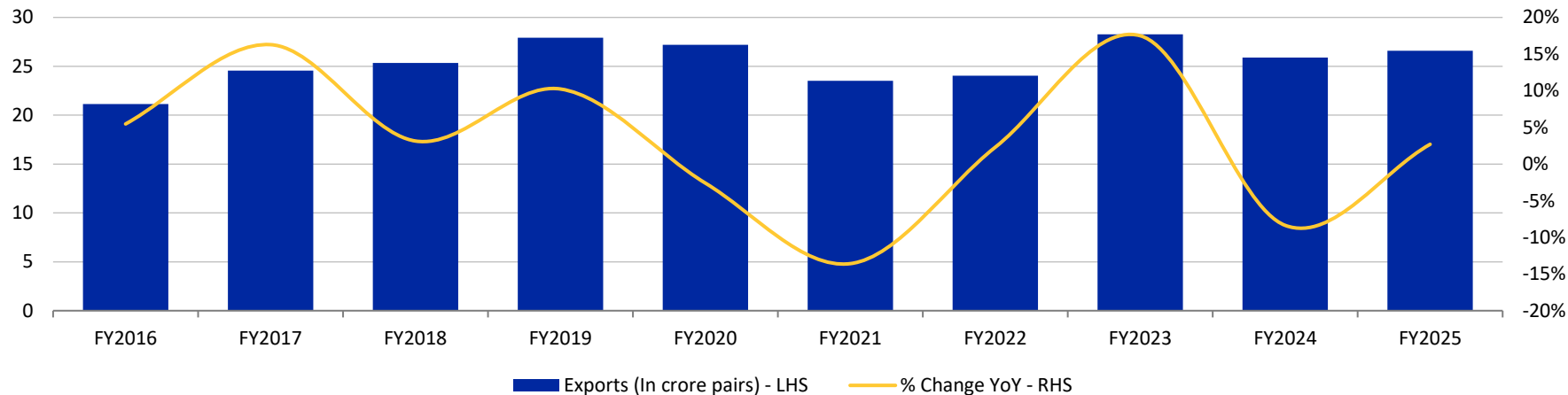
Source: ICRA Research



India – Missed Opportunities and Strategy Imperatives

Footwear exports from India have grown at a tepid CAGR of 3% since FY2016

Exhibit 11: Trend of India's footwear exports



- For nearly a decade, India's footwear exports have shown minimal variation, averaging 25–26 crore pairs annually. The trend was interrupted during FY2021 and FY2022 as the pandemic-impacted global supply chains and demand.
- After achieving a record high in FY2023, footwear exports contracted in FY2024 and then grew modestly by approximately 3% in FY2025. This slower pace of growth was primarily driven by weakened consumer demand in key international markets such as USA and Europe, likely influenced by economic uncertainties and inflationary pressures in those regions.

Source: CMIE, ICRA Research







Host of challenges confronting India's footwear sector



Source: ICRA Research *India's 40% of footwear exports are leather and around 90% of production is non leather

Bridging policy gaps key to unlock footwear export potential

Exhibit 12 : Strategic interventions needed for footwear industry growth

GAP	IMPERATIVE
 <p>RoDTEP and duty drawback schemes are not tailored to footwear exporters.</p>	<p>Introduce a dedicated RoDTEP line item offering 5–7% support for footwear exports.</p>
 <p>Lack of domestic production for critical inputs (e.g., EVA granules, TPU films, adhesives).</p>	<p>Launching schemes like PLI to promote manufacturing of footwear components to reduce import dependency and boost local manufacturing.</p>
 <p>Over 85% of manufacturers are small-scale and unorganised.</p>	<p>Create common facility centers for testing, design, and logistics to reduce costs for small manufacturers. Develop manufacturing hubs to reduce raw material sourcing costs.</p>
 <p>Quality Control Orders (QCOs) may unintentionally burden domestic producers.</p>	<p>Roll out QCO compliance in stages for large, medium, and small enterprises to avoid sudden disruption.</p>
 <p>Limited R&D infrastructure for footwear.</p>	<p>Establish dedicated R&D units to drive industry–academia collaboration and strengthen market research, enabling innovation</p>
 <p>Lack of preferential trade access to major markets unlike competitors like Vietnam.</p>	<p>Leverage the UK FTA and actively negotiate EU market access to overcome tariff disadvantages.</p>

Source: ICRA Research; EVA-Ethylene Vinyl Acetate; TPU-thermoplastic polyurethane



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