Maharashtra – Textile Sector
November 2014
Preface

- The Maharashtra Textile Sector Profile has been developed by Ernst & Young India LLP, the Knowledge Partner to Maharashtra Industrial Development Corporation to provide hand holding assistance to investors.
- The intention is to provide executives a quick overview to the Textile Sector in the State.
- The complex decision-making process involved in undertaking foreign operations requires an intimate knowledge of a country’s and a State's commercial climate as well as recognition of the fact that this climate is continuously evolving. Companies doing business in India, or planning to do so, would be well-advised to obtain current and detailed information from experienced professionals. The information presented in this book has been validated w.e.f September 2014.
The manufacturing sector contributes a significant 18.51 per cent to the state's GSDP. Amongst the 10 states with the highest GSDP (Gross State Domestic Product) in India, Maharashtra is one of the leading states in terms of contribution of manufacturing share to the GSDP.

Maharashtra has a Per Capita Income (PCI) of INR 1,07,670. The state has the highest per capita income amongst the 10 states with the highest GSDP in India.
The state recorded the **highest Industrial Value Addition** in the nation. The Gross Value Added by all industries in the state amounted to INR 1,79,222 crore (USD 29.87 billion) in the year 2011-12, which is 59 per cent greater than the value addition of its closest follower.

Maharashtra has the **second highest number of factories** and has one of the lowest number of industrial disputes in the country.
Maharashtra has attracted INR 3,16,082 crore of FDI over the period 2000-2014, which is almost one-third of the nation’s total FDI inflows received over the same period.

New investment projects announced in 2013-14 which would be set in Maharashtra are proposed to bring in INR 27,795 crore of investment in the state.

In 2013-14, the state contributed 10.86 per cent of the total projects completed in India in terms of investment value. With a total of INR 28,406 crore of investment projects completed in the state, Maharashtra is one of the leading states in the country in terms of project completion (by investment value).
ROAD AND RAILWAYS
- More than 99 per cent of the villages are well connected with all weather roads in the state
- 9.3 per cent of total railway network in the country
- 2 Major Railway zones
- Dry Ports, Inland Container Depots, Truck terminals and Railway sidings for easy freight movement

AIR AND WATER PORTS
- 4 International and 7 Domestic Airports
- 6 MIDC airstrips
- 2 Major ports
- 22.45 per cent of the total cargo traffic of the major ports in India is handled by the Jawaharlal Nehru Port (JNPT) and Mumbai Port (MBPT)
- 53 Minor ports

LAND
- Maharashtra is the second largest state in India, with an area of 30 Million Hectares (307,713 sq. km.)
- MIDC has one of the largest land banks in India, with ‘industrial land’ spanning over 84,000 hectares

ENERGY
- Gross installed capacity of power plants (excluding Central Sector) is 23,726.7 MW. The state has the highest Gross installed capacity (Utilities) at 10.62 per cent of the nation’s total installed capacity.
- Gross Generation of power plants (excluding central sector) is at 77,169.9 million KWh
The domestic textile and apparel industry in India is estimated to reach INR 846 thousand crores (USD 141 billion) by 2021 from INR 348 Thousand Crores (USD 58 billion) in 2011. Total cloth production in India is expected to grow to 111.8 billion square metres by FY17 from 50.5 billion square metres in FY13.

Textile and apparel exports from India is expected to increase to INR 492 Thousand Crores (USD 82 billion) by 2021 from INR USD 31 billion in 2011.

In the 12th Five Year Plan, the Government of India plans to spend USD 9.1 billion against USD 4 billion in the 11th Five Year Plan on textiles.

Source: Ministry of Textiles, Planning Commission
Maharashtra has **one of the highest industrial outputs in the textile sector** and contributes a significant **13 per cent to India’s total output** in this industrial sector.

The state has the **largest area under cultivation for cotton** (34.01 per cent).

Maharashtra is **one of the largest cotton producer in India**. In 2012-13, a total 79 lakh bales of cotton was produced in Maharashtra that amounted to **21.64 per cent of the country’s total production**.
Textile Hubs in Maharashtra

MIDC has developed **seven exclusive Textile Parks** with facilities such as R&D laboratory / Institute, Trade centre, Management and Training centre, Product / Process development laboratory, etc.

The state contributes **21.6%** of the country's total cotton production.
Key Growth Drivers

- Industrial Infrastructure
- Policy Support
- Strong Talent Pool
- Strategic Location
- Social Infrastructure
- Strong Domestic Demand
- Rising Export Opportunities
- Doing Business Support
- Access to Foreign Markets

Textile Sector in Maharashtra
SKILLED WORKFORCE

- The state has a total of 2298 technical institutions with an intake capacity of 4,49,121. It also houses 781 ITI (Industrial Training institutes) with an intake capacity of 1,17,747.
- Top universities in the state like the University of Mumbai, University of Pune, Nagpur University, Bhartiya Vidyapeeth etc. provide courses for graduation/post graduation/Phds in textile science.
- The state has 46 government and government aided institutes with an intake capacity for 2474 students.
- The Govt. is promoting "Centers of Excellence", which will cover all aspects of cutting edge research and development in emerging areas of technology.
- Center of Excellence in Maharashtra include DKTE Society’s Textile and Engineering Institute, Ichalkaranji, Maharashtra.
- The state also has one of the Indian Institutes of Technology (IITs) at Powai in Mumbai, part of the country's renowned network of engineering and technology institutions. IIT Mumbai has 13 departments and various centers for R&D.
- The state has institutes which are dedicated to the core textiles sector. These textile engineering courses under IIT Mumbai, VJTI Mumbai, include NIFT Mumbai amongst others.
- Textile Centre Infrastructure Development Scheme (TCIDS) by central government at Bhiwandi-Maharashtra has been completed.
- Solapur, Ichalkaranji, Bhiwandi and Mumbai have the Computer Aided Design centers in the state. These have been set up to help the decentralised and small powerloom units to access new designs and help upgrade fabric by product development inputs.

State's literacy rate is at 82.34% with a large base of skilled and industrial labor.

Presence of “Centers of Excellence”, covering all aspects of cutting edge research and development in emerging areas of technology.

Presence of Indian Institutes of Technology (IITs) in Mumbai.
Under the state’s new Industrial Policy 2013, Mega and Ultra Mega projects can qualify for fiscal incentives up to 100 per cent of the fixed capital investment. Moreover, a 10 per cent additional incentive on top of the above incentives is provided by the state if the project creates double the employment required for the eligibility.

Apart from fiscal incentives, the state supports the Textile sector through non-fiscal incentives such as Industrial Infrastructure Development, Skill Development Initiatives, Single Window Clearance, Investor facilitation, amongst others.
Textile Policy of Maharashtra
(Snapshot)

**Maharashtra Textile Policy 2011-17**

- **Interest Subsidy**
- **Capital subsidy**
- **Subsidy for Modernization of powerlooms**

**Textile Policy 2011 envisages**

- Investment of INR 40,000 crore (USD 6.66 Billion)
- Adding processing capacities to 4.5 Million surplus cotton bales produced
- To create new jobs for 1.1 Million persons

**CAPITAL SUBSIDY**

- 10% capital subsidy to new and expansion units set up in Vidarbha, Marathwada and North Maharashtra

**MODERNIZATION OF POWERLOOMS**

- 10% capital subsidy for modernization of powerloom unit belonging to SC/ST and minority communities

**INTEREST SUBSIDY**

- Spinning Mill, Garmenting, Ginning, Pressing and Processing - 7%
- Technical Textile - 6%
- Composite Textile - 6%
- Other units of Textile industry other than abovementioned - 5%
With over 200 million meters per annum of fabric manufacturing facilities, 45 million pieces per annum of garment manufacturing facilities and 32,000 employees, BRFL is a rapidly growing textile company.

The company’s business links with the state of Maharashtra go back to the 1990s, when the first fabric manufacturing facility in Maharashtra was set up by Bombay Rayon.

In the year 2007, Bombay Rayon Fashion Limited (BRFL) marked the commencement of the mega USD 250 Million Textile and Garment Project under a special MOU signed with the Government of Maharashtra.

The company’s success in the state led to the establishment of one of the world’s largest fabric processing units at Tarapur (Maharashtra) in the year 2010. The capacity of this unit was reported to be 5 lakh meters/day.

The company has many plants in Maharashtra including:
- Two facilities for Weaving Looms at Bhiwandi and Navi Mumbai
- Three facilities for Production of Garments, two at Ichalkaranji and one at Osmanabad.
- A facility at Ichalkaranji for Production of Garments, Printing, Embroidery and Washing.
- A process mill at Tarapur.
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