

Gujarat's new apparel policy: A shot in the arm for investors

By Varun Vaid, Associate Director and Ms. Disha Acharya, Consultant, Wazir Advisors

Gujarat Government recently announced an attractive apparel package for the investors under Garment & Apparel Policy 2017. The policy is targeting an investment of Rs. 1,600 crores in the state's apparel sector over the next five years. It is estimated to create 1 lakh new jobs and generate an additional Rs. 3,000 crores of apparel exports. The fiscal and non-fiscal support announced under this policy are aimed at enhancing the cost competitiveness as well as ease of doing business of apparel manufacturing units in the state.

Earlier, State Government had launched its textile policy in 2012 to promote investment and employment in sector which offered investment incentives such as interest subsidy, power subsidy, stamp duty exemption, support for establishing textile parks, building skill development center, etc. The policy helped attract significant investment worth Rs. 20,000 Crores into the state and created 2.5 million jobs; mainly in the segments of ginning & pressing, yarn manufacturing, few technical textile categories, training centres and textile parks. In order to provide further thrust to the sector and attract investment in downstream value chain, the state government has identified apparel manufacturing as the engine for growth and released a dedicated incentive package under Garment & Apparel Policy 2017.

Out of the various incentives provided, there are 3 major attractions for the apparel investors:

a) Payroll Assistance: Current wages in apparel factories are in the range of Rs. 10,000-12,000 per month and wage contributes to about 30-35% of cost of apparel manufacturing. The wage subsidy of Rs. 4,000 per month (Rs. 3,200 for male) provided in this policy will have direct, positive impact on the cost competitiveness of the apparel manufacturers in the state.

b) Plug and Play systems: Gujarat Government has gone a step forward by providing infrastructure support to the industry which is first of its kind incentive in the country. Government will provide compliant and good, standard ready-to-move-in sheds to the manufacturers at reasonable cost. Such an incentivized readymade set-up will reduce the cost of establishment and will help investors in coming up with bigger units.

c) Assistance for Dormitory Construction: Though there is huge availability of manpower in the state, retaining the workforce in the apparel sector is one of the key challenges industry is facing today. Availability of dormitories near the factories will not only address this challenge but also provide compliant and hygienic habitat to the workers.

Payroll assistance is a major fiscal support for apparel companies as wages form a major share in cost of manufacturing.

However, the infrastructure support being provided by Gujarat in form of readymade sheds and dormitories is first of its kind in the country. China had adopted this model in late 80s when it was in its initial phase of industrialization. It established large industrial zones which provided all types of support infrastructure to the investors. Today, Ethiopia is doing the same by providing such facilities in its industrial parks. Gujarat has taken the lead to establish such infrastructure and significantly reduce the associated risk for investors. By providing this infrastructure support, Government of Gujarat has created a possibility for investors to set-up operations in expensive zones (with better connectivity, manpower availability, etc.) without creating own infrastructure. This can actually enable investors to plan much larger projects.

In addition, there are other attractive incentives such as 5% interest subsidy for 5 years, 1 Rupee power subsidy, skill development support and Rs. 10 crores support plus stamp duty exemption for establishing mega apparel parks. If one analyzes the overall fiscal impact of the incentives available under this policy, then using industry benchmark standards, it comes out that the entire project cost is recovered in 5-years.

TAI Mumbai Unit to organise global meet on Textile 4.0

By Our Staff Reporter

MUMBAI, NOV. 27—

The Mumbai unit of The Textile Association (India) is organizing an international conference 'Textile 4.0: Global & Indian Perspective' on March 22-23, 2018, in city.

The two-day conference will attract mill owners, top textile professionals, experts and textile technologists from India and across the globe, who will deliberate on what is Textile 4.0, how it would impact the textile industry in India and across the globe and what would be benefits to the Textile industry.

TAI informed that the world is on the threshold of a new industrial revolution Industry 4.0 characterized by artificial



intelligence, Internet of Things, next-generation robotics, 3D printing, wearables and gentle engineering, nanotechnology, advanced materials, biotechnology among others. Industry 4.0, the future of manufacturing technologies, is

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Teijin's new fabric boasts lightweight and premium black color

From Tecoya NewsDesk

MUMBAI, NOV. 27—

The Teijin group's fiber-product converting company announced today that it has developed new fabric, boasting a premium black color that is expected to meet demands for lightweight, easy-care formal wear.

Up to now, it was difficult to reduce a fabric's weight while retaining its deep black color for use as formal wear. The reason was that the fabric had to be shrunk to prevent light reflection and increase its density to

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