

REPORT

Location Analysis for Selected Cities in Jharkhand for Apparel Sector





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1. Project Background

1.1. Objective and Scope of Work

Jharkhand has got immense potential to attract investment in textile and apparel sector, especially because of their attractive textile policies, upcoming infrastructure, abundant supply of man power and responsive administration.

Apparel Export Promotion Council (AEPC) of India is the apex industry body that promotes and nurtures the apparel export industry. With more than 7000, apparel exporters as its members, council is aiming at benchmarking India against other key apparel manufacturing companies. With an aim to set up apparel manufacturing unit in Jharkhand, AEPC proposed a study to assess the manpower and logistics scenario in selected cities of Jharkhand viz. Ormanjhi & Hotwar

The scope of the work is delineated below:

Manpower Availability:

Details of Men, Women and SC/ST within 10 km, 15 km & 20 km radius of above specified locations

Manpower in the age group of 18-25 years

Logistics Facilities:

Assess the feasibility of road (freight), rail and air logistics facilities

Evaluation of transportation time from major ports/ hubs from specified location

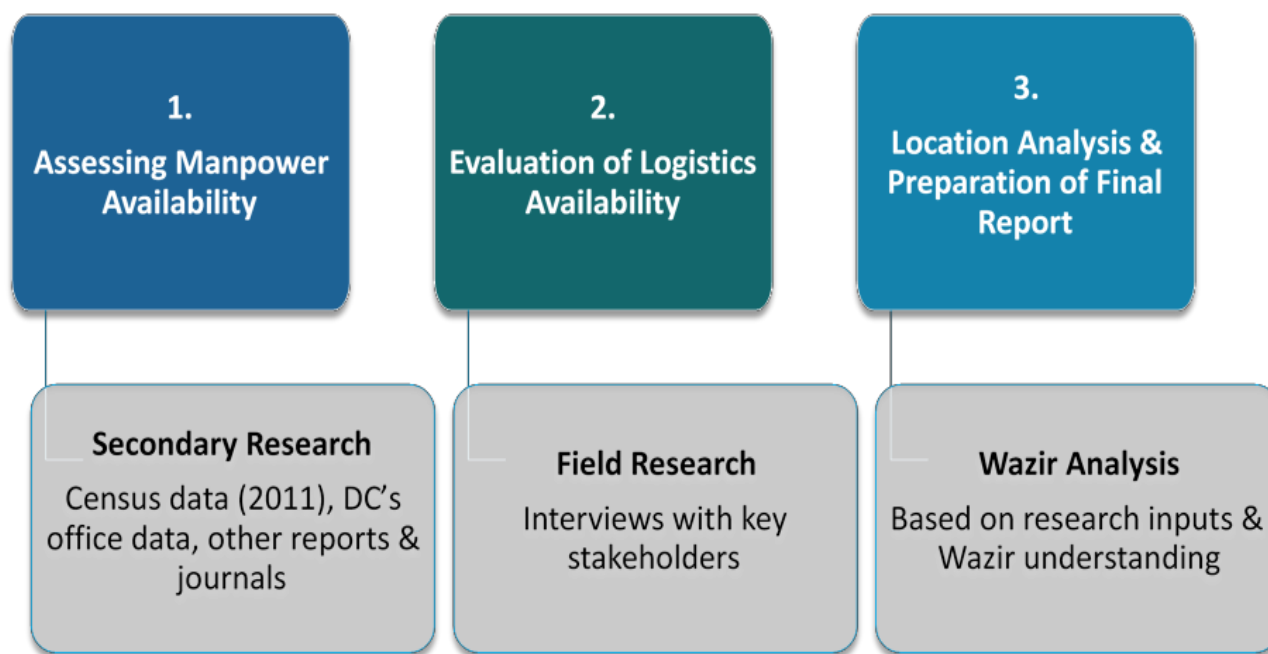
Evaluation of condition of road

Evaluate availability of local transport for logistics to evaluate transportation

Understanding of the policy framework for apparel sector in the state

Understanding of planned investment in apparel manufacturing in the state

1.2.Approach



1.3.Methodology

The project involved a combination of primary and secondary research.

Secondary Research

Wazir carried out an in-depth secondary research mainly to identify availability of manpower using resources such as:

- Census data (2011)

- NSSO survey data on employment status

- Labour Bureau survey data

- Studies and reports by Government and other bodies, etc.

Apart from that Wazir also referred to various State Government web portal to understand the investment scenario in the state.



Primary Research

Primary research was conducted in the selected cities- Bhubaneswar & Cuttack. The discussion with various stakeholders were held using structured discussion guide (included in annexure). The coverage of primary research was as follows:

- Existing industrial units

- Logistics companies

- Centum Learning

The primary research was conducted mainly to understand the following:

- Logistics scenario in the identified locations

- Apparel manufacturing ecosystem in Jharkhand

- Planned investment in apparel manufacturing

- Availability of manpower

1.4. Project Timeline

The survey for the study was conducted in the month of May.

2. Jharkhand – Textile and Apparel Sector

2.1. Overview



Capital
Ranchi



Area
79,714 km²



Population
33 mn.



Literacy Rate
66.4%

Economy	Physical Infrastructure
<p>GSDP : US\$ 43.17 billion</p> <p>GSDP Growth : 10.22%</p> <p>Per Capita GSDP: US\$ 1,176</p> <p>FDI Inflow* : US\$ 113 mn.</p>	<p>Installed Power Capacity : 1764 MW</p> <p>National Highway Length: 2,661 Km</p> <p>Airports: 1 domestic airport at Ranchi, Jamshedpur, Dumka, Dhanbad, Bokaro, Giridih, Deoghar, Hazaribagh, Daltonganj and Noamundi also have airstrips</p> <p>Railway Track: 2,181.93 km</p>
Social Infrastructure	Industrial Infrastructure
<p>16 universities, 3 medical colleges, 3 dental colleges and 45 engineering colleges</p> <p>367 active primary health centres (PHCs), and 3,928 active sub-centres, 23 active district-level hospitals, 13 active subdistrict hospitals & 306 active community health centres</p>	<p>Major Industries: Engineering, Mining, Iron and Steel, chemicals , handlooms, food & beverages, cement</p> <p>Notified SEZs (No) : 01</p> <p>Key industrial areas: Ranchi, Bokaro, Jamshedpur, Dumka</p>

2.2.Policy Framework for Apparel Sector



S.no	Type	Investment Bracket/unit eligibility	Quantum of Assistance
1	Capital Investment Subsidy (CIS)	All	20% of the investments made, cap of Rs. 50 crore
		SC/ST/Women/Handicapped Entrepreneur residents of Jharkhand	Additional 5%
2	Interest Subsidy	Interest subsidy of 7% or 50% of the interest rate, whichever is lower, subject to max. Rs. 1 crore on total loan availed by new units for 5 years Reimbursement of guarantee fee charged under the Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme to Micro and Small Enterprises (MSEs)	
3	VAT	Incentive of 100% of net VAT payable for 7 years, 40% for next 3 years with a ceiling of 100% of total fixed capital investment made, for new units; units qualified to be new by expansion/modernization/ diversification will also be entitled for the incentive	
4	Stamp duty	100% reimbursement of stamp duty and transfer duty for execution of lease/lease cum sale/ sales deed	
5	Power tariff	Reimbursement of 50% of power tariff for 7 years	
6	Electricity duty	100% exemption for 5 years	
7	Mandi fees	No Mandi tax will be levied on raw materials	
8	Quality certification	Assistance of 50% of the expenditure incurred up to a maximum of Rs. 10 lakh	
9	Patent registration	Assistance of 50% of the expenditure incurred, max Rs. 10 lakh per patent	
10	Cluster development	Grant of 15% of the grant released by the Government of India	
11	Export subsidy	<ul style="list-style-type: none"> For MSE exporters, assistance of 75% of stall charges, max Rs. 2,25,000 per fair/exhibition; 75% of air fare by economy class, max Rs, 50,000 For women, assistance of 90% of stall charges, max Rs. 2,70,000 per fair/exhibition; 75% of air fare by economy class, max. Rs.60,000 (exporters availing travel support from Central Government shall not be eligible) <ul style="list-style-type: none"> Eligible for incentives under Jharkhand Export Policy 2015 	



12	Dormitory construction assistance	Assistance upto 50% of cost of land, max Rs. 50 lakh (1 acre for 1000 workers)
13	Skill development	One-time support of Rs. 13,000 or actual cost of training per person, for capacity building of persons belonging to the State
14	Employment generation subsidy	<ul style="list-style-type: none"> • Subsidy of Rs. 5,000 per month per worker for 7 years • For SC/ST women, subsidy of Rs. 6000 per month per worker for 7 years
15	ESI/ EPF reimbursement	Reimbursement to employer up to Rs. 1000 per person per month towards expenditure on ESI/EPF for 5 years
16	Incubation center support	Support of Rs. 50 lakhs annually for first 5 years (maximum 10 institutions can be granted in the first year); special incentive of Rs. 10 lakh for incubator for every successful start-up
For establishment of Mega textile/apparel park (size more than 75 acres)		
1	Capital Investment Subsidy	<ul style="list-style-type: none"> • 50% of the project cost or Rs. 40 crore, whichever is lower • Developers availing benefits under SITP, additional capital subsidy of upto 10% of the project cost or Rs. 10 crore, whichever is lower
2	Stamp Duty	Reimbursement of 50% of stamp duty to the developer

2.3.Recent/ Planned Investments in Apparel Sector

In August 2017, Orient Craft started operation in Irba, which is approx. 25 kms from Ranchi. Its optimum capacity is 2 lac pieces per month & employs 900 workers.

In Hotwar district, Jharkhand 25 acres of industrial park is being developed for garment manufacturing which will have the capacity of hosting 25-30 garment factories. It is expected to be completed by 2020 and aims at creating 25,000 new jobs. Orient Crafts has plans to establish a mega unit there

Land has been allocated to Shahi Exports to commence their operations in Dardag Chakla Ormanjhi Industrial Area. Matrix Clothing also has plans to establish manufacturing unit in the same area. Training for the same has commenced in Ranchi.

Arvind mills has also decided to set up a garment manufacturing unit in Jharkhand with an investment worth Rs. 400 crores.

3. Location Analysis of Ormanjhi

3.1. Location at Glance



Location
23° 29' N latitude
85° 29' E longitude



Area
2.37 km² (0.9 sq mi)



Population
94,137 (2011)

Existing and upcoming industries	<p>As of now, there are no industries present in Ormanjhi. Land has been allocated to Shahi Exports to commence their operations in Dardag Chakla Ormanjhi Industrial Area. Matrix Clothing also has plans to establish manufacturing unit in the same area. Training for the same has commenced in Ranchi.</p> <p>In August 2017, Orient Craft have started operation in Irba, which is approx. 5 kms from Ormanjhi. Its optimum capacity is 2 lac pcs/ month & employs 900 workers</p>
Educational Institutions	Educational Institutes like RTC Inter College, RTC Institute of Technology and others are present in Ormanjhi
Healthcare	<p>BIT Mesra is located 10 kms from Ormanjhi</p> <p>Presence of hospitals such as Medanta Hospital, Apollo Hospital, Hill View Hospital</p>
Utilities	Electricity is supplied by Jharkhand State Electricity Board. Power cost for industrial purpose is around Rs. 5.50 / unit.

3.2. Snapshots of Primary Research

Roads in Ormanjhi



Plots in Ormanjhi



Factory / Other Construction in Ormanjhi



Residential Plots in Ormanjhi



3.3.Manpower Scenario

Skilled, Semi-skilled and Unskilled Labour is available in and around Ormanjhi.

Minimum wage rates per day:

Unskilled - Rs 210

Semi-Skilled - Rs. 220

Skilled – Rs 290

Highly Skilled -Rs. 335



Total population

94,137



Female Population

45,721 (49%)



No. of workers

23,618 (25%)



Male Population

48,416 (51%)



SC / ST Population

37,708 (40%)



18-25 Age Population (E)

7,800

S. No.	Locations	Manpower Availability in Nearby Towns / Cities						
		Distance from Ormanjhi (Km)	Total Population (Nos.)	Male Population (Nos.)	Female Population (Nos.)	SC / ST Population (Nos.)	No. of workers	Population in Age Group 18-25 years (Nos.) (E)
1	Irba	4.8	5,210	2,746	2,464	1,032	1,545	515
2	Tati	19.1	12,878	6,873	6,005	1,501	4,186	1,395
3	Ramgarh	21.4	88,781	48,110	40,671	17,029	27,976	9,325
4	Kanke	23.7	17,560	9,166	8,394	4,646	4,649	1,550
5	Ranchi	25.6	10,73,427	5,58,872	5,14,555	2,67,476	3,36,358	1,12,119
6	Barkakana	25.7	1,8475	9,640	8,835	6,307	4,681	1,560

Source: Census India 2011

Villages like Kankebar, Piska, Gurgain, Siur, Dardag, Kuchu, Turup and several others are within the vicinity (upto 20 kms) of Ormanjhi from where labour can easily migrate.

3.4. Logistics and Transport Scenario



Roadways

Good road connectivity with NH – 20, 23, 33, 39, 43, 75 and 320 is present
Condition of roads is good for transportation purposes.



Waterways

Nearest ports are Dhamra Port, Odisha (Distance = 448 km) and Paradip Port, Odisha (Distance = 523 km)



Railways

Nearest railway station is in Ranchi which has extensive goods handling capacity. It has direct trains from Delhi, Kolkata, Mumbai, Chennai and other major cities

Distance = 22 km



Aviation

Nearest airport is Birsa Munda Airport, Ranchi which has direct flights from all the major cities - Kolkata, Delhi, Mumbai, Bangalore, Hyderabad, Bhubaneswar.

Distance = 28 km



Transportation Time

(In days)	New Delhi	Mumbai Port	Chennai Port	Kolkata Port
Air	1-2	1-2	1-2	1-2
Rail	2-3	2-3	3-4	1-2
Road	3-4	4-5	4-5	1-2



Ranchi Railway Station



Birsa Munda Airport, Ranchi

4. Location Analysis of Hotwar

4.1. Location at Glance



Location

23° 34' N latitude

85° 30' E longitude



Population (E)

4000

Existing and upcoming industries	<ul style="list-style-type: none"> 25 acres of industrial park is being developed for garment manufacturing which will have the capacity of hosting 25-30 garment factories. It is expected to be completed by 2020 and aims at creating 25,000 new jobs. Orient Crafts has plans to establish a mega unit there In August 2017, Orient Craft have started operation in Irba, which is approx. 13 kms from Hotwar. Its optimum capacity is 2 lac pcs/ month & employs 900 worker
Educational Institutions	<ul style="list-style-type: none"> Educational Institutions such as SBS College, Army College etc. are present nearby BIT Mesra is located 11 kms from Hotwar.
Healthcare	<ul style="list-style-type: none"> Presence of hospitals as Bhagwan Mahavir Super speciality Hospital, MDLM Hospital, Gulmohar Hospital etc. are in the neighborhood
Utilities	<ul style="list-style-type: none"> Electricity is supplied by Jharkhand State Electricity Board. Power cost is around Rs. 5.50 / unit.

4.2. Snapshots of Primary Research

Construction work in the Industrial Park- Hotwar, Khelgaon, Ranchi



Roads in Hotwar



Local transport for logistics



Residential Area –Khelgaon



4.3. Manpower Scenario

Skilled, Semi-skilled and Unskilled Labour is available in and around Hotwar.

Minimum wage rates per day:

Unskilled - Rs 210

Semi-Skilled - Rs. 220

Skilled – Rs 290

Highly Skilled -Rs. 335



Total population
4,000



Male Population
2,040 (51%)



Female Population
1,960 (49%)



SC / ST Population
1,600 (40%)



No. of workers
500 (12.5%)



18-25 Age Population (E)
300

S. No.	Locations	Manpower Availability in Nearby Towns / Cities						
		Distance from Hotwar (Km)	Total Population (Nos.)	Male Population (Nos.)	Female Population (Nos.)	SC / ST Population (Nos.)	No. of workers	Population in Age Group 18-25 years (Nos.) (E)
1	Tati	5.3	12,878	6,873	6,005	1,501	4,186	1,395
2	Ratu	9.6	22,379	11,521	10,858	7,619	6,742	2,247
3	Ranchi	11.7	10,73,427	5,58,872	5,14,555	2,67,476	3,36,358	1,12,119
4	Irba	12.8	5,210	2,746	2,464	1,032	1,545	515
5	Kanke	16.6	17,560	9,166	8,394	4,646	4,649	1,550
6	Ormanjhi	17.8	94,317	48,416	45,721	37,708	23,618	7,800

Source: Census India 2011 and Estimates based on Primary Research

Villages like Lalganj, Dumardaga, Shugnu, Buti, Getlatu, Turup, and several others are within the vicinity of Hotwar from where labour can easily migrate.

4.4. Logistics and Transport Scenario



Roadways

Good road connectivity with NH – 20, 23, 33, 39, 43, 75 and 320 is present
Condition of roads is good for transportation purposes.



Waterways

Nearest ports are Dhamra Port, Odisha (Distance = 435 km) and Paradip Port, Odisha (Distance = 510 km)



Railways

Nearest railway station is in Ranchi with direct trains from Delhi, Kolkata, Mumbai, Chennai and other major cities
Distance = 9 km



Aviation

Nearest airport is Birsa Munda Airport, Ranchi which has direct flights from all the major cities - Kolkata, Delhi, Mumbai, Bangalore, Hyderabad, Bhubaneswar.



Distance = 15 km

Transportation Time

(In days)	New Delhi	Mumbai Port	Chennai Port	Kolkata Port
Air	1-2	1-2	1-2	1-2
Rail	2-3	2-3	3-4	1-2
Road	3-4	4-5	4-5	1-2



Ranchi Railway Station



Birsa Munda Airport, Ranchi

5. Conclusion

Jharkhand, in its Industrial and Investment Promotion Policy 2016 has declared textile as a “Thrust Area”. Jharkhand has experienced phenomenal growth in Sericulture Sector. Jharkhand ranks first in the country in production of Tasar Silk.

In order to establish the textile and garment industry of Jharkhand, Jharkhand came out with Jharkhand Textile, Apparel, Footwear Policy 2016. Jharkhand provides employment generation subsidy of Rs 5,000 per month per worker (Rs. 6,000 in case of SC/ ST or women’s workers) and ESI up to Rs. 1,000 per month per worker for 5 years. The state ranks at No. 3 in Ease of Doing Business owing to recent Governance reforms and amended labour laws. Besides this, the state has a single window system with single login and time bound approvals. Incentives on various heads that relate to setting up of business are also available, including 7% interest subsidy and 20% capital subsidy on a cap of Rs. 50 crore. Among one of the attractive incentives is a 50% reimbursement of power tariff for 7 years from the date of the release of electricity connection along with 100% electricity duty exemption for 7 years, which translates to around Rs. 2.5 per unit to get uninterrupted power supply, against the typical Rs. 12-14 per unit in NCR with 60% consistent grid supply, balance through private power generation.

Looking at the attractiveness of the apparel sector in Jharkhand, Orient Crafts, one of leading textile and apparel exporters in India, started operation in Irba, which is approx. 25 kms from Ranchi. Its optimum capacity is 2 lac pieces per month & employs 900 workers. Arvind mills has also decided to set up a garment manufacturing unit in Jharkhand with an investment worth Rs. 400 crores.

Land has been allocated to Shahi Exports to commence their operations in Dardag Chakla Ormanjhi Industrial Area. Matrix Clothing also has plans to establish manufacturing unit in the same area. Training for the same has commenced in Ranchi.

Taking into account all the factors mentioned above, Jharkhand offers huge investment opportunity in apparel sector.