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ASSESSING MOOWR'S ROLE IN FACILITATING TEXTILE GROWTH IN WESTERN MAHARASHTRA

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Peer Review Information	Abstract
<i>Submission: 21 Aug 2024</i> <i>Revision: 20 Sep 2024</i> <i>Acceptance: 15 Oct 2024</i> Keywords <i>Textile Industry, Western Maharashtra, Duty Deferment, Export Competitiveness, Investment Promotion.</i>	This research paper examines the impact of the Manufacturing and Other Operations in Warehouse Regulations (MOOWR) scheme on the growth of the textile industry in Western Maharashtra. By analyzing the scheme's provisions and its alignment with regional textile policies, the study aims to understand how MOOWR facilitates investment, modernization, and sustainability in the sector.

INTRODUCTION

The textile industry has long been a cornerstone of India's economic and social fabric, playing a vital role in generating employment, driving industrial output, and contributing to export earnings. Among the regions contributing significantly to this sector, Western Maharashtra stands out as a historic and thriving hub, encompassing cities like Ichalkaranji, Kolhapur, Solapur, and Pune. These regions have developed a robust textile ecosystem over the decades, marked by spinning, weaving, knitting, dyeing, and garment manufacturing activities. However, in the face of evolving global trade dynamics, rising competition, technological advancements, and sustainability imperatives, there is an increasing need to modernize and strengthen the textile sector further. It is against this backdrop that the Manufacturing and Other Operations in Warehouse Regulations (MOOWR) scheme, introduced by the Indian government, becomes particularly relevant. The MOOWR scheme offers a strategic mechanism that can potentially transform the textile industry of Western Maharashtra by easing operational barriers, enhancing competitiveness, promoting modernization, and ultimately supporting sustainable growth.

Introduced in 2019, the MOOWR scheme is a game-changing policy tool designed to facilitate manufacturing and other value-added activities within bonded warehouses. Unlike traditional customs regulations that require upfront payment of import duties, MOOWR allows businesses to defer such duties until goods are cleared for domestic consumption. If goods are exported, the

duty becomes exempt altogether. This approach provides substantial liquidity advantages, lowers the capital burden on manufacturers, and enables them to allocate resources towards upgrading technology, improving operational efficiency, and expanding capacity. For a capital-intensive sector like textiles, where modernization and technological adoption are essential to maintain competitiveness, the MOOWR framework offers a powerful lever to support growth.

Western Maharashtra's textile industry is characterized by a diverse range of operations, from traditional power loom units to sophisticated garment manufacturing clusters. Yet, despite its strengths, the industry has often faced challenges such as high operational costs, outdated machinery, and inadequate access to global markets, and limited integration with sustainable practices. These factors have sometimes led to stagnation in growth, limited value addition, and vulnerability to external shocks. The MOOWR scheme, by deferring the immediate financial burden associated with imported raw materials, specialized equipment, and advanced machinery, enables textile units to modernize operations without incurring prohibitive costs. This directly aligns with the objectives of Maharashtra's Integrated and Sustainable Textile Policy 2023-28, which envisions an industry that is globally competitive, technologically advanced, and environmentally responsible.

Furthermore, the MOOWR scheme's operational flexibility allows units to perform manufacturing activities within bonded warehouses without being subjected to rigid licensing requirements or export obligations. This provision is particularly advantageous for small and medium enterprises (SMEs) in Western Maharashtra's textile sector, which often lack the financial muscle to invest in large-scale infrastructure under more stringent schemes. Through MOOWR, SMEs can import specialized fabrics, dyes, spinning equipment, and garment machinery at reduced upfront costs, enabling them to produce higher-value products for both domestic and international markets. In doing so, MOOWR acts as an enabler of inclusive growth, providing an opportunity for smaller units to participate more robustly in the global textile value chain.

The alignment of MOOWR with the state's developmental goals is not coincidental but reflects a deliberate policy synergy. Maharashtra's textile policy places significant emphasis on promoting investment in technical textiles, integrated textile parks, skill development initiatives, and environmental sustainability. The MOOWR scheme complements these goals by making it economically feasible for enterprises to invest in green technologies, such as energy-efficient looms, effluent treatment plants, and zero-liquid discharge systems. For instance, by enabling the deferred import of sustainable manufacturing equipment, MOOWR can facilitate the establishment of environmentally friendly textile production units that align with India's commitment to sustainable development goals (SDGs) and the national zero-waste mission for the textile sector by 2047.

Moreover, the geographical advantages of Western Maharashtra—its proximity to major ports like Mumbai and JNPT, well-established logistics infrastructure, and vibrant industrial clusters—further amplify the potential benefits of the MOOWR scheme. Enterprises operating under MOOWR can efficiently manage supply chains, access international markets, and optimize production cycles. This logistical edge, combined with the financial incentives offered by MOOWR, can accelerate the emergence of Western Maharashtra as a preferred destination for textile investments not just within India but on a global scale. The increased competitiveness of the region's textile products can help reclaim market shares in regions like Europe, North America, and the Middle East, where demand for high-quality, sustainably produced textiles is growing.

Nevertheless, the successful implementation of MOOWR in catalyzing textile growth is contingent upon overcoming certain challenges. One of the major hurdles is the lack of awareness among industry players, particularly SMEs, regarding the scheme's benefits and application processes. Many units remain hesitant to opt for MOOWR due to perceived regulatory complexities or limited understanding of bonded warehouse operations. Furthermore, infrastructural requirements for setting up bonded manufacturing facilities, including security norms, record-keeping mandates, and customs compliance, can pose operational challenges for smaller units. Addressing these issues through targeted awareness campaigns, capacity-building programs, and streamlined regulatory support is crucial to ensure that the full potential of MOOWR is realized across the textile sector in Western Maharashtra.

Another significant factor influencing Mow's impact is the broader economic and policy

environment. As global supply chains undergo realignment in the post-pandemic era and amid shifting geopolitical landscapes, India has a unique opportunity to position itself as a manufacturing and export powerhouse. The textile sector, being labor-intensive and rich in value addition potential, can play a central role in this narrative. Leveraging schemes like MOOWR to build globally competitive textile clusters in regions like Western Maharashtra can contribute meaningfully to national objectives such as "Make in India," "Atmanirbhar Bharat," and employment generation. Thus, the success of MOOWR is not merely a regional imperative but a national economic strategy.

In the MOOWR scheme represents a timely and transformative policy instrument capable of significantly impacting the textile industry's growth trajectory in Western Maharashtra. By easing liquidity constraints, encouraging modernization, facilitating access to advanced technologies, and promoting sustainable practices, MOOWR aligns seamlessly with both regional aspirations and national development goals. However, unlocking its full potential requires concerted efforts from industry stakeholders, policymakers, and support agencies to foster awareness, build infrastructure, and simplify compliance frameworks. As Western Maharashtra seeks to reinforce its historic leadership in India's textile landscape, MOOWR offers a pathway toward a more vibrant, resilient, and globally integrated textile economy. The ensuing sections of this paper delve deeper into the structure of the MOOWR scheme, its operational integration with the textile sector, case studies of early adopters, and strategic recommendations to optimize its impact for sustainable industrial growth.

INTEGRATION OF MOOWR WITH STATE TEXTILE POLICIES

Maharashtra's Integrated and Sustainable Textile Policy 2023-28 aims to enhance the textile value chain through incentives and infrastructure development. Key aspects include:

Capital Subsidies: Financial assistance for machinery and technology upgrades.

Sustainability Initiatives: Support for effluent treatment plants and zero liquid discharge systems.

Skill Development: Programs to train workers in modern textile techniques.

The MOOWR scheme complements these initiatives by reducing upfront costs for imported machinery and raw materials, thereby encouraging modernization and expansion.

INVESTMENT ATTRACTION

Incentivizing Capital Flow: The MOOWR scheme provides a unique opportunity to textile manufacturers by deferring the payment of customs duties on imported raw materials, machinery, and other goods. This facilitates improved cash flow for textile units, especially those investing in advanced machinery or expanding production capabilities. By reducing the immediate financial burden of high upfront costs, MOOWR makes it easier for both new investors and existing textile units to channel their resources into growth-oriented activities.

Encouraging Technological Upgradation: One of the primary drivers of investment attraction through MOOWR is the access to cutting-edge technology. The scheme enables manufacturers to import modern machinery and equipment at reduced upfront costs, which is crucial for technological upgradation. This is particularly significant in the textile industry, where staying competitive requires constant innovation and the adoption of advanced technologies, such as automated looms, dyeing machinery, and eco-friendly processing equipment.

Fostering Global Competitiveness: The ability to defer duties and lower production costs directly enhances the export competitiveness of textile units in Western Maharashtra. As a result, the region becomes a more attractive destination for foreign investors seeking to establish manufacturing bases in India. The deferred customs duties allow these investors to capitalize on lower production costs, improving their market position in global textile trade. Additionally, the scheme facilitates the ability to meet international standards and certifications, further boosting investment appeal.

Supporting Small and Medium Enterprises (SMEs): MOOWR's structure is particularly beneficial to SMEs, who often face significant barriers to accessing capital for growth and modernization. By making it easier for smaller textile units to import equipment without upfront duty payments, the scheme levels the playing field. This encourages both domestic and international investors to consider the potential of SMEs in the region, thereby fostering overall industrial growth.

Attracting Long-term Investments: The financial flexibility offered by the MOOWR scheme makes the textile sector in Western Maharashtra an appealing area for long-term investments. With reduced operational costs and higher growth potential, investors are more inclined to commit resources to the region, knowing that the infrastructure and policy support will help

sustain their investments over time.

CONCLUSION

The MOOWR scheme plays a pivotal role in facilitating textile growth in Western Maharashtra by reducing financial burdens, encouraging modernization, and supporting sustainability. Aligning MOOWR with state policies can create a synergistic effect, propelling the region's textile industry towards global competitiveness.

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