

Scheme for Assistance to  
Strengthen Specific Sectors in  
the Textile Value Chain

Government of Gujarat  
Industries & Mines Department  
Sachivalaya, Gandhinagar  
Resolution No. TEX/102018/3327/CH

**Dated 10/01/2019**

**Read:**

1. Gujarat Industrial Policy 2015
2. Industries & Mines Department's GR No. TEX/102012/65117/T dated 05/09/2012
3. Industries & Mines Department's GR No. TEX/102012/65117/T dated 25/06/2013
4. Industries & Mines Department's GR No. TEX/102012/65117/T dated 04/09/2017

**1. Preamble**

The Textiles industry is the second most important economic activity in terms of employment generation after agriculture. It is also one of the major sources of the country's export earnings at 15%. Its share in industry output in terms of value is estimated currently at about 7%. The whole industry is undergoing major restructuring and technology change, and therefore, the government both at central and state levels are considering measures to support the industry on which livelihood of several millions of people is dependent.

Gujarat is an industrially robust state; be its geographic leverage owing to its ports or its fertile black soil producing highest amount of cotton amongst the Indian states. Gujarat as "Manchester of the East" as it was hailed earlier, has now established itself as the "Textile State of India". Being largest producer of Manmade Fibre, Synthetic Fabric and Denim, Gujarat contributes about 12% of the country's textile exports. Gujarat has the presence of the entire textiles and apparel (T&A) value chain, starting from availability of raw material, yarn production, fabric production, up to apparel and made-ups manufacturing units. Gujarat contributes 35 per cent to India's cotton production, and in case of manmade fibre production, the state's share is nearly 50 per cent.

Almost 30 per cent of India's mill sector production of fabric comes from Gujarat. The state has more than 30 sanctioned textile parks, which is second highest among all the states. Gujarat also has significant number of medium and large textile processing houses. Moreover, Gujarat contributes about 40% of the total



fabric production from man-made fibres and about 25 per cent of the country's technical textiles output.

Gujarat Textile Policy 2012 was operational till 3<sup>rd</sup> September 2018 and has proved to be a very successful scheme in terms of investment and employment generation. Sectors like Ginning, Spinning and Technical Textiles saw tremendous growth during Gujarat Textile Policy 2012. Garmenting, as found to be deserving separate attention with regard to various catalysing factors present in the state, has already been given a separate incentive scheme under the Gujarat Garment & Apparel Policy 2017 issued in October 2017.

Looking to the above, the State Government analysed the existence of all segments in the textile value chain and identified gaps in certain segments. After careful consideration, Government has decided to come out with a new scheme to strengthen the value chain and extend support to Textile Industry in the State of Gujarat.

## **2. Resolution:**

In view of the strategy under Industrial Policy 2015, the Government is pleased to introduce a **"Scheme for Assistance to Strengthen Specific Sectors in the Textile Value Chain"**

## **3. Operative Period of the Scheme.**

The operative period of the Scheme shall be from 4<sup>th</sup> September 2018 to 31<sup>st</sup> December 2023.

## **4. Definitions:**

### **4.1. Enterprise**

Enterprise means a legal entity such as Company registered under Companies Act, Partnership Firm, LLP, Industrial Cooperative Society, or Proprietary concern engaged or to be engaged in manufacturing, production, processing or job work of activities covered under paragraph 5 of this resolution.

### **4.2. New Enterprise**

New enterprise means an enterprise which has been set up as a new project and commences commercial production of eligible activity as mentioned in this resolution during the operative period of this scheme, provided it satisfies the following conditions:

- 4.2.1.** The new project should have filed a separate Industrial Entrepreneur Memorandum (IEM)/Udyog Aadhar Memorandum (UAM), as

prescribed, with the competent authority.

**4.2.2.** The new project should have separately identifiable fixed capital investment. "Separately identifiable fixed capital investment" means the new plant and machinery housed in separate premise/ building and maintaining separate books of accounts. However, the new project will not lose its eligibility if the utilities of an existing project, such as water, electricity, steam, gas, pollution control facilities etc. are utilised.

**4.2.3.** An existing enterprise that sets up a new independent project of eligible activities, with separately identifiable fixed capital investment, under this resolution, will be treated as new enterprise.

#### **4.3. Existing Enterprise**

The Existing Enterprise means an enterprise that is in production in Gujarat before initiating the expansion or forward/backward integration at the same location/premises. A new enterprise set up under this scheme that decides to carry out expansion or forward/backward integration of existing production line during the operative period of the scheme will be termed as existing enterprise in reference to the expansion or forward/backward integration.

#### **4.4. MSME Enterprise**

A Micro, Small and Medium Enterprise means an enterprise which satisfies the investment criteria in plant and machinery as per MSME Development Act, 2006 as amended from time to time. The investments made by the enterprise at different locations in any part of India and investment made under this scheme will be clubbed to determine the status of MSME.

#### **4.5. Large Enterprise**

A Large Enterprise means an enterprise of which investment in plant and machinery is more than the maximum prescribed investment for a medium enterprise under the MSME Development Act, 2006 as amended from time to time.

#### **4.6. Expansion**

Expansion means where an existing enterprise increases its investment in gross fixed capital by at least 25% at the same location of its existing project and also increases its installed capacity by at least 25% of existing product/products for which expansion is carried out. Such expansion will be eligible only if the existing enterprise has reached the utilization of existing installed capacity to the extent of at least 75% in any one of the immediately preceding two financial years.



#### **4.7. Forward/Backward integration**

If the existing enterprise makes investment to undertake forward/ backward integration of existing product line, it will be eligible for incentives under this scheme. In this case, it shall have to increase its gross fixed capital investment of the existing enterprise by at least 25% during the operative period of the scheme. Such forward/ backward integration will be eligible only if the existing enterprise has reached the utilization of existing installed capacity to the extent of at least 75% in any one of the immediately preceding two financial years. However, Ginning or Spinning as a part of forward/backward integration will not be eligible for incentives under this scheme.

#### **4.8. Gross Fixed Capital Investment**

- 4.8.1.** Gross fixed capital investment means investment made in Plant Building, Plant & Machinery, Electrification, Tools and Equipment, Accessories, Utilities and Effluent Treatment Plant required for eligible activity.
- 4.8.2.** In case of Expansion or Forward/Backward Integration, the Gross fixed capital investment made as on date on which the enterprise initiates expansion or forward/backward integration, shall be considered to determine the increase in investment.

#### **4.9. Installed Capacity**

Installed Capacity means the optimum production capacity of the plant determined as below:

- I.** In case of Company registered under the Companies Act, the installed capacity as certified by Statutory Auditor, or as certified by registered Chartered Engineer if Statutory Auditor is not required to be appointed under law, will be considered as the installed capacity.
- II.** In case of other legal entities, the installed capacity as mentioned in the appraisal report prepared by a bank or financial institution will be considered as the installed capacity.
- III.** In case where no such appraisal is available, then the production capacity as certified by an agency authorized by the Industries Commissioner, will be considered as the installed capacity.



## 5. Eligible Activities

Following manufacturing activities will be considered eligible for incentives under the scheme:

- 5.1. Weaving, including preparatory (excluding Woven Sacks)
- 5.2. Knitting
- 5.3. Dyeing and/or Printing (Processing)
- 5.4. Machine Carpeting
- 5.5. Technical Textile (excluding woven sacks in any form of packtech)
- 5.6. Made-ups (Made-ups means an article manufactured and/or stitched from any type of cloth, but does not include garment)
- 5.7. In case of composite unit, activities excluding ginning, spinning, garments and apparel
- 5.8. All other activities of Textile value chain - Crimping, Twisting, Texturizing, Thread, Sizing, Winding, Machine Embroidery.

## 6. Ineligible Activities

- 6.1. Ginning
- 6.2. Spinning
- 6.3. Garment and Apparel (Eligible under separate policy)
- 6.4. Enterprise located in Special Economic Zone

## 7. Incentive Schemes

### 7.1. Scheme I – Interest Subsidy

7.1.1. The scheme will be known as financial assistance by way of credit linked Interest Subsidy for eligible activities as specified in para 5.

#### 7.1.2. Quantum of Assistance

Interest subsidy will be given as per following rates:

Category	No. of Employee	Interest subsidy
MSME	-	6%
Large Enterprise	Providing direct employment up to 100 persons	4%
	Providing direct employment to more than 100 and up to 200 persons	4.5%
	Providing direct employment to more than 200 and up to 500 persons	5%
	Providing direct employment to more than 500 persons	6%



### **7.1.3. Other Conditions for Interest Subsidy**

- I. Interest Subsidy will be maximum up to Rs. 20 crore per annum.
- II. Eligible period of Interest Subsidy will be 5 years.
- III. New enterprise, expansion and forward/backward integration will be eligible for interest Subsidy.
- IV. Interest subsidy will be eligible on loan amount disbursed for Gross Fixed Capital Investment only.
- V. To determine the number of direct employment, only the employees registered under Employees' Provident Fund scheme will be considered.
- VI. In case of expansion or forward /backward integration, only the additional manpower employed by the existing enterprise for the said purpose will be considered.
- VII. An enterprise will be eligible for Interest Subsidy under the scheme only if it has availed term loan from commercial/cooperative bank or Financial Institution approved by RBI.
- VIII. The enterprise shall have to apply for the interest subsidy within one year from the date of first disbursement of term loan or the date of commencement of commercial production, whichever is later.
- IX. The enterprise submitting application after the time limit prescribed at clause (VIII) above will be considered subject to deduction of delayed period (from the date of commencement of commercial production to the date of submission of application) from the eligible period of 5 years and deduction of proportionate amount of interest subsidy for such delayed period.
- X. Enterprise shall opt for date of eligibility of interest subsidy either from the date of first disbursement of loan or from the date of commencement of commercial production.
- XI. The upward revision in the term loan amount along with disbursement within one year from the date of commencement of commercial production will be eligible for interest subsidy.
- XII. The enterprise will not be eligible for interest subsidy under this scheme if the term loan is disbursed after one year from the date of commencement of commercial production.
- XIII. The interest subsidy will be reimbursed only on interest levied by the Financial Institution/Bank. Penal interest or other charges will not be considered as interest.
- XIV. Interest subsidy will be disbursed only to the enterprise which pays regular instalments and interest to the bank/financial institution. If the enterprise becomes defaulter, it will not be eligible for interest subsidy for the default period, and such default period will be deducted from the period eligible for interest subsidy. The default will be determined as per the RBI guidelines.
- XV. Interest Subsidy will be in addition to any other incentives available under any other scheme of Government of India. However, total Interest Subsidy from State and Centre should not exceed the actual interest paid

by the enterprise. If total Interest subsidy of State and Centre works out to be more than that actually paid by the enterprise, the amount of interest subsidy to be reimbursed under this scheme will be reduced to that extent.

## **7.2. Scheme 2 - Power Tariff Subsidy**

- 7.2.1. Weaving Activity:** Power Tariff subsidy of Rs. 3 per billed unit (Kwh) having LT power connection and Rs. 2 per billed unit (Kwh) having HT power connection.
- 7.2.2. Other Eligible Activities:** Rs. 2 per billed unit (kwh) to enterprise having either LT connection or HT connection.
- 7.2.3. Period of Eligibility:** 5 years from the date of commencement of commercial production.
- 7.2.4.** An enterprise will be eligible for Power Tariff Subsidy under the scheme only if it has availed term loan from commercial/ cooperative bank or Financial Institution approved by RBI.
- 7.2.5.** Power Tariff Subsidy will be eligible to new enterprise, expansion and forward/backward integration. The enterprise will have to install separate sub-meter for each expansion or forward/backward integration to measure energy consumption by new Plant and Machinery and utilities installed in same premises. In case of such expansion or forward/backward integration, only the additional energy consumption (Kwh) over the average monthly energy consumption (Kwh) of immediately preceding six months of initiating expansion or forward/backward integration will be considered for eligibility of power tariff subsidy.
- 7.2.6.** An enterprise that purchases electricity from a licensee utility only will be eligible for power tariff subsidy.
- 7.2.7.** The power consumed from its own captive power plant or electricity purchased through open access will not be eligible for the Power Tariff subsidy. However, such enterprise purchasing power from licensee utility for its balance requirement of power, will be eligible for power tariff subsidy for billed units (Kwh) to the extent of the balance requirement.
- 7.2.8.** The enterprise having renewable power generation for captive consumption can avail power tariff subsidy for the balance electricity consumption from the licensee utility.



### **7.3. Scheme 3 - Assistance for Energy and Water Conservation and Environment Compliances**

7.3.1. The scheme will be known as assistance for Energy Conservation, Water Conservation and Environmental Compliance. An existing enterprise in operation for more than three years shall be eligible for assistance under the scheme.

#### **7.3.2. Quantum of Assistance**

I. Assistance of 20 % of cost of machinery and equipment, maximum up to Rs.30 lakhs; which will be applicable separately in each case of Energy Conservation, Water Conservation and Environment Compliance.

II. Assistance of 50 % of the fee paid towards Energy Audit/Water Audit, up to maximum Rs. Rs.1 lakh, which will be applicable separately in each case of audit.

7.3.3. The enterprise will be eligible for the above incentive once in 2 years of the operative period of the scheme.

7.3.4. Investment made or expenditure incurred for mandatory compliance will not be eligible for assistance under this scheme.

### **7.4. Scheme 4 - Assistance for Technology Acquisition and Upgradation**

#### **7.4.1. Eligibility:**

The enterprises acquiring new or improved or upgraded technology either indigenously or imported from recognised R & D Institution or collaborator will be considered eligible under the scheme. Mere import of Machinery or Technology will not be considered as Technology Acquisition or Upgradation.

#### **7.4.2. Quantum of Assistance:**

The enterprise acquiring the technology will be provided financial assistance of up to 50% of the investment for technology acquisition / upgradation, with maximum of Rs. 25 lakhs, once during operative period of the scheme.



## **7.5. Scheme 5 - Support for Establishing Textile Park**

### **7.5.1. Eligibility:**

- I. Any Industry Association, Company, Cooperative Society, Partnership Firm, any other legal body or any Government body such as GIDC, shall be eligible as developer to avail assistance under the scheme.
- II. The park must have minimum area of 25 acres and minimum 20 number of enterprises. Moreover, Park must have minimum 80% units in the Textile Value Chain.

### **7.5.2. Common Facilities and Infrastructure:**

#### **I. Minimum Common Facilities:**

The developer shall have to provide following common facilities:

1. Canteen
2. Restrooms
3. Drinking water
4. Primary medical facilities for workers
5. Common parking
6. Garden and green space
7. Communication network
8. Fire safety/ fire-fighting facilities with equipment as per prevailing norms

#### **II. Minimum Common Infrastructure:**

The developer shall have to provide minimum infrastructure as follows:

1. Internal roads
2. Power lines
3. Streetlights
4. Water distribution system and water augmentation facilities
5. Sewage facility and drainage lines
6. Storm water drainage system
7. Effluent collection, treatment and disposal facilities as per norms
8. Security

#### **III. Additional Infrastructure:**

Following infrastructure will also be eligible for assistance if investment is made by developer:

1. Boundary wall
2. Display Center for the products of enterprises established in the Park



3. Other facilities as may be required in the Park, as approved by SLEC

The expenditure incurred for development of such infrastructure shall be considered for financial assistance. No link infrastructure outside the park area shall be considered eligible under the scheme.

**7.5.3. Quantum of assistance:**

- I. The Textile Park will be provided financial assistance @ 25% of capital expenditure for establishing common facilities, common infrastructure and additional infrastructure (except land cost), maximum up to Rs. 15 crore.
- II. The developer of Park will be eligible for reimbursement of 100% of stamp duty paid on purchase of land required for the new Park as approved by SLEC.
- III. The individual enterprise which is set up in the Park will also be eligible for reimbursement of 100% stamp duty paid on purchase of plot/shed in the Textile Park. The reimbursement will be available only once to the developer on purchase of land and to the first purchaser of an individual enterprise.
- IV. In addition, the Park will be provided financial assistance @ 25% of the cost of Hostel/ Dormitory Housing within the Park for a minimum of 100 workers domiciled in Gujarat, up to a maximum of Rs. 7.50 crores, if prior approval of the SLEC is obtained for the same.
- V. The disbursement of assistance will be made @ 25%, and @ 50% based on expenditure incurred at least by @ 50% and @ 75% respectively and final payment will be made after completion of the Textile park.

**7.5.4. Conditions for Textile Park:**

- I. The developer of the textile park availing incentive under the scheme will not be eligible to avail incentive under any other scheme of the State Government. However, the enterprises coming up in the park will be entitled to avail incentive under any other scheme of State Government, if eligible.
- II. The construction of infrastructure facilities of the sanctioned project should be completed within the period of 3 years from the date of approval of project by SLEC. The SLEC may extend the project completion period for valid reasons. Failure to complete the Textile Park within the specified period will attract the recovery of Stamp Duty.



Failure to complete the project within the period specified above will render the project ineligible for financial assistance.

- III. Expansion or modification/ modernization of existing industrial park shall not be eligible under this scheme.
- IV. The promoter/ developer of the park shall operate and maintain the park for minimum 5 years after the completion of the Park. Otherwise, sanctioned/ disbursed/ reimbursed amount of assistance will be liable to be recovered.
- V. Industries Commissioner will prescribe the arrangements for O&M and Third Party Inspection, which will have to be complied with by the developer, in order to claim assistance under the scheme.

#### **8. General Terms & Conditions:**

- 8.1. The enterprise eligible for incentive under this resolution shall apply for registration to the concerned District Industries Center in case of MSME and to the Industries Commissioner in case of large enterprise, in the format to be prescribed by Industries Commissioner, before commencement of commercial production or within 60 days of the coming into force of this resolution whichever is later. The District Industries Center in case of MSME and Industries Commissioner in case of large enterprise shall take decision on the application within 30 days.
- 8.2. The enterprise must start commercial operation within the operative period of the scheme and will have to remain in production for at least 10 years from the date of commencement of commercial production.
- 8.3. The term loan disbursed within the operative period will be considered eligible for interest subsidy.
- 8.4. The asset eligible for interest subsidy under the scheme shall have to be new assets (not second hand, except as provided in paragraph 8.5 below) and shall be purchased only from a dealer (manufacturer or authorised dealer) registered under the GST Act. Only such assets will be eligible for interest subsidy.
- 8.5. Imported second hand machinery having maximum 10 years' vintage and with a residual life of minimum 10 years, duly certified by the competent authority such as Chartered Engineer/ Chartered Accountant will be eligible, if term loan is availed thereon.
- 8.6. If the District Industries Center or Industries Commissioner is of the view that the market value of any asset under the gross fixed capital investment is substantially lower than that submitted by the enterprise, the Industries



Commissioner can obtain opinion or have independent valuation done by an authorised valuer. In such case the expense incurred for the opinion/valuation shall be borne by Industries Commissioner.

- 8.7. Existing enterprise is eligible to avail incentives under this scheme for a maximum of three expansions including one forward/backward integration during the operative period.
- 8.8. At least 85% of the total manpower of the enterprise and at least 60% of supervisory and managerial staff shall have to be domiciled in Gujarat.
- 8.9. The enterprise will have to observe pollution control measures as prescribed by GPCB or other competent authority.
- 8.10. Notwithstanding anything mentioned in para 18 of the Gujarat Industrial Policy 2015 – Scheme for incentive to industries, vide resolution no. INC-102015-645918-I dated 25.07.2016, an enterprise setting up the project of eligible activities as mentioned in para 5 of this resolution will not be entitled for incentive under the resolution no. INC-102015-645918-I dated 25.07.2016 or any other incentive scheme of state government. However, the enterprise shall be entitled to avail the incentives/assistance under any scheme of Government of India.

#### 9. Sanctioning Authorities:

The incentives to eligible enterprise will be sanctioned by the following authorities:

##### 9.1. District Level Approval Committee for MSME:

1	District Collector	Chairman
2	District Development Officer	Member
3	Deputy/Assistant Commissioner of Labour	Member
4	Deputy/ Assistant Commissioner of State Taxes	Member
5	Lead District Manager	Member
6	President of a reputed Industries Association or Chamber of Commerce in the District, to be nominated by District Collector	Member
7	General Manager, District Industries Center	Member Secretary



**9.2. State Level Approval Committee:** For Projects other than MSMEs with GFCI up to Rs.50 Crores:

1	ACS/PS, Industries & Mines	Chairman
2	Industries Commissioner	Member
3	Secretary (EA), Finance Department	Member
4	JS/DS, Energy & Petrochemicals Dept.	Member
5	JS/DS (Textiles), Industries & Mines Dept.	Member
6	Director, Employment & Training	Member
7	Member Secretary, GPCB	Member
8	Convener, SLBC or his representative not below the rank of General Manager	Member
9	President, GCCI	Member
10	Addl. Industries Commissioner	Member Secretary

**9.3. State Level Empowered Committee:** Projects other than MSME with GFCI above Rs.50 Crores:

1	Hon'ble Minister/MoS (Industries)	Chairman
2	ACS/PS, Finance Dept.	Member
3	ACS/PS, Energy & Petrochemicals Dept.	Member
4	ACS/PS, Industries & Mines Dept.	Member
5	ACS/PS, Environment & Forest Dept.	Member
6	ACS/PS, Labour & Employment Dept.	Member
7	Convener, SLBC	Member
8	President, GCCI	Member
9	Industries Commissioner	Member Secretary

9.4. Any dispute, interpretation or contention under this resolution shall be referred to the SLEC, whose decision shall be final and binding.

9.5. In case of MSME, the assistance will be disbursed by District Industries Center. In other cases the disbursement will be made by Industries Commissioner.



## 10. Procedure

- 10.1. The schemes will be implemented and monitored by Industries Commissioner.
- 10.2. The Industries Commissioner will decide the procedure and issue guidelines for third party inspection, audit, monitoring, technical opinion, forensic audit, as may be required. The expenditure incurred on obtaining these services will be booked under the budget head mentioned in this resolution.
- 10.3. The submission of application for registration and claim, and disbursement, will be online. Industries Commissioner shall determine the procedure thereof.

## 11. Expenditure

The expenditure on this account will be met from the sanctioned grant of the respective financial year under the following budget head:

Demand No	49(Plan)
Major Head	2852(Industries)
Sub- Major Head	80(General)
Minor Head	800 Other Expenditure
Sub Head	IND-9, Development of Textile Industry
Detailed sub head	Object Head 2852 80 800319 Subsidies (c) to others

This scheme is issued with the concurrence of Finance Department dated 08.01.2019 on this department file of even number.

By order and in the name of the Governor of Gujarat,



(Anand Bihola)

Deputy Secretary to Government

Copy to:-

1. Secretary to H. H. Governor of Gujarat Rajbhavan, Gandhinagar (By Letter)
2. Principal Secretary to Hon'ble Chief Minister, Sachivalaya, Gandhinagar.
3. PS to All Hon. Ministers/Minister of State, Sachivalaya, Gandhinagar.
4. Deputy Secretary to Chief Secretary, Sachivalaya, Gandhinagar.
5. The Addl. Chief Secretary, Finance Department, Sachivalaya, Gandhinagar.
6. The Addl. Chief Secretary, Energy & Petrochemicals Department, Sachivalaya, Gandhinagar.
7. The Principal Secretary, Revenue Department, Sachivalaya, Gandhinagar.
8. Commercial Tax Commissioner, Ahmedabad.

9. Industries Commissioner, Udyog Bhavan, Gandhinagar.
10. Managing Director, GIDC, Udyog Bhavan, Gandhinagar.
11. Commissioner of Cottage and Rural Industries, Udyog Bhavan, Gandhinagar
12. Secretary, Gujarat Electricity Regulatory Commission, Ashram Road, Ahmedabad.
13. Director of Employment and Training, Dr. Jivraj Mehta Bhavan, Gandhinagar.
14. Commissioner of Information, Dr. Jivraj Mehta Bhavan, Gandhinagar.
15. All District Industries Centers (Through Industries Commissioner )
16. All Departments of Sachivalaya, Gandhinagar.
17. I.T Branch, I&M Department, Sachivalya, Gandhinagar.
18. The President, Gujarat Chamber of Commerce and Industries, Ashram Road, Ahmedabad.
19. Select File.