

# **Textile Policy 2017**

**Department of Industries and Commerce**

**[haryanaindustries.gov.in](http://haryanaindustries.gov.in) & [hsiidc.org.in](http://hsiidc.org.in)**

## **Preamble**

The textile and apparel industry is pivotal for the Indian economy by way of its momentous contribution to the GDP, industrial output, export earnings and employment generation. Government of India's thrust on textiles through 'Make in India', coupled with its emphasis on reforms and ease of doing business, augur well for the industry which offers a resilient outlook going forward. The textile sector in India is poised to grow at a CAGR of 8.7% (between 2009-23E) reaching USD 226 billion by 2023.

Considering the immense potential for growth that exists in this sector, the State government recognizes that Haryana with its strong existing infrastructure for textiles, abundant supply of raw material, skilled labor and strategic location is ideally positioned to benefit from this opportunity. Through an innovative strategy and targeted interventions, the textiles industry in the state can attain strong growth, buoyed by both increased domestic consumption and growth in exports. This policy aims to promote and develop a robust textile industry that generates employment and positions Haryana as a preferred destination for global textile majors.

## **Textile Sector in Haryana: An Overview**

The textile industry in Haryana exhibits strength across the entire value chain from fibre to fashion. The state is one of the leading cotton producers in the country with Sirsa, Fatehabad, Bhiwani, Hisar and Jind being the main cotton producing districts. This bounteous availability of raw materials gives Haryana a competitive advantage in the textile sector. The cluster based approach to industrial development has produced robust textile centres such as Panipat, Gurugram, Faridabad, Hisar and Sonipat. The sector today provides employment to approx. 1 million people with readymade garments worth USD 2 billion being exported from the state annually.

## **Vision**

To establish Haryana as a preferred destination for textile manufacturing not only in India but also globally and to promote sustainable growth of the entire value chain.

## **Mission**

- a) To promote export of all type of textiles with special thrust on products such as garments, made ups, technical textiles etc. by creating a favorable ecosystem for the same.
- b) Foster a culture of excellence in research, innovation and entrepreneurship.
- c) To create world class training infrastructure in textile space to nurture and develop the local talent to globally competitive standard.

## **Objective**

- a) To attract investment in the textile sector to the tune of Rs 5000 Cr.
- b) To generate 50000 new jobs in the textile sector.
- c) To boost textile export by CAGR of 20% during the policy period.
- d) To achieve balanced regional growth especially promoting growth in the regions that are lagging in development

## **Definitions**

### **New Enterprise**

An enterprise which commences commercial production during the operative period of this policy after installation of new Plant & Machinery and has obtained acknowledgement of filing Udyog Aadhar Memorandum (UAM) with the concerned District Industries Center (DIC) or Industrial Entrepreneur Memorandum (IEM) with the Secretariat for Industrial Assistance (SIA), Department of Industrial Policy & Promotion (DIPP), Government of India or has acquired EOU status from Government of India post the date of notification of this policy. Existing enterprise setting up a new facility with new Plant & Machinery at new/different location will be considered as new enterprise

### **Existing Enterprise**

Existing Enterprise means the enterprise which has filed UAM with the concerned DIC or IEM with GoI and is implementing expansion/ diversification/ modernization in the project for carrying out activity indicated in this resolution.

### **Expansion/ Diversification**

Existing units taking up expansion and/or diversification with or without forward/backward integration, with investment more than 50% of its existing gross fixed capital investment as on date of initiating expansion/diversification and commencing production of said expansion/diversification during the operative period of the scheme shall be treated as undertaking Expansion/Diversification.

### **Modernization / Technology Up gradation**

Existing units in the textiles sector would be considered as units undergoing modernization / technology up-gradation, in case they have Plant & Machinery of certain kind and they have brought in Plant & Machinery of an upgraded version as a replacement of the existing Plant & Machinery (as specified under TUFSS Scheme of Government of India) within the unit, provided investment is more than 50% of existing gross fixed capital investment as on date of initiating modernization/technology up-gradation

## **Gross Fixed Capital Investment**

Gross fixed capital investment means original value of investment in Plant & Machinery before a unit commences expansion/diversification/ modernization

(Note: In calculating the investment in Plant & Machinery, cost of pollution control, research and development, industrial safety devices and such other items as may be specified by notifications shall be excluded.)

## **Mega Project**

Projects with Gross Fixed Capital Investment more than Rs 100 crore will be accorded mega project status.

## **Large Enterprise**

Where the investment in Plant & Machinery is more than Rs 10 crore (or over and above of limit of Medium units defined under MSMED Act, 2006 time to time) and does not exceed Rs 100 crore.

## **Medium Enterprise**

Where the investment in Plant & Machinery is more than Rs 5 crore but does not exceed Rs 10 crore or amended under MSMED the Act, 2006 from time to time.

## **Small Enterprise**

Where the investment in Plant & Machinery is more than Rs 25 lakh but does not exceed Rs 5 crore or amended under MSMED the Act, 2006 from time to time.

## **Micro Enterprise**

Where the investment in Plant & Machinery does not exceed Rs 25 lakh or amended under MSMED the Act, 2006 from time to time

Note: 'Categories' of textile enterprises shall include Mega projects, Large, Medium, Small and Micro enterprises.

## **Textile Sector/Textile Enterprises**

The term 'Textile sector/Textile enterprises' shall include all units which are engaged in various value chain activities of the industry such as Ginning & Pressing, Cotton Spinning, Weaving, Dyeing & Processing, Technical textiles, Knitting, Garment/Made-ups, Machine Carpeting, Machine Embroidery and any other activities/process like crimping, texturizing, twisting, winding, sizing etc.

## **Eligibility**

- a) This policy shall come into effect on the date of its notification in the Government of Haryana official gazette and shall remain in force till it is amended or superseded by the Government
- b) Unit which commences commercial production during the operative period of this policy after installation of new Plant & Machinery and which has obtained acknowledgement of filing Udyog Aadhar Memorandum (UAM) with the concerned District Industries Center (DIC) or Industrial Entrepreneur Memorandum (IEM) with the Secretariat for Industrial Assistance, Department of Industrial Policy & Promotion (DIPP), Government of India or EOU status from Government of India post the date of notification of this policy will be eligible for incentives for new enterprises under this Policy.
- c) The incentive of freight assistance shall be available for all new/existing exporting manufacturing enterprises.
- d) For claiming all the incentives prescribed in this policy, enterprises have to maintain registered office in the State of Haryana.

### **1. Fiscal Incentives**

#### **1.1) Interest Rebate/Subsidy**

- i. Interest subsidy @ 6% per annum for garments/ made-ups/knitting/ embroidery/ technical textiles and @ 5% per annum for ginning/ cotton spinning/dyeing and processing/power loom including shuttle less loom, on term loan for new/expansion/diversification/modernization projects for 5 years in 'C' and 'D' category blocks
- ii. Interest subsidy @ 5% per annum for garments/ made-ups/ knitting/ embroidery/ technical textiles and @ 4% per annum for ginning/cotton spinning /dyeing and processing/ power loom including shuttle less loom, on term loan for new/ expansion/diversification/modernization projects for 5 years in 'A' and 'B' category blocks.
- iii. Interest subsidy shall be available to all categories of textile enterprises
- iv. Interest Subsidy shall be provided in addition to interest rebate available under GOI schemes subject to ceiling of Bank Lending Rate. For the purpose of interest subsidy, the enterprise shall get term loan from Financial Institution/ Bank recognized by Reserve Bank of India.
- v. All machineries specified in TUFs list would be eligible for benefit of the scheme.
- vi. The enterprises which have acquired second hand imported machineries having 10 years vintage and with a residual life of minimum 10 years, duly certified by the competent authority like Chartered Engineer/ Chartered Account etc. will be considered eligible for support under the scheme with a condition in the line of latest TUF scheme of Government of India
- vii. The support against the second hand imported machineries will be given only after successful operation of the machineries for six months period after commissioning by the enterprise

### **1.2) Capital subsidy**

Capital subsidy @10% on the Eligible capital investment for new/expansion/diversification/modernization projects to all categories of textile enterprises across state. Eligible capital investment means investment in Plant & Machinery eligible for capital subsidy under ATUFS. The capital investment subsidy will be released in full in one go on eligible capital investment, only after satisfactory installation/commissioning and commencement of production.

### **1.3) Capital subsidy on benchmarked machinery in Technical textiles (including non-woven)**

Capital subsidy @10% shall be provided across state on specified machinery required in manufacturing in technical textiles.

### **1.4) Stamp Duty**

100% refund of stamp duty on purchase/ leasing of land for establishment of enterprise including Industrial Estates developed by HSIIDC/ private developer in 'C' & 'D', 80% in 'B' and 50% in 'A' category blocks after commencement of commercial production, within 5 years from the date of filing of UAM/IEM.

### **1.5) Mandi Fees Exemption**

100% exemption in case of ginning enterprises in 'B', 'C' and 'D' category blocks.

### **1.6) Employment Generation Subsidy**

For capacity building of persons belonging to Haryana (skilled, semi-skilled/unskilled) engaged minimum of 50% of total employment, the subsidy @ Rs 36,000/- per year for SC/ Women and Rs 30,000/- per year for General category for 5 years subject to a ceiling of Rs 50 lakh/year/unit in 'B', 'C' & 'D' category blocks and @ Rs 18,000/- per year for SC/ Women and Rs 15,000/- per year for General category for 5 years subject to a ceiling of Rs 25 lakh /year/unit in 'A' block. The said incentive will be available to all new/expansion/diversification projects in the textile sector as per the definitions provided in this policy.

Additional/New employment for the current financial year shall be determined on the basis of strength of the workforce of the industrial unit as on 31<sup>st</sup> March of preceding financial year. For claiming Employment Generation Subsidy, unit has to mandatorily access the Saksham Portal ([www.hreyahs.gov.in](http://www.hreyahs.gov.in)) launched by Director Employment, Haryana for filling up the vacancies and in case of non-availability of such personnel's, a certificate has to be obtained from District Employment officer for submitting with the claim.

### **1.7) EDC Charges**

- i. 100% exemption of External Development Charges in 'C' & 'D' category blocks for all categories of enterprises

- ii. 50% exemption of External Development Charges in 'A' & 'B' category blocks for all categories of enterprises

### **1.8) Electricity Duty Exemption**

100% electricity duty exemption for 10 years from the date of release of electricity connection only for new enterprises in 'B', 'C' and 'D' category blocks and for 5 years only for new enterprises in 'A' category block

### **1.9) Assistance for Technology Acquisition**

Textile enterprises acquiring technology will be provided financial assistance upto 50% of cost for adopting technology from recognized National Institutes, maximum up to Rs 25 lakh. This benefit shall be available to all category of enterprises.

### **1.10) Fiscal Support for Recycling units**

To encourage waste recycling, Government shall extend capital subsidy @25% of the cost of equipment or Rs 20 lakh per year or net VAT/ SGST paid in the State by the enterprise during the relevant year whichever is less.

### **1.11) Freight Assistance**

Export oriented units have to bear additional transportation cost which makes their product uncompetitive for export in comparison to the units located in the coastal areas. In order to defray the transportation cost partially, 1% of FoB value or the actual freight cost, whichever is less and maximum up to Rs 20 lakh will be provided to all categories of exporting enterprises located anywhere in the State.

**Note: Enterprises availing a kind of incentive under this policy will not be eligible to avail similar incentive under EPP2015 however will be eligible for other incentive not specified in this policy**

## **2. Infrastructure Augmentation**

The Government envisions world class infrastructure for the textile sector to provide an enabling ecosystem for the upcoming units. Some of the key measures in this direction are as follows-

### **2.1) Support for Common Effluent Treatment Plant (CETP)**

- i. For CETPs involving primary/ secondary/tertiary treatment, financial assistance shall be provided by State Government to the tune of 75% of project cost, subject to a ceiling of Rs. 1.75 crore/MLD. The remaining 25% of the project cost shall be borne by the SPV.
- ii. The project cost shall include Plant & Machinery for Primary, Secondary and Tertiary treatment, On-site laboratory with standard set of instruments and related technologies. Land for CETPs shall be provided by the State Government

## **2.2) International Quality Testing Centre at Panipat**

To meet the demand of an International Quality Testing Centre at Panipat, the existing Quality Marking Centre for Textile Goods at Old Industrial Area, Panipat shall be upgraded to world class standards. Dept. of Industries shall provide necessary financial support for the arrangement.

## **2.3) Setting up of a Sliver Plant**

Government shall facilitate the setting up of a Sliver Plant in the state following a feasibility study for the project from Northern India Textile Research Association (NITRA).

## **2.4) Centre of Excellence for Textile at Bhiwani**

State government shall set up a Centre of Excellence for Textiles in collaboration with TITS at Bhiwani. The centre shall have facilities for Research and Development, Testing and Evaluation of Textiles, Quality Certification, Technical Services and Consultancy.

Centre of Excellence would play an instrumental role in design development and forecasting fashion trends in textile sector. It would provide assistance in organizing workshops and training programs and would also provide strong mentoring support from industry experts on achieving technical expertise for new investors.

The Centre of Excellence will also establish an Information Centre to facilitate dissemination of information through sample exhibits, awareness programmes, e-library, video conferencing and publication of books, journals and technical know-how to the manufacturers and users of textile products.

## **2.5) Creation of Infrastructure for the supply of Ultra filtered and RO treated water from STPs**

State Government shall create infrastructure in form of water pipeline network for supply of tertiary treated water (with subsequent Ultra Filtration and RO treatment) from Sewerage Treatment Plants to cluster of textile industries for processing and industrial use. This initiative will reduce the usage of fresh/underground water by industrial establishment.

## **2.6) Enhanced Availability of Affordable Land Parcel for Industrial Purpose**

- i. Availability of Land on long lease: HSIIDC to offer industrial parcel for a lease of 33 years with 5% increase in annual lease rent
- ii. Panchayat land to be made available on lease for industrial development



### 3. Textile Parks/Clusters

#### 3.1) Support for establishing Textile Parks

Government will provide assistance to promoter/developer of the Textile Park with provision for at least 10 manufacturing enterprises for developing common infrastructure facilities which will include internal roads, power lines, communication facilities, water distribution lines, sewage and drainage lines, effluent treatment and disposal facilities, storage facilities, common facility centre like boilers, training centre etc. The expenditure incurred for such infrastructure development shall only be considered. The quantum of assistance shall be as follows:

**Financial assistance:** 50% of total project cost with maximum limit of Rs 10 crore for establishing common infrastructure facilities.

Besides this the promoter/developer of the park will also be eligible for the following benefits-

**Stamp Duty Exemption:** 100% exemption of stamp duty on purchase of land required for Textile Park.

**EDC:** 50 % exemption of applicable EDC charges.

Common facilities shall mandatorily be provided by the developer. The construction of infrastructure facilities of the sanctioned project should be completed within the period of 5 years from the date of approval of project.

Failure to complete within the specified period will attract the recovery of Stamp duty .Failure to complete the project within period specified as above, will render the project ineligible for financial assistance. The promoter/ developer of the project shall commit to hold at least 20% equity participation in the project. The project would be eligible for benefits provided it remains operational for seven years from the date of commencement of production.

**Note: Only those Textile Parks will be eligible for financial assistance having filed their application for establishment of the park after the issuance of notification of this policy. The cases already granted in principle approval from Govt. of India for setting up of textile park prior to issuance of the notification of this policy will not be eligible for financial assistance.**

#### 3.2) Setting up of a Garmenting park

State Government shall facilitate the setting up of Textile Parks exclusively for Garmenting units with provision of labor housing and built up sheds(to be provided on lease basis) to facilitate expansion of the garmenting industry in the state.

#### 3.3) Textile Park exclusively for Dyers & Processors at Faridabad

Government under its Land Aggregation scheme shall facilitate rehabilitation of Dyers & Processors by making available Land for units at affordable rates as well as facilitating clearances like CLU clearances under Single Window Clearance Mechanism

### **3.4) Setting up of a Textile Park at Hansi**

State Government shall facilitate setting up of a Textile Park at Hansi in district Hisar. The Textile Park shall house Weaving, Sizing and Garmenting enterprises to augment the already strong infrastructure for ginning, spinning that already exists in that region. The Government shall facilitate all the requisite clearances, wherever needed, for setting up the Park and providing the necessary assistance for Power, Water and other utilities to the Park.

### **3.5) Development of Special Clusters**

State Govt. shall facilitate the process of development of clusters i.e. Carpet cluster at Panipat, Hosiery cluster at Sirsa and Garmenting cluster at Gurugram. The Govt. shall coordinate with the Office of The Development Commissioner Handloom/Handicraft, agencies such as Carpet Export Promotion Council, Apparel Export Promotion Council and other stakeholders to foster the formation of high performing textile clusters in the state.

## **4. Skill Training/Entrepreneurship**

The progress of textile industry is dependent on the availability of high quality manpower. While, Haryana is privileged to have many reputed institutions, it is essential to enlarge the pool of individuals who can meet the industry expectations. To fill the skill gap and support Human capital development in the State some of the new initiatives undertaken by Government of Haryana are stated below

### **4.1) Support for Skill Development**

To address the shortfall of skilled manpower in the textile sector, State Government shall encourage private players to conduct skill development training programmes by reimbursing 75% of the total cost of these programmes (balance 25% would be met by the private player) subject to a maximum cost of Rs 10,000 per trainee

In lieu of this assistance, private player shall assure 75% guaranteed placement of the trainees (at least for 6 months). Further private player shall also ensure that all successful trainees are certified by empanelled certification agencies (under ISDS of Ministry of Textiles)

### **4.2) Support for Textile Training Centers**

For establishment of new training centers or up gradation of existing training centers, government shall provide financial support to the extent of 50% of the investment towards purchase of equipment and machinery (including installation cost), electrification and necessary furniture needed subject to a maximum amount of Rs 30 lakh per center

### **4.3) Collaboration with premier engineering and research institutes such as IIT Delhi for Skill Training/Entrepreneurship and New Product Development in Technical textiles**

- i. Recently, the Textile Department has collaborated with IIT Delhi to setup a focused incubation centre for Technical textiles, wherein the GOI would give financial assistance

in setting up the incubation centre. State Govt. shall collaborate with IIT Delhi for reserving 20 seats per quarter for entrepreneurs from Haryana for skill training workshops at the centre.

State government shall provide 50% sponsorship to these 20 entrepreneurs and in lieu of reserving these 20 seats, government shall additionally adequately reimburse the recurring expenses incurred by IIT Delhi for running this incubation centre subject to a ceiling of Rs 12,500 per entrepreneur from Haryana

- ii. Further to encourage entrepreneurship in Technical textiles, State Government shall reimburse 25% of cost (with a cap of Rs 15 lakh/product) incurred by the entrepreneur for any such new product development in Technical textile segment

## **5. Interventions for Khadi Industry**

### **5.1) Empanelment of quality designers from leading Fashion and Design Institutes**

State Government with the help of KVIC/ Design institutions such as NIFT shall create a panel of good designers and subsidize the retainer fee paid by the Khadi institutions to these designers @ Rs 20,000 per designer per month for one year.

### **5.2) Provision of Retail space for Khadi institutions at nominal rates**

State government shall facilitate retail space at nominal rates for Khadi institutions. Locations such as famous tourist spots, places with heavy footfall such as airports, retail hubs etc. to be explored for such opportunities.

### **5.3) Provision of Working capital fund for Khadi Institutions**

State Government shall give financial assistance to Khadi institutions to address the shortfall in Working Capital requirement through interest subsidy @6% ,maximum up to Rs 5 lakh on working capital loans availed by Khadi Institutions