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HARYANA GOVERNMENT

INDUSTRIES & COMMERCE DEPARTMENT

Notification

The 22nd February, 2019.

No. 25/05/2019-4IB-I.— The Governor of Haryana is pleased to notify Haryana Textile Policy-2019 which will be effective from date of Notification. The Haryana Textile Policy-2019 placed below at Annexure- 'A'. This is issued with the concurrence of the Finance Department *vide* their U.O. No. 1/26/2018-IFD-III/6440 dated 21.02.2019.

Chandigarh:
The 21st February, 2019.

DEVENDER SINGH,
Additional Chief Secretary to Government of Haryana,
Industries & Commerce Department.

Transforming Haryana-Progressing Haryana

Haryana Textile Policy 2019

Department of Industries & Commerce Haryana
haryanaindustries.gov.in

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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 fiber 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 centers such as Panipat, Gurugram, Faridabad, Hisar and Sonipat. The sector today provides employment to approx. 1 million people with readymade garments worth USD 3 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

- 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.
- Foster a culture of excellence in research, innovation and entrepreneurship.
- To create world class training infrastructure in textile space to nurture and develop the local talent to globally competitive standard.

Objective

- To attract investment in the textile sector to the tune of INR 5000 crore.
- To generate 50000 new jobs in the textile sector.
- To boost textile export by CAGR of 20% during the policy period.
- 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 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 or INR 10 crore, 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 TUFs/ MTUFs/RTUFs/RR-TUFs/ATUFs scheme of Government of India) within the unit, provided investment is more than 50% of existing gross fixed capital investment or INR 10 crore, 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 INR 100 crore will be

Anchor Unit

An enterprise with Fixed Capital Investment of INR 100 crore or more and which provides employment to 1000 people or more, with at least 70% of the total unskilled employment to people of Haryana domicile and at least 30% of overall employment to people of Haryana domicile. In addition, the enterprise shall bring minimum two ancillary units shall be accorded anchor unit status. These ancillary units can be setup anywhere across Haryana.

Large Enterprise

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

Medium Enterprise

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

Small Enterprise

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

Micro Enterprise

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

Note: 'Categories' of textile enterprises shall include 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, Spinning, Recycled PSF manufacturing, Weaving, Tufting, Dyeing & Processing, Technical textiles (including non-woven), Knitting, Garment/Made-ups, Machine Carpeting, Extruding, Machine Embroidery and any other activities/process like crimping, texturizing, twisting, winding, sizing etc. and in Textile machine manufacturing.

Eligibility

1. 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
2. Unit which commences commercial production during the operative period of this policy post the date of notification of this policy will be eligible for incentives under this policy. However, the investment incurred on/after 01.04.2017 will be taken into account for consideration of incentives

1. Fiscal Incentives

1.1) Scheme for Textile Parks

1.1.1) Support for promoter/developer of the Textile Park

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

Eligibility: The textile park to be set-up in "C" and "D" category block should have at least 5 manufacturing enterprises and minimum area of 10 acres. The Textile Park to be set-up in "A" and "B" category block should have at least 10 manufacturing enterprises and minimum area of 25 acres.

Financial assistance: 50% of total project cost with maximum limit of INR 10 crore for establishing common infrastructure facilities. In addition, the park will be provided financial assistance @50% of project cost of Hostel/ Dormitory Housing for domicile workers maximum up to INR 2 crore and @25% of the investment towards purchase of equipment and machinery (including installation cost) maximum up to INR 20 lakh for skill training of work force. Besides this the promoter/developer of the park will also be eligible for the following benefits-

Stamp Duty: 100% reimbursement of stamp duty on purchase/lease of land required for Textile Park.

External Development Charges (EDC): "For an industrial licence granted in the Agriculture Zone, the cost of providing infrastructure by various agencies/departments of the State Government sought by the licensee shall be charged on actual basis. For industrial licence granted in an urbanisable zone, external development charges shall be levied as per the rates determined by the Government from time to time."

Infrastructure Development Charges (IDC): 100% exemption of applicable charges.

However statutory charges such a license fee, scrutiny fee, conversion charges shall be payable.

Common facilities shall mandatorily be provided by the promoter/developer. The construction of infrastructure facilities of the sanctioned project should be completed within the period of 7 years from the date of approval of project.

Failure to complete 70% the project (i.e. at least 7 units in the park should become operational) within the period specified above, will render the project ineligible for financial assistance and will attract the recovery of Stamp duty. 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. Textile Parks sanctioned by the State Government can avail incentives under schemes of Government of India, if eligible.

The State Government shall enable speedy implementation of new Textile parks by facilitating requisite approvals in a time bound manner. Approvals for key services shall be brought under Right to Service Act with the timeline of 45 days for granting these approval

Note: EDC and IDC (Infrastructure Development Charges) shall not be exempted for those textile parks which have already been issued License by Town and Country planning Department.

1.1.2) Incentives for Textile units set up in the Textile parks in A & B category blocks**Interest Rebate/Subsidy**

1. Interest subsidy @ 3% per annum, maximum up to INR 15 lakh per annum for textile enterprises on term loan for new/expansion/ diversification/modernization projects for 7 years.
2. Interest subsidy shall be available to all categories of textile enterprises

Capital Subsidy

1. Capital subsidy @10%, maximum up to INR 20 lakh on the Eligible capital investment for new/expansion/diversification/modernization projects to all categories of textile enterprises
2. However for women entrepreneurs (having more than 50% shareholding in a Company/Partnership/LLP), capital subsidy @ 15 %, maximum up to INR 25 lakh

shall be provided on the Eligible capital investment for new/expansion/diversification/modernization projects to all categories of such units.

3. In case of Technical textile projects, capital subsidy @ 15 %,maximum up to INR 25 lakh shall be provided on the Eligible capital investment for new/expansion/diversification/modernization projects to all categories of such units.
4. Eligible capital investment means investment in Plant & Machinery specified in TUFs/ MTUFs/RTUFs/RR-TUFs/ATUFs.

Stamp Duty Refund

Reimbursement @50% of stamp duty paid by individual units on purchase/lease of land and building

Interest free loan on SGST

Individual units set up in Textile Parks shall be eligible for interest free loan equivalent to the net SGST paid by the unit for a period of 7 years from the date of commencement of commercial production to be repayable after period of 5 years from the date of disbursement of the interest free loan.

Note: The maximum limit of the sum of all incentives to individual units in Textile Parks shall not exceed 100% of Gross Fixed Capital Investment.

1.1.3) Incentives for Textile units set up within and 'even outside' the Textile parks in C & D category blocks

Interest Rebate/Subsidy

1. Interest subsidy @ 8% per annum subject to a total maximum up to INR 2 crore for textile enterprises on term loan for new/expansion/ diversification/modernization projects for 7 years.
2. Interest subsidy shall be available to all categories of textile enterprises

Capital Subsidy

1. In order to attract Anchor unit, capital subsidy @25%,maximum up to INR 50 crore on the Eligible capital investment for new/expansion/diversification/modernization projects to all categories of textile enterprises

2. Eligible capital investment means investment in Plant & Machinery specified in TUFs/ MTUFs/RTUFs/RR-TUFs/ATUFs.

Stamp Duty Refund

Reimbursement @100% of stamp duty paid by individual units on purchase/lease of land and building

Interest free loan on SGST

Textile units shall be eligible for interest free loan equivalent to the net SGST paid by the unit for a period of 7 years from the date of commencement of commercial production to be repayable after period of 5 years from the date of disbursement of the interest free loan.

Employment Generation Subsidy:

For capacity building of persons belonging to Haryana (skilled/semi-skilled) engaged minimum of 50% of total employment, state shall provide employment generation subsidy @ INR 36,000/- per year for SC/ Women and INR 30,000/- per year for General category for 5 years or 20% of the SGST deposited, whichever is less to all category of Textile enterprises.

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 INR 20 lakh shall be provided to even large exporting enterprises set up within and 'even outside' the Textile parks in C & D category blocks

Note: The maximum limit of the sum of all incentives to individual units set up both within and even outside Textile Parks in C & D category blocks shall not exceed 125% of Gross Fixed Capital Investment.

1.2) Assistance for Technology Acquisition

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

1.3) Support for Textile Machine Manufacturing

To help build Haryana's prowess in the sphere of textile machine manufacturing, State Government shall extend interest subsidy @ 3% per annum charged by lending agencies on term loan and capital subsidy @ 15% of Gross FCI to manufacturers of textile machinery across state. Interest Subsidy shall be provided in addition to interest rebate available under GOI schemes subject to ceiling of Bank Lending Rate

1.4) Mandi Fees Exemption

1. Market fee & HRDF shall be charged at the rate of 0.25% each on cotton-ginned/unginned (kapas, rui) for new ginning enterprises set up by new and existing spinning mills across state.
2. Existing & new cotton spinning mills will be exempted from taking license under HAPM Act, 1961 and Rules, 1962

Textile enterprises availing a kind of incentive under this policy will not be eligible to avail similar incentive under EPP 2015 however will be eligible for other incentive not specified in this policy.

2. Initiatives for 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)

1. For CETPs involving primary/secondary/tertiary treatment, financial assistance shall be provided by State Government to the tune of 50% of project cost. The cost of the project will be calculated on actual basis or INR 2 crore/MLD whichever is less. The remainder of the project cost shall be borne by the SPV.
2. The project cost shall include Plant & Machinery for Primary, Secondary and Tertiary treatment, On-site laboratory with standard set of instruments and related technologies. The entire cost of the land shall be borne by the SPV.

2.2) Financial assistance for Zero Liquid Discharge (ZLD) and related technologies

Government shall encourage Zero Liquid Discharge systems through fiscal assistance @75% of project cost. The cost of the project will be calculated on actual basis or INR 3 crore/MLD whichever is less. The entire cost of the land shall be borne by the SPV

Note: For aforementioned clause 2.1 & clause 2.2, a sum of INR 500 crore shall be earmarked for infrastructure up gradation. If no. of projects is such that the

requirement of funds is more than INR 500 cr., then the selection of projects shall be done through draw of lots. The Plant & Machinery installed in setting up the CETPs and ZLDs should be of international standards.

2.3) Carpet Research & Development Centre at Panipat

Government shall facilitate setting up of Carpet Research & Development Centre at Panipat to provide much needed support to Textile, Carpet and allied Industries. The Institute would lay thrust on Human Resource Development, Design Creation and Development, Research & Development and Technical Support Services to the Industry.

2.4) 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.

2.5) Setting up of a Sliver Plant

Government shall facilitate setting up of Sliver Plant for producing Sliver, an intermediate product used by hand spinners on charkhas to produce yarn used in manufacturing Khadi cloth by weavers in the state following a feasibility study for the project from Northern India Textile Research Association (NITRA). This initiative will improve the quality and production of Khadi cloth in the state.

2.6) 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, training programs and would also provide strong mentoring support from industry experts to entrepreneurs.

The Centre of Excellence will have an Information Centre to facilitate dissemination of information through video conferencing, awareness programs and e-library. It shall also undertake publication of books, journals on latest technical know-how useful for the manufacturers and users of textile products.

2.7) 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.

2.8) Enhanced Availability of Affordable Land Parcel for Industrial Purpose

To ensure availability of affordable land parcels for industries, Government shall explore the possibility of making available Panchayat land on lease basis for industrial development

2.9) Panipat International Trade & Exhibition Centre

State Government will set up an International Trade & Exhibition Centre at Panipat with world class facilities suitable for hosting international business-to-business exhibitions, conferences, product launches and promotional events. The centre will act as the focal point for buyers and the manufacturer of textile products to conduct business. The state of the art centre will have amenities such as exhibition halls, conference rooms, storage and warehousing facilities, ample parking space etc.

2.10) Establishment of Workers' Hostel/Dormitories

To provide safe and secured accommodation for the workforce especially in industrial towns such as Gurugram, Faridabad, Panipat etc., HSIIDC/HUDA shall earmark area in the industrial colonies for affordable labor housing as per rules and regulations of the Department of Town and Country Planning Haryana

3. Support for 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-

3.1) 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 programs by reimbursing 75% of the total cost of these programs (balance 25% would be met by the private player) subject to a maximum cost of INR 10,000 per trainee

In lieu of this assistance, private player shall assure 75% guaranteed placement of the trainees (at least for one year). Further private player shall also ensure that all successful trainees are certified by empaneled certification agencies (under ISDS of Ministry of Textiles). The State Government shall provide support for training 50,000 trainees during the policy period.

3.2) Support for Textile Training Centre's

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 INR 30 lakh per centre.

3.3) Collaboration with premier engineering and research institutes such as IIT Delhi for Skill Training/Entrepreneurship and New Product Development in 'Textiles' including Technical textiles

1. 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.
2. 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 INR 12,500 per entrepreneur from Haryana
3. Further to encourage entrepreneurship in Technical textiles, State Government shall reimburse 25% of cost (with a cap of INR 15 lakh/product) incurred by the entrepreneur for any such new product development in Technical textile segment

4. Interventions for Khadi Industry

4.1) 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 @ INR 20,000 per designer per month for one year.

4.2) Provision of Retail space for Khadi institutions at nominal rates

State government shall facilitate retail space at nominal rates for Khadi institutions financed by Khadi commission and Khadi board by reimbursing 50% of the rental expenses incurred by the institutions. Locations such as famous tourist spots, places

with heavy footfall such as airports, retail hubs etc. shall be explored for such opportunities.

5. Facilitating New Textile Parks and Clusters across State

5.1) Enabling New Textile Parks

State Government shall facilitate the setting up of an Apparel Park exclusively for apparel manufacturing units in Mewat district with provision of labor housing and built up sheds (to be provided on lease basis) to facilitate expansion of the apparel industry in the State. Additionally an Integrated Textile Park in Hisar District and a Textile Park exclusively for Dyers & Processors in Faridabad District shall also be assisted by the State government.

The said parks shall be developed on minimum 50 acre and will be permissible in both agriculture zone as well as within the approved master plans.

5.2) Development of Special Clusters

State Govt. shall facilitate the process of development of clusters i.e. Carpet cluster at Panipat, Garmenting cluster at Gurugram and Hosiery cluster at Sirsa. 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.