

Government of Gujarat
Industries & Mines Department
Resolution No. TEX/102017/2025/Ch
Sachivalaya, Gandhinagar
Dated:11/10/2017.

Read:

1. Gujarat Industrial Policy, 2009
2. Industries & Mines Department's GR No. PLM-102006-2149-T dated 15.10.2007
3. Resolution No. PLM/102004/1047/T dtd.27.02.2009 and dated 19.6.2009.
4. Resolution No. TEX/102012/65117/T Dated: 5/09/2012.
5. Resolution No. TEX/102012/65117/T (Revised) Dated: 25/06/2013.

1.0 Preamble:

Gujarat is one of the largest growers of cotton in the country and hence presents very large scope of developing the whole textile value chain from Farm to Fiber to Fabrics to Fashion to Foreign. State possesses a strong industrial base & pool of resources to serve entire value chain. Due to an ingrained entrepreneurial spirit, availability of peaceful workforce and locational advantage, once upon a time Ahmedabad harboured a host of Textile Mills and was labeled as Manchester of India. Looking to this potential, the State Government analyzed the existence of all segments in entire value chain and identified gaps in certain segments. In order to develop all the missing segments from Cotton (farm) to Fiber to Fabrics to Processing to Garment / Made-Ups and also up to Technical Textile, the Government had brought out a comprehensive policy in 2012-13 for five years.

The State Government has reviewed the outcome of the policy. To a large extent, this policy has served purpose in the segments of Cotton Ginning & Pressing, Spinning, Lower-end Technical Textile, Training Centers and Textile Parks. However, the segments of Weaving, Processing, Garments-Apparel and High-end Technical Textile sectors are yet to make a mark. While revising the same policy and extending it for further period, among the above sectors, Ready-made Garment/Apparel segment was found to be deserving separate attention looking to the various factors present in the state which are likely to serve as catalyst. Hence, a dedicated incentive package was thought to be devised in line with other States and other countries. To decide on the same, deliberations were made with various stake holders & experts.

2.0 Resolution:

After careful consideration, Government has decided to come out with a new policy, with the introduction of scheme to support Garments and Apparel Industries. The

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scheme aims of at creation 1,00,000 job. The scheme will be reviewed after achievement of that target.

3.0 Operative period of the scheme

The scheme will come into operation from the date of issue of this GR and shall remain in force for five years. After introduction of this schemes those enterprises which complete and make their projects fully operational during the operative period shall be eligible for benefit mentioned under the respective scheme, as applicable.

4.0 Definitions

4.1 Industrial Enterprise: Industrial Enterprise means a legal entity such as company, partnership firm including LLP, society, trust, industrial cooperative society, or proprietary concern engaged or to be engaged in the manufacture, production, processing or job work of articles.

4.2 New Industrial Enterprise: A New Industrial Enterprise means a new industrial project set up by an industrial undertaking that has commenced the commercial production during the operative period of the scheme, provided it satisfies the following conditions:

- A. It should have obtained a separate Letter of Intent or a Letter of Approval or has filed Industrial Entrepreneur Memorandum (IEMJ or Entrepreneur Memorandum (EM) / Udyog Aadhar, as prescribed by the Government of India, with the competent authority.
- B. It should have separately identifiable fixed capital investment. 'Separately identifiable capital investment' means the new plant and machinery should be housed in separate premises/ building and shall have to maintain separate books of accounts. However, the new project will not lose its eligibility, if the utilities of an existing project, such as for water, electricity, steam, gas, pollution control facilities etc. are utilized.
- C. Enterprise should have at least 150 machines (including cutting stitching, sewing machines) and 300 employees.

4.3 Expansion:

Existing enterprise, i.e. an individual project which is already in production before date of inception of this scheme, taking up expansion at same location and commencing production after said expansion during the operative period of the scheme shall be treated as Expansion provided that expansion is of minimum 150 machines (including cutting, stitching, sewing machines) and generates at least 300 additional jobs. Such expansion will be eligible only if the existing industrial unit has reached the utilization of existing installed capacity at least to the extent of 75 % in any one of the preceding three financial years.

4.4 Labour / Workman:

Labour /workman means any person employed in any industry to do any manual, unskilled, skilled, semi-skilled, technical, operational work for hire or reward who is engaged in manufacturing activity of that unit, and on payroll and registration under EPF scheme. (Such as account staff, admin staff, marketing staff will not be considered as eligible)

4.5 TUF Scheme

The TUF scheme means the Technology Upgradation Fund Scheme as notified by Government of India and amended from time to time regarding eligible machineries under the scheme. In case of TUF scheme is discontinued, latest amended eligible machineries under TUF scheme will be referred.

5.0 Incentive Schemes

(i) Scheme – 1 - (A) – Interest Subsidy:

The scheme will be known as financial assistance by way of credit linked Interest Subsidy in Garment and Apparel.

(ii) Eligible Activities:

(a) **Garment and Apparel:** Defined as any ready to wear clothing made from natural or Man-made Fiber or blend of both through stitching process. (Class 1410 & 1430 as per NIC Code 2008)

(b) Investment in Land, Building and Plant & Machinery will be consider for Interest Subsidy.

(iii) Quantum of assistance:

- a. Interest subsidy will be at the rate of 5% per annum, with maximum ceiling of Rs. 7.5 Cr per year for the period of five years.
- b. Interest subsidy will be in addition to any other incentives available from other schemes of Government of India. The amount of assistance should not be equal to or more than the actual interest charged by financial institution.
- c. However, total incentive shall not be more than actual interest paid by unit, and the amount of assistance will be lessened to that extent.

5.1 Scheme – 1 - (B) – Support by way of Special concession in Power tariff:

- (i) Power tariff subsidy @ Rs.1 per unit in the billed amount of the utility for the units will be available for a period of 5 years from the date of commencement of commercial production as promotional initiative for Ready-Made Garments and Apparel units.

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- (ii) In case of Expansion, the power tariff subsidy will be available only for the additional facility, i.e. approved as expansion, hence sub-meter shall be installed and unit consumed by sub-meter will be certified by distribution Licensee Company. If such meter is not installed on the date of Commencement of production than assistance will be available from the date of installation of the sub-meter.
- (iii) The units which purchase electricity only from the state electricity / power distribution licensee will be eligible for this relief. The unit either generating power from its captive power plant or getting electricity through open access will not be eligible for the subsidy.

5.2 Scheme – 1 - (C) – Payroll Assistance:

5.2.1 For New Apparel units

The state Government shall provide 50% of the wages. Rs. 4000/- for female employee and Rs.3200 for male employee per month for a period of 5 years as payroll assistance to new enterprise having minimum 150 machines (cutting, stitching, sewing machines) and generating at least 300 domicile jobs.

5.2.2 For Expansion

In case of expansion, the above will be available only for additional workers, provided that expansion is of minimum 150 machines (cutting, stitching, and sewing machines) and generates at least 300 additional jobs.

5.3 Registration:

- a) Unit will have to apply for registration within 3 months from the date of Term Loan sanctioned.
- b) Unit will have to produce location proof, project report and Term Loan sanction letter along with application form or upload with application.
- c) Merely getting the registration will not make the unit be eligible for incentives automatically.

5.4 General Terms & Conditions:

1. This will only be applicable for establishing new enterprise or for one expansion of existing enterprise during policy period.
2. For the purpose of interest subsidy, the enterprise shall get term loan from Financial Institution/ Bank recognized by Reserve Bank of India and Financial Institutes enacted by GOI.
However, Finance from Non-Banking Financial Institution, will not be eligible.
3. The unit has to apply within one year from the first disbursement of Term Loan.

