

Gujarat Garment & Apparel Policy - 2017

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

GS 27

Office of the Secretary to Government  
IWDMS File No. 607553  
Date: 16/10/17

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

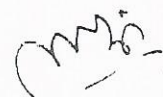
**4.1 Industrial Enterprise:** Industrial Enterprise means a legal entity such as company, partnership firm including LLP, society, trust, industrial cooperative society, or proprietary concern engaged or to be engaged in the manufacture, production, processing or job work of articles.

**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.



4. If the application is not received within prescribed time limit, enterprise should not be entitled to avail benefit for the time period, by which it is late in applying. (e. g. if unit applying after 14 months of commencement of production, instead of a limit of 12 months, it will lose interest subsidy for that entire period of 14 months.)
5. Disbursement of the loan should be within the operative period of the Scheme.
6. The enterprise must start commercial operation within the operative period of the scheme.
7. Interest subsidy will be available only on interest levied by the Financial Institution. Penal interest or other charges will not be reimbursed.
8. The interest subsidy will be given to the enterprise which pays regular installments and interest to the financial institutions. If the enterprise becomes defaulter, it will not get interest subsidy for the default period and such defaulting period will be deducted from 5 years period.
9. The enterprise has to observe pollution control measures if any as prescribed by GPCB or other competent authority.
10. The enterprise availing benefit under the scheme will have to remain in production at least for ten years from the date of commencement of commercial production.
11. All the benefiting enterprises shall file information about annual production, sales, power consumption and such other details as may be asked by DIC / IC office ended 31<sup>st</sup> of every March annually.
12. If enterprise fails to remain in production, assistance paid for interest subsidy, power tariff subsidy and payroll will be recovered as arrears of Land under Revenue Laws.
13. For expansion, the enterprise will be entitled for incentives only once during the operative period of the scheme.
14. The Enterprises availing benefit under this scheme shall not avail benefit from any other State Government scheme.
15. All the benefits will be over and above benefits and support given by Gol.
16. The assistance shall be available only for the workers registered under EPF Scheme for the payroll incentives.
17. All machineries specified in TUF list would be eligible for benefit of the scheme.
18. Second hand machineries shall not be eligible for any incentives under the scheme.

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## **6.0 Scheme – 2 – (A) - : Plug and Play Systems for Apparel Manufacturing**

6.1 The State Government shall make readymade sheds available for apparel factories in selected locations which will be provided either on long-term lease or rental basis.

6.2 GIDC will identify suitable plots for the construction of multistoried sheds in the saturated estates. GIDC will submit a proposal to Industries Commissioner office. The Industries commissioner office will scrutinize the application. GIDC will construct multistoried structure with adequate infrastructure like electricity connection, water, drainage and sanitation, Lift for transport of materials and Man Power etc. After completion of the building, GIDC will allot the sheds as per the allotment procedure. GIDC will fix the price as per the prevailing policy of GIDC. The assistance up to 50% of project cost for the development of project will be given directly to GIDC. GIDC will pass on such assistance on pro rata basis to Garments & Apparel Enterprises.

## **7.0 Scheme – 2 (B) - : Assistance for of Dormitories**

### **7.1 (i) To GIDC**

7.1.1 The State government, operating through GIDC, shall provide dormitories as per the industry requirements in select locations. The dormitories will be provided to the apparel firms, parks or their SPVs on either long-term lease or rental basis. The dormitories will be operated by the leasing entity itself.

7.1.2 GIDC shall prioritize construction of dormitories in locations with high demand and work out details such as nature of dormitory, rentals etc. on a case to case basis.

7.1.3 The minimum lock-in period for renting of dormitory to individual unit will be 10 years from the date of allocation.

7.1.4 Enterprise will be provided rent assistance at the rate of 50% of the rent fixed by GIDC.

### **7.2 (ii) To Private Developer**

7.2.1 The State Government shall provide financial assistance to individual units or parks for construction of dormitories for a minimum of 250 workers, up to 50% of the project cost (excluding land) with a ceiling of Rs. 5 crores per entity with a maximum built up area of 50 sq. ft. per person.

## **8.0 Scheme – 3: Skill Development**

8.1 Setting up training institution: The State Government shall provide assistance for setting up a training institution of up to 85% of project cost subject to a cap of Rs. 3 crore covering fixed capital investment in building, equipment and machinery

(including installation cost), electrification, furniture and other miscellaneous investment, excluding land cost.

**8.2 Training Centers:** The State Government shall provide assistance of 50% subject to a limit of Rs. 20 lakhs per center towards purchase of equipment and machinery, electrification and necessary furniture.

**8.3 Reimbursement of tuition fees to trainees:** The assistance will be at 50% of total fees charge by institutions, subject to a limit of up to Rs 7,500/- per trainee (Rs. 10,000/- for middle level management courses) per course in apparel production in institutions approved by the sanctioning authority.

**8.4 The institutions/ training centers will be required to provide training as per the norms of MES/AEPC.**

**9.0 Scheme-4: Support for establishing Mega Apparel Park:**

The scheme will be known as support for setting up of Mega Apparel Park anywhere in the state of Gujarat.

**9.1 Eligibility:**

- (i) Any Industry Association/Industrial House/Co-operative society/ Institution registered under the Societies Act, Partnership Act or the Companies Act OR any Government body like GIDC shall be eligible as developer to avail assistance under the scheme.
- (ii) The park must have provision for the accommodation of minimum 20 numbers of Garment / Apparel units having 150 nos. of machines.
- (iii) Provision of common facilities like canteen, toilets, drinking water and primary medical facilities for workers, employees and visitors, common parking for transporters, garden and fire safety facility will have to be established by the developer in the park.

**9.2 Infrastructure facilities:**

- I. The industrial parks are required to have minimum infrastructure facilities required for park.
- II. Indicative list of eligible common infrastructure facilities are:
  - a) Asphalt road, concrete road
  - b) Storm water drainage system
  - c) Domestic sewage collection and disposal system
  - d) Streetlights
  - e) Open & Green spaces
  - f) Water & Power supply & distribution network
  - g) Entrance gate and security
  - h) Communication network

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- i) Effluent treatment collection/ disposal
- j) Fire station/ firefighting facilities with equipments
- k) Common storage facilities for raw material/ finished products.
- l) Boundary wall

III. The expenditure incurred for the infrastructure development shall only be considered. No link infrastructure outside the park area shall be considered eligible under the scheme.

### 9.3 Quantum of assistance:

1. The park will be provided financial assistance of up to 50%, with maximum limit of Rs. 10 crore for establishing common infrastructure facilities in the park, excluding land and industrial shed.
2. The developer of such park and enterprises in the park will be eligible for exemption of stamp duty on purchase of land required. This exemption will be available only for once to developer and the first purchaser of an individual unit. Stamp duty exemption certificate will be issued after approval of the project. A separate notification in this regard will be issued by the Revenue Department of State Government.

### 9.4 Other conditions:

1. The developer of the park availing incentive under the scheme will not be eligible to avail incentive under any other schemes of the State Government. However, the enterprises coming up in the park shall be eligible to avail incentives under the separate schemes of State Government.
2. 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 SLAC. Failure to complete the project within the specified period will attract the recovery of Stamp duty as per rules by Superintendent of Stamp and will render the project ineligible for financial assistance. However, The SLAC may extend the project completion period as it deem fit on submission of valid reason by the developer.
3. The promoter/ developer of the project shall commit to hold at least 20% equity participation in the project.
4. Expansion or modification/ modernization of existing industrial park shall not be eligible under this scheme.





5. The promoter/ developer of the park shall operate & maintain the park. Otherwise sanctioned/ disbursed/ reimbursed amount will be recovered as arrears of land revenue under the Land Revenue Laws.
6. The detailed O&M arrangement and mechanism of third party inspection will have to be set up as an integral part of the project to claim assistance under the scheme.

**10.0 Sanctioning Authorities:** The Sanctioning Authorities for different category of applications are as under:

**10.1 State Level Approval Committee (SLAC) for project cost more than Rs. 100 cr. and Parks**

1. Addl. Chief Secretary / Principal Secretary - Chairman  
(Industries & Mines Dept.)
2. Secretary (Exp.) Finance Department - Member
3. Industries Commissioner - Member
4. Industries Commissioner (MSME) – Member
5. Joint/Dept. Secretary (IMD) - Member
6. Director Employment & Manpower – Member
7. Director – NIFT – Member
8. President, GCCCI – Member
9. Director, ATIRA, Ahmedabad – Member
10. Director, MANTRA, Surat - Member
11. Additional commissioner/Joint Commissioner – Member Secretary

**10.1.1** Any dispute / interpretation or contention under this scheme be referred to the SLAC and decision of the committee shall be final and binding on the applicant.

**10.2 Investment above MSMEs and Project Cost up to Rs. 100 Crores.**

Industries Commissioner

**10.3 District industries Centre for all MSMEs**

**11.0 Procedure**

The proposal for getting the assistance should be submitted to the respective District Industries Centre. Industries Commissioner in this regard will issue the detailed procedure separately.

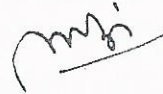
## 12.0 Expenditure

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 80 800 319
	Subsidies (c) to others

This is issued with the concurrence of Finance Department note dated 04/10/2017 on this department file of even number.

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



(Anand Bihola)  
Deputy Secretary to Government  
Industries and Mines Department

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 Principal Secretary, Finance Department, Sachivalaya, Gandhinagar.
6. The Principal Secretary, Revenue Department, Sachivalaya, Gandhinagar.
7. Accountant General, Gujarat, Ahmedabad/Rajkot.
8. Commercial Tax Commissioner, Ahmedabad.
9. Industries Commissioner, Udyog Bhavan, Gandhinagar.
10. Managing Director, GIDC, Udyog Bhavan, Gandhinagar.
11. Managing Director, INDEXTb, Udyog Bhavan, Gandhinagar.
12. C. E. O. GIDB, Udyog Bhavan, Gandhinagar.
13. Commissioner of Cottage and Rural Industries, Udyog Bhavan, Gandhinagar
14. Secretary, Gujarat Electricity Regulatory Commission, Ashram Road, Ahmedabad.
15. Director of Employment and Training, Dr. Jivraj Mehta Bhavan, Gandhinagar.
16. Commissioner of Information, Dr. Jivraj Mehta Bhavan, Gandhinagar..
17. All District Industries Centres (Through Industries Commissioner)
18. All Departments of Sachivalaya, Gandhinagar.
19. I.T Branch, I&M Department, Sachivalaya, Gandhinagar.
20. The President, Gujarat Chamber of Commerce and Industries, Ashram Road, Ahmedabad.
21. Select File.

