



10th June, 2020/6252

Dr. Rahul Gupta, IAS
Industries Commissioner
Government of Gujarat
Gandhinagar.

Sub: Suggestions for Gujarat Textile Policy

Dear Sir,

Greetings from Gujarat Chamber of Commerce and Industry (GCCI).

We would request you to kindly refer to the meeting we had with you through video conferencing last month, where we had discussed briefly about the suggestions to be incorporated in Gujarat Textile Policy for growth and development of the Textile Sector in the State.

Sir, on comparative analysis of the Textile Policies adopted by the neighbouring states, we found that the policy currently applicable in Maharashtra offers some incentives and benefits which are not there in Gujarat, making it far superior and lucrative than our State's Textile Policy. This is causing many existing textile units in Gujarat to shift to Maharashtra and new units are also discouraged to set up their facilities in the State.

We are sending herewith the summary of suggestions based on the comparative analysis of policies of Maharashtra and Gujarat, for your kind consideration (attached as Annexure).

We look forward to your favourable consideration and early positive intervention in the interest of the textile industry of Gujarat.

With Regards,

Sincerely,

Durgesh Buch
President

Encl: as above

Durgesh V. Buch
President

Natubhai Patel
Sr. Vice President

Bhargav Thakkar
Vice President

Sanjeev Chhajer
Secretary

Dilip M. Padhya
Secretary (R)

Pathik S. Patwari
Treasurer

ANNEXURE

Suggestions based on comparative analysis of Gujarat and Maharashtra's Textile Policies

1. Capital Subsidy

Maharashtra Textile Policy 2018-2023 provides Capital Subsidy to Spinning and Composite units as below:

Spinning 50%
Composite 60%

This amount of capital subsidy is to be reimbursed within 6 years. Such subsidy is not available in Gujarat's Textile Policy.

2. Electricity Concessions

There are various electricity concessions given under Maharashtra's Policy, which are not available in Gujarat.

2.1 Power Cost

In Gujarat, normally the power bill is from Torrent Power Ltd, within Ahmedabad and outside Ahmedabad from UGVCL. The general rate from both these suppliers is around Rs 8 per unit. For textiles, considering there is a subsidy where 15% electric duty is not applicable as well as Re 1 per unit is applicable for weaving unit and Rs 2 per unit is applicable for spinning units the effective rate for weaving units is Rs 6 per unit which is also valid for 5 years.

Comparatively, the power rate for weaving units in Maharashtra is approximately Rs 3.26 per unit.

If we analyze both the bills from Maharashtra and Gujarat of HT connection in detail, the major difference is due to the below reasons:

- 1) Relief due to On-Time payment: Rs.2.27 per unit
- 2) T.O.D difference Rs 1.10 per unit.
- 3) PF Rebate difference Rs 0.29 per unit

The above benefits are not available to textile units in Gujarat, and they itself contribute to a difference of Rs 3.67 per unit which is a huge difference. Further, Maharashtra Government has announced 8% cut in electricity bill tariff after the COVID-19 Pandemic which means there would be a further reduction in the above tariff. From the above difference, it can be ascertained that power for Textile in Gujarat is much higher than in Maharashtra and this makes the textiles units in Gujarat uncompetitive against Maharashtra.

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The Policy should therefore be reviewed in view of this disparity and necessary modifications should be made.

2.2 Open Access Power

Maharashtra allows purchase of power from Open Access whereas it is not allowed in Gujarat. This puts the textile units in Gujarat at a disadvantage as compared to Maharashtra.

2.3 Special Incentive for Solar and Wind

Maharashtra Policy provides a special incentive for Solar and Wind power, which is not available under Gujarat's Textile Policy. Further, while maximum 50% of connected load could be used by Gujarat's textile units, Maharashtra allows 100% of connected load to be used.

2.4 Eligibility to existing units to avail Power Subsidy

One of the major differences between Gujarat and Maharashtra's policies is that existing units in Maharashtra can avail the benefit while only new units are eligible for the benefit in Gujarat. This disparity should be removed and existing units should also be provided the benefit in Gujarat.

3. Additional Incentive to Technical Textiles and Special Economic Zones

An additional 10% Capital Subsidy is available for Technical Textiles and SEZs under the Maharashtra Textile Policy which is not available in Gujarat.

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