

Gujarat Chamber of Commerce & Industry



27th May 2021 / 7251

ગુજરાત વેપારી મહામંડળ ૧૯૪૯ થી કાર્યરત

To,

Dr. Rahul Gupta, IAS
Industries Commissioner
Industries Commissionerate
Gandhinagar - 10

Natubhai Patel
President

Hemant N. Shah
Sr. Vice President

K. I. Patel
Vice President

Pathik S. Patwari
Hon. Secretary

V. P. Vaishnav
Hon. Secretary (R)

Sachin K. Patel
Hon. Treasurer

Sub: Suggestions related to Gujarat Textile & Garment Policies

Respected Sir,
Greetings from Gujarat Chamber of Commerce and Industry.

Sir, we would like to draw your kind attention towards the representation we have received from the Southern Gujarat Chamber of Commerce and Industry regarding the issues related to Textile and Garment policy (Letter attached).

Sectors other than Garments in the Textile value chain is covered under the scheme for assistance to strengthen specific sectors of textile value chain - 2019 which offers Interest and Power subsidy only. However, Capital subsidy is not available under this policy. MSME policy announced by the State Government provides capital subsidy upto 25% but textile entrepreneurs cannot avail the benefit of this capital subsidy because of the restrictive provisions contained in the Gujarat Textile and Garment Policies. Many states such as Telangana, Madhya Pardesh and Karnataka are providing Capital subsidy to the textile units as represented in the attached representation.

Further, scheme of Assistance to Strengthen specific sectors of value chain offers Power subsidy for textile units based on the voltage level of consumption. Power subsidy is being provided to LT consumers at Rs. 3/ unit and HT consumers at Rs. 2/unit. However, no beneficiary could avail the scheme's benefit till date.

We request your kind intervention to solve the above issues related Textile and Garment Industry, with respect to Capital subsidy and Power subsidy.

With warm regards,


Natubhai Patel
President

Encl: Letter mentioned above

Shri Ambica Mills - Gujarat Chamber Building,
Ashram Road, Ahmedabad- 380009. INDIA.

+91 - 79 - 2658 2301-2-3-4
gccci@gujaratchamber.org

www.gujaratchamber.org



SGCCI

THE SOUTHERN GUJARAT CHAMBER OF COMMERCE & INDUSTRY

'Samruddhi', 4th Floor, Nr. Makkai Bridge, Nanpura, Surat-395001, Gujarat, India.
Ph.: +91-261-2291111, Fax: +91-261-2472340 | E : info@sgcci.in | W : www.sgcci.in

Ref No: 750/2020-21

Date: 22nd January, 2020

To,
Dr. Rahul Gupta – IAS,
Industries Commissioner,
Government of Gujarat,
Block No.1, 2nd Floor, Uhdyog Bhavan, Gandhinagar.

Subject: Request for Additional State Incentives to Textile and Garment Sector in the state of Gujarat.

Respected Sir,

Indian textiles and apparel industry is the second largest in the world contributing approximately 5% to India's Gross Domestic Product (GDP) and 14% to the overall Index of Industrial Production (IIP) of the country. The sector continues to be one of the key contributors to the country's export basket with 11% of export earnings coming from Textiles and Apparels.

Textiles and Apparels are the second largest employment generator next to agriculture sector providing over 100 million direct and indirect jobs. The country has emerged as one of the key sourcing destinations for apparels in the global markets given the abundant availability of raw materials such as cotton, silk, wool, jute etc.

In the current business scenario and with the global textile and apparel industry seeing a structural shift in terms of manufacturing locations the need to position Gujarat at par with other states and at national and international level is imperative.

Textile sector is the backbone of Indian industry and Gujarat has established itself as one of the leading textile states in India.

Currently there are 2 Specific Policies in the state of Gujarat which provides incentives / benefits to Textile and garment sector. We have provided below brief of the various incentives being offered by the State Government:



THE SOUTHERN GUJARAT CHAMBER OF COMMERCE & INDUSTRY

'Samruddhi', 4th Floor, Nr. Makkai Bridge, Nanpura, Surat-395001, Gujarat, India.
Ph.: +91-261-2291111, Fax: +91-261-2472340 | E : info@sgcci.in | W : www.sgcci.in

SGCCI

Scheme for Assistance to Strengthen Specific Sector in the Textile Value Chain	Gujarat Garment and Apparel Policy, 2017
Interest subsidy for 5 years to MSME @ 6% and to Large sector ranging from 4% to 6% per annum	Interest Subsidy @ 5% per annum with maximum ceiling of 7.5 Crores per year for a period of 5 years
Power Tariff subsidy ranging from 2 per unit to 3 per unit for 5 years	Power Tariff subsidy @ 1 per unit for 5 years
Assistance of up to 50% of the investment for technology acquisition / upgradation, with maximum of Rs. 25 lakhs, once during operative period of the scheme.	Payroll assistance @ 50% of the wages limited to Rs 4000 per month for female domicile worker and Rs 3200 per month for male domicile worker for a period of 5 years to a new enterprise having a minimum of 75 machines (cutting, stitching, sewing) and employing at-least 150 workers
Assistance of 20% of cost of machinery and equipment, maximum up to Rs.30 lakhs; which will be applicable separately in each case of Energy Conservation, Water Conservation & Environment Compliance. Assistance of 50% of the fee paid towards Energy Audit/ Water Audit, up to maximum Rs. Rs.1 lakh, which will be applicable separately in each case of audit.	Setting up training institution: 85% of project cost subject to cap of 3 crores Setting up training center: 50% of project cost subject to cap of 20 L per center

As per the General Terms and Condition of the aforesaid policies, an enterprise setting up the project of eligible activities as mentioned in para 5 of this resolution will not be entitled for Incentive under the resolution no. INC-102015-645918-I dated 25.07.2016 or any other Incentive scheme of State Government.

Recently, the State Government has Issued Capital Subsidy Scheme under Gujarat Industrial Policy, 2020. Under the Policy, technical textile is one of the thrust sectors. Incentive offered under this policy is capital subsidy ranging from 6% to 12% (in case of thrust sectors).

The Incentive / benefits offered by the Gujarat State Government to textile and garment sector are mainly operational Incentives/ benefits.

Further, the incentives offered are not much if we compare the same to the Incentives/ benefits which are being offered by other textile dominating states like Maharashtra, Karnataka, Telangana and Madhya Pradesh.

We would like to bring to notice to your good self that while Incentives like Interest subsidy, power tariff subsidy, etc are being offered by Gujarat and other aforesaid states, the key differentiating factor is the capex related Incentive being given by the aforementioned states



THE SOUTHERN GUJARAT CHAMBER OF COMMERCE & INDUSTRY

'Samruddhi', 4th Floor, Nr. Makkai Bridge, Nanpura, Surat-395001, Gujarat, India.
Ph.: +91-261-2291111, Fax: +91-261-2472340 | E : info@sgcci.in | W : www.sgcci.in

which helps in reducing the overall project cost and make textile and garment sector units in these states more competitive nationally and globally.

We have provided below a brief summary of the additional incentives which are being offered by other textile dominating states like Maharashtra, Karnataka, Telangana and Madhya Pradesh for your ready reference:

- **Maharashtra Textile Policy 2018-23**

Capital subsidy ranging from 25% to 40% of the eligible amount. Additional subsidy of 10% to 20% where textile project is set up in Vidarbha, Marathwada and North Maharashtra regions.

Capital subsidy is also provided for modernisation of power looms ranging from INR 10,000 to INR 28,000 per loom.

- **Karnataka Textile and Garment Policy, 2019-24**

Capital subsidy ranging from 20% to 30% of the value of fixed assets.

100% stamp duty exemption and concessional registration charges rate of INR 1.00 per INR 1000 on procurement/ lease of land.

Employee State Insurance (ESI) and Employee Provident Fund (EPF) Subsidy for 5 years from date of commencement of production. 75% reimbursement of employer's contribution of wage rate per employee per month for all new units for 5 years from date of commencement of production.

- **Telangana Textile & Apparel Policy, 2017**

Capital subsidy ranging from 25% to 35% of the eligible cost (subject cap of maximum amount depending on the unit classification based on investment and / or employment).

100% reimbursement of Stamp duty and transfer duty paid on purchase of land meant for Industrial use, lease in of land/shed/ buildings.

100% reimbursement of VAT / CST / SGST for a period of 7 years from the date of commencement of commercial production, or up to realization of 100% fixed capital investment, whichever is earlier.



THE SOUTHERN GUJARAT CHAMBER OF COMMERCE & INDUSTRY

'Samruddhi', 4th Floor, Nr. Makkai Bridge, Nanpura, Surat-395001, Gujarat, India.
Ph.: +91-261-2291111, Fax: +91-261-2472340 | E : info@sgcci.in | W : www.sgcci.in

- **Madhya Pradesh Industrial Promotion Policy, 2014 (Amended October 2019)**

Industry Promotion Assistance (IPA) ranging from 20% to 40% of the eligible Investment calculated as Annual IPA = Yearly basic IPA (YIPA) x Yearly production multiple (GSM) x Export Multiple (EM) x Employment Multiple (EYM)
YBIPA = BIPA/7; BIPA capped at INR 150 Crore

MSME units in textile sector shall be given an investment subsidy of 10% of eligible Investment made in TUFs approved plant & machinery subject to a maximum limit of INR 1 crore.

For garmenting units, 100% reimbursement of Stamp duty in government approved lands and 50% concession in development fee for taking lease land.

Given the aforesaid comparison, it is coming out very clear that textile and garmenting units in Gujarat is losing out on the additional incentives being offered by other states especially capital subsidy which helps in reducing the project cost during initial years and increase cash flows, thereby making such units more competitive.

It is majorly because of the capital subsidy that the textile / garmenting units in other states can recover approx. 50% to 60% of the capital cost (and sometimes more depending on the location of the project in under-developed location), while units in Gujarat is not getting capital subsidy under the relevant schemes as discussed above.

Our Recommendation

- The incentive currently being provided under Gujarat Textile and Garment Policy are operational in nature like interest subsidy, power tariff subsidy, etc. Such incentives are being provided by other states also (as discussed above).
- Additional incentives which are being offered by other states is jeopardising the interest of the textile / garment industry in Gujarat – hence the current Textile and Garment Policy in Gujarat is falling short of its requirement and therefore is restricting its adoption.
- There is a need to amend the current Textile and Garment Policy in Gujarat to include capital subsidy ranging from 25% to 40% of the eligible cost to make it par with other textile dominant states.
- We also recommend providing 100% reimbursement of stamp duty on purchase / lease of land for setting up the textile/ garmenting units in the state of Gujarat.



SGCCI

THE SOUTHERN GUJARAT CHAMBER OF COMMERCE & INDUSTRY

'Samruddhi', 4th Floor, Nr. Makkai Bridge, Nanpura, Surat-395001, Gujarat, India.
Ph.: +91-261-2291111, Fax: +91-261-2472340 | E : info@sgcci.in | W : www.sgcci.in

In view of the aforesaid recommendations, if we add capital subsidy and stamp duty to the the incentives currently being offered by the Gujarat Government, textile / garment units in Gujarat will be at par with units in other states and be more competitive in business.

We believe that our recommendations will also benefit Gujarat Government to achieve its overall vision and objective for the state and particularly for the textile sector. Few benefits that the government is likely to derive out of this would be:

- Attract more investment in the state of Gujarat both domestically and globally and help achieve its vision to become Number 1 textile state in India.
- Help create jobs in the state as textile and garment sector generate more employment as compared to other sectors
- More investment and jobs will direct and indirectly help in increasing the Government revenue by way of taxes and duties.
- Further increase Gujarat share in India's GDP, increase export proceeds, etc

We believe our recommendations will be a win-win situation for both Gujarat Government as well the textile and garment sector.

Look forward to your early and positive consideration.

Thanking you,
Yours Sincerely,


Dinesh Navadiya
President

CC: President, Gujarat Chamber of Commerce & Industry, Ahmedabad.



SGCCI

THE SOUTHERN GUJARAT CHAMBER OF COMMERCE & INDUSTRY

'Samruddhi', 4th Floor, Nr. Makkai Bridge, Nanpura, Surat-395001, Gujarat, India.
Ph.: +91-261-2291111, Fax: +91-261-2472340 | E : info@sgcci.in | W : www.sgcci.in

Ref No: 169/2021-22

Date: 21st May, 2021

To,

Shri Natubhai Patel,

President,

Gujarat Chamber of Commerce & Industry,

Ashram Road, Ahmedabad.



Sub: Request to represent issues with Gujarat Textile and Garment Policy

Ref: Our Representation dated 22nd January, 2021 to Dr. Rahul Gupta I/C - GoG

Respected Sir,

With reference to the above stated subject, we request you to kindly represent our concerns on the Gujarat Textile and Garment Policies as under

1. At present, the sectors other than Garments in the textile value chain is covered under Scheme for Assistance to strengthen specific sectors of textile value chain – 2019, this scheme offers interest & power subsidy only. Also, as per the clause mentioned in the said policy, the textile units which belongs to any of the specified sub sectors of the textile value chain as mentioned in this policy are restricted to utilize only the provisions of this policy and cannot enrol or take benefit with any other policy of the state.

The State MSME Policy has the provision to provide 25%, 15% and 10% capital subsidy, but as textile entrepreneurs cannot choose this option, they are being deprived of this benefit, we therefore request that the provision to provide Capital subsidy be provided in the Gujarat Textile as well as Garment Policy so that, we remains the numero uno state in the textile sector across India.

2. Further, in the said scheme of Assistance to Strengthen specific sectors of value chain – 2019, there is a Power Subsidy for textile units based on the Voltage level of their consumption, LT consumers are provisioned for Rs.3.0/ per Unit as power subsidy and HT consumers are provided with Rs.2.0/- per Unit as power subsidy.



THE SOUTHERN GUJARAT CHAMBER OF COMMERCE & INDUSTRY

'Samruddhi', 4th Floor, Nr. Makkai Bridge, Nanpura, Surat-395001, Gujarat, India.
Ph.: +91-261-2291111, Fax: +91-261-2472340 | E : info@sgcci.in | W : www.sgcci.in

This policy has come into force with effect from September, 2018, we are approaching the closure of 3rd year from the date of its implementation, but yet not a single beneficiary from South Gujarat has been given sanction under the said scheme. And thus, the scheme has remained merely on paper lacking transfer of actual benefit to the industry.

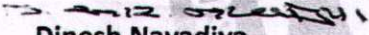
We therefore request , that the above issue be kindly represented at the appropriate forum and help us resolve the difficulties faced by the textile entrepreneurs of the state.

We are also enclosing herewith the copies of various representations we have made with respect to Textile and Garment Policy of the state for your information and records.

In anticipation of having your positive cooperation.

Thanking you,

Yours Sincerely,


Dinesh Navadiya,

President

CC

Shri Saurin Parikh – Chairman, Textile Committee, Gujarat Chamber of Commerce & Industry, Ahmedabad.

Encl: Various representations made to I/C office WRT to Textile and Garment Policy in last few months