



# **New Textile and Garment Policy 2019-24**







## PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

**Sub:** New Textile and Garment Policy 2019-24 - reg.

- 1) **Read:** Government Order No. CI 44 JaKaiYo 2012, dated: 31.10.2013.
- 2) Government Order No. CI 112 JaKaiEe 2015, dated: 30.09.2015.
- 3) Government Order No. CI 84 JaKaiEe 2018, dated: 08.04.2019.

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### **PREAMBLE:**

*The Government of Karnataka has announced the NUTHANA JAVALI NEETHI 2013-18, vide G.O. No. CI 44 JaKaiYo 2012, dated: 31.10.2013 read at (1) above in order to attract the investment in Textile sector and make use of the resources available in the State and in turn enhance the employment opportunities to the rural people with emphasis on balanced regional development. The Government has approved the additions/ modifications to the NUTHANA JAVALI NEETHI 2013-18 read at (2) above at attract more investments in Textile Sector.*

This Policy came into effect from 01.11.2013 and had validity up to 31.10.2018. Further the validity of *NUTHANA JAVALI NEETHI 2013-18 was extended till the introduction of New Textile and Garment Policy 2019-24 vide G.O. No. CI 84 JaKaiEe 2018, dated: 08.04.2019 read at (3) above. During the Policy period, the Karnataka received an investment of Rs.9595.74 crores and 1,92,102 employment was generated.*

Karnataka has always had an enduring tradition of tapping the best across India and the world to trace a steady growth curve across diverse sectors of the economy. The transformative journey of Textiles in Karnataka has already begun in the pursuit to foster best in- class textile manufacturing, advanced production technologies resulting in smart textile value chain, manufacturing processes and end-to-end ecosystems.

Karnataka the Garment Capital of India, with 20 per cent of the national garment production of the country output. The state has an important share in the export of raw material and also a good share in the country's exports in merchandise exports, readymade garments and handlooms. Also, the State has a high impact on the production of raw materials, and is one of the leading producers of silk in the country. It contributes 49 per cent to mulberry silk, 12 per cent to wool and 6 per cent of cotton production in the country.



In the current scenario, with the global textile and apparel industry seeing a structural shift in terms of manufacturing locations the need to position Karnataka at par at the sub-national and international level is imperative. Therefore, against this changing landscape, the need for formulating a new policy with lucrative concessions and incentives, up-dations in the institutional framework, structuring mechanism of the projects and other relevant up-dations have been felt essential.

In the above background, the New Textile and Garment Policy 2019-24 has been formulated, to achieve the targets as mentioned in the Policy and to attract investment, several meetings have been held with Textile Industrial Associations and potential investors, related Government Departments and all other stakeholders. The views and suggestions offered by all the stakeholders have been incorporated suitably in the policy with the objective of making Karnataka a preferred destination for Textile Industry.

In the light of the above, a decision has been taken by the Government to formulate and adopt a New Textile and Garment Policy 2019-24.

Hence, the following Order:

**GOVERNMENT ORDER NO. CI 115 JAKAIEE 2017,**  
**BENGALURU, DATED: 04.11.2019**

In the circumstances explained in the preamble, Government is pleased to announce the New Textile and Garment Policy 2019-24 as detailed in Annexure, enclosed to this order, to attract more investment in Textile & Garment sectors and to create more employment opportunities in the state.

The salient features of New Textile and Garment Policy 2019-24 are as follows.

**1. Vision:**

The State's New Textile and Garment Policy aims to position Karnataka as a leading destination in the Textile and Apparel sector in the country and to make textile value chain into gold mine value chain. The Policy will provide a stimulus to the Textile industry in the State and aims to generate 5 lakh new employments in the next 5 years and attract investments worth INR 10,000 crore.

**2. Mission:**

To retain Karnataka's position as the Garment Capital of India and to achieve higher and sustainable growth in the entire textile value chain through capital infusion, technology transfer, world class infrastructure and skill up-gradation.



### 3. Strategies

- a. To accelerate growth and increase manufacturing cost competitiveness in the entire textile value chain from fiber to fashion products.
- b. To give special focus on spinning, weaving (rapier loom, air jet looms and electronic jacquard), integrated units, processing and technical textiles as thrust sectors of the policy to create an internationally competitive textile industry in the state.
- c. To make Karnataka a skill rich state in each segment of the textile value chain and development high tech advanced skilling centers for skilling, re-skilling and up-gradation of skills as per the needs of the industry.
- d. To realize “Zero Effects; Zero Defect” at each level of the textile value chain by attracting large scale investments for manufacturing world class facilities and promoting ZLD Technology.
- e. To increase the share of handloom exports and support designing, product diversification, branding, marketing and distribution of handloom products to distinct international markets.
- f. To position Karnataka as a significant manufacturing hub and a net exporter of Technical Textiles.
- g. To become the retail destination and give a boost to the growth of buying houses and international apparel retailers in Karnataka.

The New Textile and Garment Policy 2019-24 and package of incentives and concessions shall come into effect from 04.11.2019 and will be valid for a period of 5 years or till a new policy is announced.

This order is issued with the concurrence of the Finance Department vide endorsement No. FD 394 Exp-1/ 2018, dated: 17.07.2019 and Revenue Department endorsement No. RD 66 / MU NO MU/ 2018, dated: 25.09.2019 and Cabinet Note Subject No. C-596/2019 held on 31.10.2019.

By Order and in the name of the  
Governor of Karnataka,

**(M. MAHESHWAR RAO)**  
Secretary to Government,  
Commerce & Industries Department



**To,**

- 1) The Compiler, Karnataka Gazette, Bangalore for publish in the special Gazette and supply 1000 copies to this office.
- 2) The Principal Accountant General (G&SSA), Karnataka, New Building, 'Audit Bhawan', Post Box No. 5398, Bangalore-01.
- 3) The Principal Accountant General (E&RSA), Karnataka, New Building, 'Audit Bhawan', Post Box No. 5398, Bangalore-01.
- 4) The Principal Accountant General (A&E), Karnataka, Park House Road, Post Box No. 5329, Bangalore-01.
- 5) Additional Chief Secretary to Government, Finance Department, Vidhana Soudha, Bangalore-01.
- 6) Principal Secretary to Government, Planning Department, MS Building, Bangalore-01.
- 7) Secretary to Government (Stamps & Disaster Management), Revenue Department, M S Building, Bangalore 01.
- 8) The Commissioners for the Handlooms and Textile, No.86 Shubhodaya Complex, Railway parallel Road, Kumara Park West, Bangalore 27 – to circulate the Policy to all District Officers.
- 9) The Inspector General of Registration and Commissioner of Stamps and Chief Controlling Revenue Authority, Kandaaya Bhavan, 8<sup>th</sup> floor, K G Road, Bangalore-560 009.
- 10) The Deputy Commissioners of all Districts of Karnataka.
- 11) Managing Director, Karnataka Handloom Development Corporation, Priyadarshani Nekar Bhavan, Nekara Colony, Vidyanagar, Huballi-580 031.
- 12) Managing Director, Karnataka State Textile Infrastructure Development Corporation Ltd., Kanabaragi Industrial Area, VTPC Building, Belagavi.
- 13) The CEO's of all Zilla Panchayats of Karnataka.
- 14) The Deputy Secretary to Govt., (Cabinet Section), DPAR, Vidhana Soudha, Bangalore-01.
- 15) The Under Secretary to Govt., (Exp-1), Finance Department, Vidhana Soudha, Bangalore-01.
- 16) Guard File/ Spare Copies.



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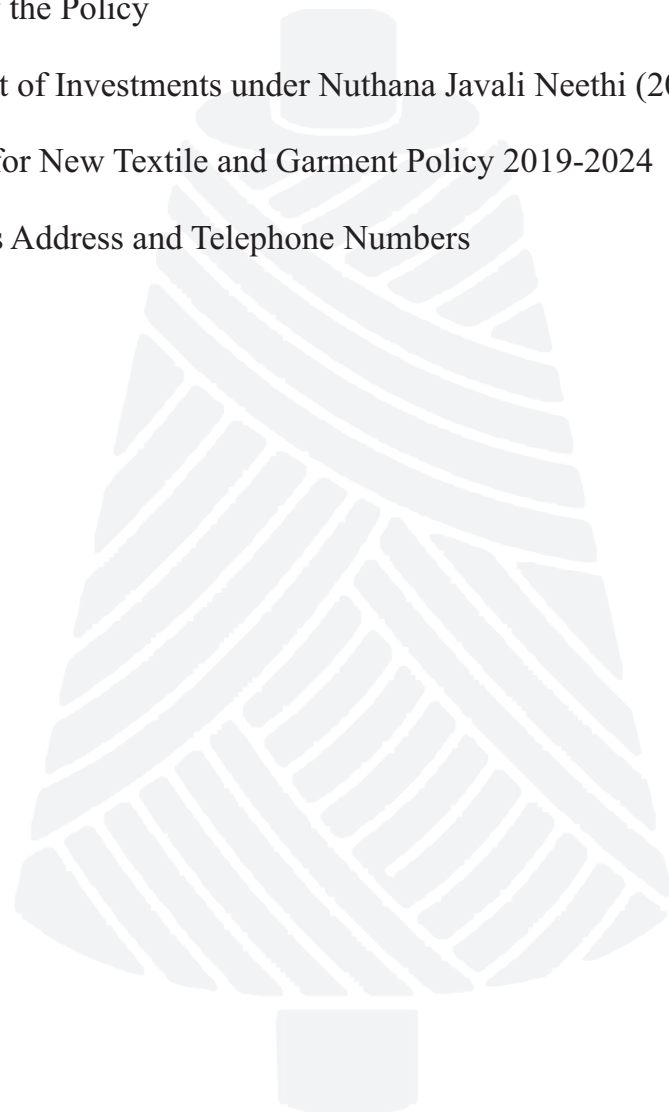




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## Preamble

Karnataka has always had an enduring tradition of tapping the best across India and the World to trace a steady growth curve across diverse sectors of the economy. The transformative journey of textiles in Karnataka has already begun in the pursuit to foster best in-class textile manufacturing, advanced production technologies resulting in smart textile value chain, manufacturing processes and end-to-end ecosystems.

Acknowledging the contribution of textile and garment sector in terms of industrial production, employment generation, particularly for women, and export earnings to the economy of Karnataka the time has come to launch the state for higher and sustainable growth at all stages of the textile value chain and position as a leading destination in the Textile and Apparel sector in the country and to make textile value chain into gold mine value chain.

Against this changing landscape and the decision to re-appraise the present policy to redefine the objectives, targets, strategies to exploit the opportunities and evaluation of the implementation of the Textile Policy, “Nuthana Javali Neethi 2013-18” in the State (Annexure-1), a comprehensive and well-designed New Textile and Garment Policy 2019-24, Government of Karnataka has been formulated.

## 1 Textile and Apparel Sector

### 1.1 Indian Market Scenario

India's textile and apparel sector has seen a wave of strong positive change and is expected to export approximately USD 350 billion of textiles and apparel and attract investments worth USD 180-200 billion by 2024. The textile sector is the largest industrial employment provider in India, employing more than 100 million people directly and indirectly. The sector contributes 5 per cent to India's GDP, 14 per cent to industrial production, and 13 per cent to exports. The textiles sector has witnessed an increase in investment during the last five years. The industry (including dyed and printed) attracted foreign direct investment (FDI) worth USD 29.74 billion during April 2000 to June 2018, as per Department of Industrial Policy and Promotion (DIPP) statistics.

India is the world's second largest exporter of textiles and clothing.



According to the recent data published by Directorate General of Commercial Intelligence and Statistics (DGCI&S) under the Union Ministry of Commerce, exports of textiles and apparel from India have increased by 11 per cent in July 2018 to INR 196.36 billion (USD 2.86 billion) compared to INR 176.92 billion (USD 2.74 billion) for the same month last year. Also, total textiles exports witnessed a jump of 15 per cent to INR 108.79 billion (USD 1.58 billion) for July 2018 as compared to INR 94.29 billion (INR 1.46 billion) during July, 2017.

India has strengths in terms of raw material availability, manpower availability, large domestic market, presence of complete manufacturing value chain and government support. Abundant availability of raw material such as cotton, wool, silk and jute and skilled workforce has made India a leading sourcing hub for the global market. The textile sector is dominated by cotton, with a share of over 65 per cent of the total mill fibre consumption in the country. India accounts for about 14 per cent of the global production of textile fibre and yarns.

All the support extended by the Central Government, including INR 1,300 crore Samarth scheme for skilling, INR 6000 crore package for Apparel & Made-ups along with various State Incentives, is expected to create a strong turnaround in textiles and clothing sector.

## 1.2 Karnataka Market Scenario

Karnataka is one of the fastest growing State in India, propelling the country's growth to greater heights. With a USD 189 billion globalized, market-based economy growing at 7.6 per annum the State has already taken a number of initiatives to enhance its stature as one of the leading high-tech industrialised States in the country. Karnataka has been at the forefront of development and is the fourth largest economy of the country. The State has been a pioneer on many fronts, a leader in many economic sectors and has consistently provided an environment that nurtures the spirit of innovation and entrepreneurship. Karnataka has made a mark internationally as a leading exporter and manufacturer of textiles and apparel globally.

Karnataka the Garment Capital of India has been one of the leading contributors in the growth of textiles and apparel market in



India. With 20 per cent of the national garment production of the country, Karnataka has contributed almost two-thirds to the State's industry output. The state has an important share in the export of raw material and also a good share in the country's exports in merchandise exports, readymade garments and handlooms. Karnataka's exports amounted to about INR 5,48,890 crore in 2016-17 which constituted about 18.78 per cent of the country's exports. Also, the State has a high impact on the production of raw materials, and is one of the leading producers of silk in the country. It contributes 49 per cent to mulberry silk, 12 per cent to wool and 6 per cent of cotton production in the country.

Karnataka has large manufacturing capacities across the complete manufacturing value chain viz. natural and manmade fibre production, spinning, weaving, knitting, processing, garmenting, made- ups and technical textiles. There are 17 spinning mills in the State with a total capacity of about 3.57 lakh spindles. The State also has a significant presence of power looms where about 1,20,000 looms are engaged in weaving of silk and cotton. Power looms are mainly concentrated in Belagavi, Bagalkote, Tumkur, Bangalore Urban and Rural Districts. The State has been successful in achieving the status of a leading market for technical textiles, such as builtech, clothtech, hometech, medtech with Mysore, Hassan and Bengaluru have emerged as leaders and growth beds of technical textiles.

The first integrated textile park has been established in Doddaballapura, which is 48 acre park with 85 units focusing on weaving, sizing and warping, and is expected to generate employment of 7,000 people. KIADB has set up a textile SEZ in Hassan spread across 474.40 acres and is strategically located to serve as an international business hub for South-East Asia, Africa, Middle East Asia and SAARC nations. Also, Binary Apparel Park Pvt. Ltd., Greenfield Textile Park has been set up at Hiriyur,



Chitradurga district. Karnataka has been at the forefront of capacity building and enhancement of skills for the textile and apparel manufacturing workers. The Department of Handloom and Textile has funded 144 Skill Development Centers and 168 private training centres and has trained 1,65,200 personnel till date.

### 1.3 Changing Inter-State and International Landscape

The global textile and apparel industry has seen a structural shift in terms of manufacturing locations where most of the manufacturing has shifted to the emerging markets, such as Ethiopia, Vietnam, Bangladesh, Turkey and China due to their manufacturing cost competitiveness. Also, with growing competition from Maharashtra, Andhra Pradesh, Telangana, Jharkhand and other states to attract investments in the textile and apparel sector through lucrative incentives and concessions such as increased capital subsidy, reduced power tariff to enhance cost competitiveness, wage incentives, etc. there is a stronger need for Karnataka to be at par at the sub-national and international level.

Therefore, with an aim to position Karnataka as a competitive textile and apparel manufacturing hub, the New Textile and Garment Policy (2019-2024), which is expected to attract investments worth INR 10,000 crore, will provide many benefits including: a) increased capital subsidy for spinning mills, modernisation of power looms (Air-jet looms, rapier looms, electronic jacquard), processing units, integrated units and technical textiles; b) competitive power tariff and additional incentive on use of non-conventional/renewable sources of power and c) Enhanced Skill Development support. The policy also lays special focus on increasing the wage competitiveness in the State by offering wage incentives for new textile and garment units which will create ample employment opportunities for women.

## 2 Definition

The Textile and Garment industry to be covered under this policy will include all units, which are engaged in various value chain activities of the industry such as Spinning, Weaving (Power loom and Handloom) including pre loom activities, Knitting, Processing, Integrated Units, Garmenting, Technical Textiles, Textile machinery manufacturing and all other ancillary activities.

Enterprise: An enterprise classified as micro, small, medium (MSME), large, mega and anchor units during the policy period have been defined separately for textiles and garments in the table below.





- a) **Existing Project:** Any project existing prior to the announcement of this policy and any project coming under expansion / diversification / modernization during the period of this policy.
- b) **New Project:** New project shall mean unit which undertake to invest on fixed assets on or after the announcement of this Policy. This will include the unit which have taken effective steps on or before the announcement of this Policy and could not fulfill the conditions stipulated for qualifying as pipeline unit under Nuthana Javali Neethi 2013-2018.
- c) **Pipeline Project:** The Project under implementation under two policy period or pipeline projects will be defined in the Operational Manual.
- d) **Project Cost/ Fixed Assets:** For the purposes of calculation of incentives under the policy, Project Cost / Fixed Assets would be defined as assets created for the project and would include Factory Building, Infrastructure including land cost (other than land development), Plant & Machinery, ETP and other Productive Assets with Transportation, Erection & Electrification and construction of housing / dormitories by themselves (for up to 50 per cent of their workers/ employees).
- e) **Expansion Project:** Existing units in the Textiles and Garment sector would be considered as units undergoing capacity expansion, in case they have invested in plant and machinery, for expanding in the same business or sub sector.
- f) **Diversification Project:** Existing units in the Textiles and Garment sector would be considered as units undergoing diversification, in case they have carried out either backward or forward Integration, within the textile value chain. The said integration may be the immediate activity within the backward or forward chain or any activity of the value chain.
- g) **Modernization/Technology Upgradation:** Existing units in the Textiles and Garment sector would be considered as units undergoing modernization / technology upgradation, in case they have plant and machinery of certain kind and they have brought in plant and machinery of an upgraded version as a replacement of the existing plant and machinery (as specified under TUFSS Scheme of Government of India) within the unit. Also, installation of shuttle-less rapier loom, airjet looms, electronic jacquard and to any loom based on advanced technology.
- h) **Textiles:** includes all activities other than garments and apparel sector.
- i) **Garmenting:** Units manufacturing garments and apparels would be classified as garmenting units.





- j) **Thrust Sectors:** With an aim to boost the local economy and to create a holistic textile and apparel ecosystem in the State the following sectors have been identified as thrust sectors for interventions in the New Textile and Garment Policy 2019-2024 and would include the following:
- i. Spinning
  - ii. Weaving
  - iii. Integrated Units
  - iv. Processing
  - v. Technical Textiles
- k) **Other Areas:** would include other areas in textiles which are not defined as thrust sectors.
- l) **Sizing:** Units doing the process of applying adhesive coating on the surface of yarn after completing the warping process would be classified as sizing units.
- m) **TUF Scheme:** Amended Technology Upgradation Funds Scheme (A-TUFS) of the Central
- n) Zonal Classification is as under:
- i. Zone 1: Entire Kalyana Karnataka Region.
  - ii. Zone 2: All areas other than Municipal Corporations, District Headquarters in Non Kalyana Karnataka region.
  - iii. Zone 3: All Municipal Corporations and District Headquarters in Non Kalyana Karnataka region.
  - iv. Zone 4: Bangalore Urban & Bangalore Rural Districts.





- Packtech (Packaging)
- Protech (Personal and Property Protection)
- Sporttech (Sport and Leisure)
- Defencetech (Textile for defence use)
- Any other product as notified by Ministry of Textiles, Government of India, time to time

The details of the various initiatives for the mentioned thrust sectors is mentioned in section 6. The Thrust sectors can be modified /amended as and when required by HLEC.

## 5 Policy Targets

The New Textile and Garment Policy 2019-2024 envisages an ambitious investment outlay of INR 10,000 crore and aims to generate employment to 5,00,000 people approximately during the policy period i.e. 2019 to 2024.

## 6 Segment wise Initiatives

### 6.1 Ginning

Cotton is grown in abundance in North Karnataka and produces nearly 40 lakh bales per year. However, spinning mills are consuming only 10% of the cotton grown and rest of the 90% of the cotton is being sold to spinning mills of the neighboring states. Currently there are about 850 ginning units in Karnataka. The new policy would support and promote the growth and development of ginning units in the State.





Specific interventions for ginning to be supported under the new policy are as follows:

- a) Support and promote the growth of long staple cotton grown in the State.
- b) Support to modernize the technology used in ginning and pressing.
- c) Skill Development support to develop need-based skills for ginning.

## 6.2 Spinning







## 6.4 Processing



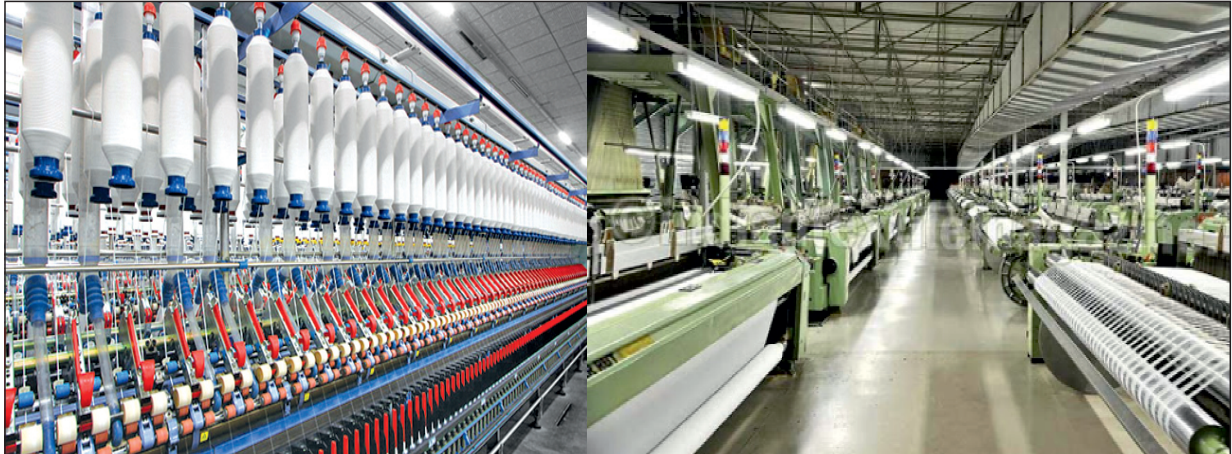
In order to carry out all the activities from Farm to Fashion, there is a need to give a greater thrust for developing post spinning activities such as processing. The existing process house in the State have outdated technologies and lack complete sequence of activities such as, desizing, scouring, bleaching, dyeing, finishing and printing. Therefore, in order to achieve integrated 'Farm to Fashion' value chain in the State, specific interventions for processing to be supported under the new policy are as follows:

- a) Government will encourage setting up of modern processing units with latest technologies meeting international quality and environmental norms.
- b) Additional capital subsidy support for machinery required for ZLD / ETP / CETP in the processing project.
- c) Processing projects having ZLD / ETP / CETP will be provided with electricity at concessional rates since the costs of operating the ZLD / ETP / CETP projects and the hard waste disposal are very high.
- d) Encourage establishment of common modern processing units under PPP near powerloom clusters.
- e) Skill Development support to develop need-based skills for processing.





## 6.5 Integrated Units



The integrated textile units include spinning, weaving and processing under one roof. The leading global brands of the world source their yarn and fabric from world class integrated textile units across the globe. With a vision to export the finished product rather than cotton and yarn, the new textile policy will encourage integrated units to convert long staple cotton grown in Karnataka into finer yarn and thereby into finer fabric. Specific interventions for integrated units to be supported under the new policy are as follows:

- a) Support up-gradation (i.e. units going for up-gradation in spinning, weaving and processing).
- b) Assistance to bring in modern technology to adapt to new manufacturing techniques to increase the productivity.
- c) Skill Development support will be provided to develop need-based skills for integrated units.

## 6.6 Garmenting





Karnataka has a strong garment industry and the sector has witnessed a growth in investments in the State. Garment manufacturing industry is highly labour intensive and less capital intensive. This industry has a woman-friendly employment orientation and provides employment to large number of women. During the last policy period (2013-2018) maximum employment was generated in the garment segment employing 1.18 lakh persons. Since this sector has potential to create new employment opportunities, the New Textile and Garment Policy 2019-2024 gives a special thrust to the garment sector. Specific interventions for garment units to be supported under the new policy are as follows:

- a) Provision of wage subsidy to foster growth and employment generation.
- b) Joint ventures and strategic alliances with leading world manufacturers will be promoted.
- c) Special focus and boost the growth of buying houses and international apparel retailers in the State.
- d) Skill Development support to develop need-based skills for garment and apparel manufacturing.

### 6.7 Fashion/Buying Houses

Fast fashion is gaining traction and there are many factors that make Karnataka a



sought-after market for foreign retailers as it is a textile and apparel-manufacturing hub that provides a faster and more economical route to the source of production. Therefore, with an aim to become the retail destination and in order to give a boost to the growth of buying houses and international apparel retailers in Karnataka the Policy will encourage the companies / units to establish their warehouses and registered offices in Karnataka.

## 6.8 Technical Textiles



Technical Textiles is one of the major emerging sectors in the textile value chain and Government of Karnataka is putting a special thrust on developing the technical textiles sector in the State. Karnataka has the potential to become the global hub for the manufacturing of technical textiles and non-wovens, for which there is a huge national and international market. Karnataka has been a leading market for technical textiles, such as builtech, clothtech, homotech, medtech with Mysore, Hassan and Bengaluru emerging as leaders and growth beds of technical textiles. Therefore, to facilitate emerging technical textiles in critical areas such as production, technology and research & development, The New Textile and Garment Policy would give a special thrust to Technical Textiles and will encourage integrated development of the sector aiming to achieve the sustainability of the textile units in the State.

Specific interventions for technical textiles to be supported under the new policy are as follows:

- a) Centre of Excellence for Technical Textiles in association with academia will be setup in the State.
- b) Assist in development of standard technical textile products and users in adopting the technical textile products.
- c) Encourage R&D projects in the field for development of technical textile fibres (natural & synthetic fibres).
- d) Support new product development, channelize production and marketing activities of technical textile products.
- e) Facilitate dissemination of information through sample exhibits, awareness programmes, publication of books and papers and technical know-how to the manufacturers and users of technical textile products.

## 6.9 Silk



Karnataka is the largest producer of mulberry silk in India. Around 49 per cent of the country's mulberry silk is produced in Karnataka. During 2016-17, the estimated mulberry silk production in India was about 19,533 metric tonnes of which Karnataka's share was 9571 metric tonnes. Mysuru and North Bengaluru in Karnataka are famous for their silks and are called the "Silk City" as they majorly contribute to the silk production in India. There is a need for diversification in the silk industry in Karnataka in order to face the demand - supply challenges and also to position itself strongly in the international market. Considering the importance of silk industry and its scope for generating employment, the following measures will be undertaken to bring the silk industry to the forefront of the State's economy.

- a) Private sector involvement will be promoted to sustain sericulture.
- b) Capital subsidy support to silk entrepreneurs, weavers and weavers' groups for silk dyeing / processing / weaving machinery.
- c) Encourage clustering of activities of reeling and weaving and strengthen linkages between the producers and industry.
- d) Create Market Hubs to provide backward and forward linkages to market products through regular events and shops.
- e) On Skill Development/Training, Central Government skill initiatives such as "SAMARTH" will also be implemented in the state.



## 6.10 Wool



Karnataka produces nearly 12 per cent of India's total wool production. The wool exports amounted to INR 6.06 crores and wool production was nearly 2663 tonnes during 2017-18 (upto November, 2017). Availability of value added processing and marketing facilities for wool in the State will result in employment generation. Following measures will be undertaken to achieve this:

- a) Capital subsidy support for setting up modern woollen yarn spinning units.
- b) Develop market linkages by setting up woollen marketing complexes in woollen cluster areas.
- c) Focus on diversification of woollen end products.
- d) Infrastructure support for woollen product development such as plant for non-woven and woven products, facilities for spinning, weaving, dyeing, processing and finishing.
- e) Augment efforts to monitor and manage the procurement, processing, production and marketing of wool.
- f) Skill Development support to develop need-based skills.

## 7 Dovetailing of Support under other Schemes

The assistance available under various schemes of Central Government such as TUFs of Ministry of Textiles, Government of India may be dovetailed by the Group of Entrepreneurs/Industry Associations/SPVs/Units with the support available under this Policy. However, the contribution by the industry shall not be less than 15 per cent of the cost of each project, in case of such dovetailing.

The projects approved under this policy will not be eligible to claim incentives and concessions under Industrial Policy of the State will also be implemented in the state.



## 8 Policy Incentives Offered for Textiles

### 8.1 Credit Linked Capital Subsidy

- a) Credit Linked Capital Subsidy for MSME Enterprises: New /Expansion/ Modernisation / Diversification Enterprises will be eligible for capital subsidy on the eligible Fixed Assets as per the limits indicated below for Thrust Sectors and Other segments.

Capital Subsidy for MSMEs				
				-
	Additional 5% capital subsidy on the value of Fixed Assets for SC/ST persons / Persons with disabilities/ Minority/ Ex- servicemen/Women			

- b) Credit Linked Capital Subsidy for Large Enterprises: New / Expansion/ Modernisation / Diversification Enterprises will be eligible for capital subsidy on the eligible Fixed Assets as per the limits indicated below for Thrust Sectors and Other segments.

Capital Subsidy for Large Enterprises				
				-
	Additional 5% capital subsidy on the value of Fixed Assets for SC/ST persons / Persons with disabilities/ Minority/ Ex- servicemen/Women			











## 9 Policy Incentives Offered for Garments

### 9.1 Credit Linked Capital Subsidy

- a) Credit Linked Capital Subsidy for MSME Enterprises: New /Expansion /Modernisation /Diversification Enterprises will be eligible for capital subsidy on the eligible Fixed Assets as per the limits indicated below for Garmenting.

				-
				-

- b) **Credit Linked Capital Subsidy for Large Enterprises:** New /Expansion/ Modernisation / Diversification Enterprises will be eligible for capital subsidy on the eligible Fixed Assets as per the limits indicated below for Garmenting.

Capital Subsidy for Large Enterprises				
				-
				-

### 9.2 Interest Subsidy

In order to facilitate the entrepreneurs, garment units for hassle free operations, financial assistance will be provided to them in form of interest subsidy. Interest subsidy will be provided for large units only at 5% per annum on term loans for the first 5 years.

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### 9.3 Power Subsidy

Among the biggest issues of the textile industry today is the demand for energy savings and the call for achieving lower energy consumption. Reimbursement of cost of power paid by units for Garmenting. The subsidy will be valid for a period of 5 years from the date of commencement of commercial production.

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### 9.4 Wage Subsidy

Karnataka has a strong garment industry since a long time. Garment manufacturing industry is highly labour intensive and less capital intensive. This industry has a woman-friendly employment orientation and provides employment to large number of women. Since this sector has potential to create new employment opportunities, the New Textile and Garment Policy 2019-2024 will be giving monthly wage subsidy for garment enterprises generating new employment for people of Karnataka domicile only for a period of five years where minimum employment is 200 persons or above for Medium Enterprises and 500 persons or above for Large Enterprises.

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### 9.5 Stamp Duty Exemption and Concessional Registration Charges

Stamp duty to be paid shall be exempted and concessional registration charges rate of INR 1.00 per INR 1000 in respect of (i) Execution of Lease, Lease-cum sale and Sale deeds in respect of industrial land / plots allotted; (ii) Execution of Lease Deeds in case of industrial sheds / plots taken on Lease and (iii) Loan and credit deeds, including security documents such as mortgage deed, pledge deed etc., executed for availing long term funds from banks / FIs and other agencies of GoK/GoI.

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## 9.6 ESI & EPF Subsidy

The Government will offer reimbursement of expenditure incurred on account of employer's contribution towards Employees State Insurance (ESI) / Employees Provident Fund (EPF) for a MSMEs. Reimbursement would be made on actual payments made by the entrepreneurs as per the invoiced record, for the MSME Project. The support would be available for a period of five years from the date of commercial production.

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## 10 Special Package for Mega Units

The Department of Handlooms & Textiles intends to promote and facilitate Mega Projects units in Textiles and Garments which would have multiplier effect and would be integral to the employment generation activity and inclusive sector development in the State.

Case to Case Package of incentives /concessions will be considered for deserving Mega Enterprises Units over and above the incentives /concessions mentioned for Large Enterprises as per the following:

- **Mega Units in Textiles-** with investment in fixed assets above INR 300 crore and minimum employment of 350 for the first INR 300 crore and additional 75 employment for every additional investment of INR 100 crore proportionately.
- **Mega Units in Garments-** with investment in fixed assets above INR 200 crore and minimum ployment of 3,000 for the first INR 200 crore and additional 1,000 employment for every additional investment of INR 100 crore proportionately.



## 11 Cap on Incentives

- The total incentives drawn as per provisions under the policy shall not exceed 40% of Fixed Capital Investment (FCI) for Large and MSME units in Non-Kalyana Karnataka Region and shall not exceed 50% of Fixed Capital Investment for Large and MSME units in Kalyana Karnataka Region.
- Additional incentive of 5% of Fixed Capital Investment (FCI) for Thrust Sector Units.
- Additional incentive of 5% of Fixed Capital Investment (FCI) for Anchor Units set up across the State.

## 12 Infrastructure Development



### 12.1 Common Infrastructure for Greenfield Textile Parks

A cluster based development strategy would be continued for developing Greenfield textile and garment industry parks in the State, to enable the industry in cost reduction, enhanced quality and overall competitiveness. These Parks/Zones could house integrated textile production facilities viz. Spinning, Weaving, Processing, Garmenting and other ancillary units that may be required or sector specific activities such as weaving or processing etc.




**a) Eligibility:** Individual/ Special Purpose Vehicle (SPV) formed by the user industry comprising of a group of entrepreneurs would be eligible for grant support subject to the following:

- ▶ The Textile Park being developed shall have a minimum of 15 acres in size.
- ▶ Individual from user industry can also come forward to set up the Greenfield Textile Park/Common Infrastructure for Greenfield Textile Park.
- ▶ SPV (of one or five entrepreneurs from the user industry) should come together to form an SPV. Associations can also join the SPV as a member.
- ▶ The Individual/SPV shall hold 100% equity during the implementation of the Project. On completion of the Project the Individual/SPV shall hold a minimum of 51% of the equity with the balance 49% held by strategic partners / developers / Government agencies etc. In case, the Individual/SPV wishes to dilute its equity stake during the implementation of the Project the same shall be done by taking the prior concern of the Department of Handlooms & Textiles, Government of Karnataka
- ▶ Minimum of 51% of the equity of the Individual/SPV to be held by the user industry, the balance 49% could be held by strategic partners / developers / Government agencies etc.

**b) Following components are eligible for subsidy:**

- ▶ Factory Building
- ▶ Common Infrastructure such as:
  - Compound Wall
  - Roads
  - Drainage System
  - Sewage Treatment Plant
  - Water supply
  - Power supply including Captive Power Plant/ Alternative source of power
  - Common Effluent Treatment Plant
  - Waste Disposal Facilities

- 
- **Telecommunication systems**
  - External infrastructure including Power, Water and Approach Roads up to the doorsteps of the Park
  - ▶ Any other need based infrastructure (Building for Common Amenities such as):
    - Testing Laboratory
    - Design Center
    - Training Center
    - Trade / exhibition center
    - Warehousing Facility
    - Raw material Depot
    - Worker facilities such as crèche, canteen, dormitories, recreation facilities, etc.
    - Office buildings of Service providers
    - Buildings for Banks / ATM, etc.
    - Building for fire-fighting, etc.

Land for the projects will not be an eligible component for funding of the incentives; however, they can be a part of the Project Cost as required for Bank / FI approvals and to be funded by the entrepreneurs themselves

- c) Funding:** The Individual would be provided one time grant support for the development of common infrastructure for Greenfield Parks of up to 25% of the project cost or INR 25 crores per Park project, whichever is less irrespective of the Zones they are in. The SPV would be provided one time grant support for the development of common infrastructure for Greenfield Parks of up to 40% of the project cost or INR 40.00 crores per Park project, whichever is less irrespective of the Zones they are in. Also, projects which are already approved and are being funded under any Central Government Scheme may receive fresh approval under such schemes, during the policy period, where only an additional 10% of the Project cost will be provided as supplementary State Government incentive to such Park Projects. The grant support will be provided in four equal installments from the Government. The milestones for disbursement of incentives will be detailed out in the Operations Manual of the Policy, which will also set the respective development milestones.



## 12.2 Brownfield Cluster Development

Cluster based development strategy would be continued for developing the existing industrial estates having textile units with an aim to achieve sustainable growth and become internationally competitive through expansion or technology up-gradation.

### a) Eligibility:

- ◆ Individual/ Special Purpose Vehicle (SPV) comprising of a group of entrepreneurs with minimum of one or five members from the user industry and / or Industry Associations for the purpose of developing common facilities such as CETP/STP etc. for the existing industrial estates having minimum 5 textile units.
- ◆ Common Infrastructure will be facilities such as CETP, STP, testing facilities etc.

**b) Funding:** The Individual/SPV would be provided one time grant support for the development of common infrastructure for Brownfield cluster of upto 40% of the Project Cost or INR 12.00 crores per industrial estate project, whichever is less irrespective of the Zones they are in. The milestones for disbursement of incentives will be detailed out in the Operations Manual of the Policy, which will also set the respective development milestones.

## 12.3 Common Effluent Treatment Plant and Hazardous Waste Disposal Facility

Today, the textile industry is facing an environment that uses tremendous amount of materials and energy resources and produces a massive quantity of waste, leaving a huge negative environmental impact. Achieving zero waste zero discharge is one of the greatest challenges of the apparel manufacturing industry. Therefore, it is proposed to provide one time subsidy for setting up Common Effluent Treatment Plants / Hazardous Waste Disposal Facility.







- a) **Eligibility:** Individual/SPV formed by the user industry comprising a group of minimum of one or 5 entrepreneurs across all locations would be eligible for grant support.
- b) **Project components:** Project Cost for the purpose of grant support would include the following components:
- ◆ Infrastructure like roads, water supply, power etc. (excluding land and land development costs)
  - ◆ Building
  - ◆ Plant & Machinery
- c) **Funding:** The one time grant support will be provided to the Individual/ SPV of up to 50% of the project cost and in case of Handloom projects, the subsidy would be limited to 80% of the project cost. This one time grant support will be inclusive of all other incentives. In case of the projects being funded under any scheme of Government of India, the subsidy would be limited to 20% of the project cost or INR 5.00 crores, whichever is less. The support would be provided in four equal instalments. The milestones for disbursement of incentives will be detailed out in the Operations Manual of the Policy, which will also set the respective development milestones.

### 13 Human Resources Development & Skill Up-gradation



The pre-requisites for textile and garment industry to be globally competitive are availability and quality of skilled manpower. Therefore, the policy provides adequate priority and thrust on the skilling requirements in high value chain in textile sector, need-based skills for various sub-sectors and developing the skill landscape in Karnataka with a focus on skill development in textiles- up-skilling / re-skilling; technology enabled skilling and developing the skilling Infrastructure. It is targeted to generate at least 5 lakh employments and to train the unemployed youth during the policy period



**(a) Up-gradation of Textile Infrastructure and Funding support:** will be provided to reputed institutions, who are into the academics/ skill development in the textile value chain, for up-gradation of training facilities in the campus. Up-to INR 1 crore funding support will be provided to the institutions on the basis of approved DPR which should justify the textile infrastructure up-gradation. Three institutions will be supported for the textile infrastructure up-gradation, during the policy period.

**(b) Strengthening of Existing Institutes / Skill Development Centres (SDCs):** The Department of Handloom and Textile has funded 144 Skill Development Centres and 168 private training centres and has trained 1,65,200 personnel till date. Funding interventions by Department of Handlooms & Textiles would include support towards training cost and would be as follows:

- ◆ In case training proponents have the requisite infrastructure and the capacity to train and place beneficiaries in the textile and apparel sector, they would be supported towards the training cost. If the infrastructure has been created through the funding support from Department of Handlooms and Textiles, the support towards training cost would be INR 9500 for SDCs and INR 11000 for Private centres per beneficiary for 45 days. The detailed segregation of the training cost would be as follows:
  - ◆ Training Beneficiary Stipend- INR 3,500
  - ◆ Support towards Raw Materials- INR 1,000
  - ◆ **Institutional Fee** Support- INR 5,000 for SDCs and INR 6,500 for private training centres.
  - ◆ Any modifications to this can be decided by the HLEC.

**(c) Support to New Project Implementation Agencies:** In case large enterprises have the requisite infrastructure and the capacity to train and place beneficiaries in the textile and apparel sector, they would be supported towards the training cost, subject to appropriate due diligence. In this case, the support shall be INR 11,000 per beneficiary.



## Funding Milestones:

### (d) The grant support from the Government of Karnataka for the training program will be based on two milestones:

- The First milestone will be completion of training program- 100% stipend to the beneficiary and 50% of the eligible fund will be made to the Training Centres on achieving the first milestone.
- The Second milestone will be on completion of 60 days, post placement of beneficiary: Remaining 50% of the eligible payment will be made to the Training Centres on achieving the second milestone.

(e) **Placement Criteria:** All training programs will be linked to the industry requirement to ensure placements. A minimum of 80% of placement to be achieved by the PIAs / Institutes.

## 14 Capacity Building Support

For Textile and Garment sector, there is a need to give greater emphasis on capacity building and skill development activities. Government of Karnataka strives to provide hand holding and expertise support to all stakeholders by equipping them with necessary knowledge and skills to achieve and sustain visible socio-economic development. Capacity building initiatives that will be supported during the policy period are as follows:



(a) **Market Development and Branding:** To enable individuals/group of entrepreneurs / units to effectively access the global and emerging domestic markets.

- **Eligibility:** The eligibility for seeking support for the above initiative is as follows:
  - ◆ Individual or a group of minimum 5 entrepreneurs having units in the State / Industry Associations.
  - ◆ Individuals/SPVs/ Industry Associations developing Textile Parks/ Specific Textile Zones through Central or State Government assistance.



➤ **Project Components:** The Project components that would be funded will be as follows:

- ◆ Participation in International Exhibitions
  - ◆ Business Delegations Abroad and Inward Missions
  - ◆ Development of Websites / Brochures, etc.
  - ◆ Undertaking Market Research Studies
  - ◆ Engagement of International Market Development Consultants
  - ◆ Development of Brands
  - ◆ Publicity
  - ◆ Other Marketing Initiatives
- ◆ **Funding:** The funding support provided for this initiative would be 50% of the project cost or INR 50 lakhs, whichever is less, with the balance being met /arranged by the group of entrepreneurs / Industry Associations. Assistance will be provided on reimbursement basis.

**(b) Design Development and Product Diversification:** To enable handloom entrepreneurs/ units to develop new products through design development

➤ **Eligibility:** The eligibility criteria for seeking support for the above initiative are as follows:

- ◆ Individual/ a group of minimum 5 handloom entrepreneurs having units in the State /Industry Associations / Co-operative Societies.
- ◆ Individuals/SPVs developing Textile Parks (handlooms)/Specific Textile Zones through Central or State Government assistance.

➤ **Project components:** The Project components that would be funded are as follows:

- ◆ Cost of Designers engaged in Design & Product Development
- ◆ Cost of Raw Materials, Specialized Machinery, if any, etc.
- ◆ Testing, Standardization Expenses, etc.

➤ **Funding:** The funding support provided for this initiative would be 50% of the Project cost or INR 25 lakhs, whichever is less, with the balance being met / arranged by the group of entrepreneurs / Industry Associations / Co-operative Societies. Assistance will be provided on reimbursement basis



**(c) Standards and Compliances:** To enable the industry in adopting standards for being compliant to various international trade requirements.

- **Eligibility:** Any unit that obtains certification / accreditation under any of the Internationally recognized / accepted standards such as:
  - ◆ Bureau of Indian Standards
  - ◆ ISO-9000 Quality Management System
  - ◆ ISO-14000 Environmental Management System
  - ◆ ISO-18000 Occupational Health and Safety Standards
  - ◆ Social Accountability Standards
  - ◆ Internationally accredited eco-labels OKE-TEX 100, etc.
  - ◆ UN Environmental Programme Certification (a UN-led initiative promoting socially responsible and sustainable business practices) and the UN Economic and Social Commission for Asia and the Pacific (UNESCAP)
  - ◆ Any other internationally accredited certification that will enable better market positioning
- **Funding:** The funding support provided to an individual unit to the extent of 50% of the cost or INR 5 lakhs, whichever is less, with the balance being met / arranged by the beneficiary unit. Assistance will be provided on reimbursement basis.

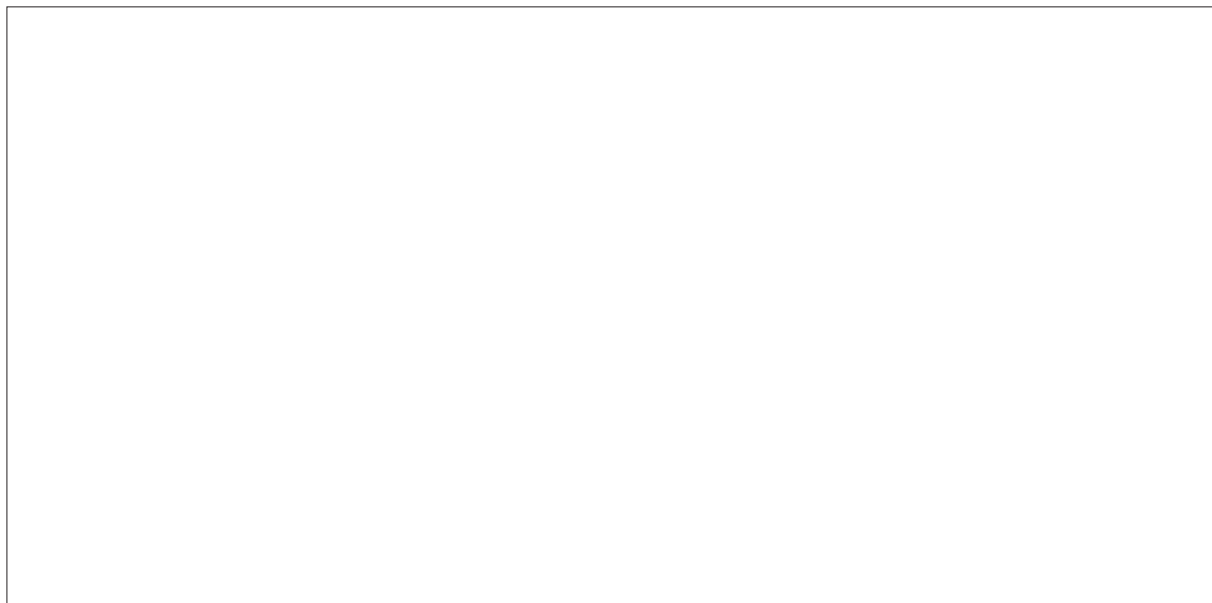
**(d) Vendor Development and Facilitation:** To further strengthen the MSME ecosystem in the state and increase the competitiveness of the MSME sector, the Policy will aim at promoting vendor development, management, facilitation and creating a platform to connect anchor units with MSMEs and identify vendors in terms of production capacity and quality standards.

**(e) Entrepreneurship Development Program (EDP):** To attain a considerable growth and development in the Small and Medium Enterprises (SME) sector through emerging efficient entrepreneurs. Higher education institutions in textile and apparel sector shall be encouraged to conduct tailor-made Entrepreneur Development Programmes. The programs shall provide the basic knowledge on entrepreneurship qualities, with emphasis on skills and behaviors, to the emerging entrepreneurs apart from disseminating the benefits of the textile policy and creating awareness on technical part of textile sector.



## 15 Centre of Excellence for Textiles/Technical Textiles

Realizing the importance and growth potential of technical textile industry in the years to come, the forth coming policy will focus on setting up a dynamic, competitive and world class Centre of Excellence for Technical Textiles. With the change in the trend in textile sector and textile being a knowledge based research oriented industry the Centre of Excellence for Technical Textiles will be setup in the State in co-operative arrangement with Government of Karnataka as the lead partneduly



supported by institutes having requisite capacity and any leading academic technical institution of the State. The Centre of Excellence for Technical Textiles will be funded by the State Government upto a grant of INR 10 crore during the policy period.

- a) **Eligibility:** Any Leading Technical Academic Institution or any other Institution/Research Association in co-operative arrangement with Governmen of Karnataka as the lead partner would be eligible to set up a Centre of Excellence for Textiles.
- b) **Various activities which will be undertaken by the Centre of Excellence are:**
  - The centre will assist the manufacturers in development of standard technical textile products and enhance the knowledge base in composites through R&D and training. R&D projects will be undertaken in the field for development of technical textile fibres (natural & synthetic fibres), development of woven and nonwoven products, technologically updated manufacturing process, design and testing facilities etc.



- 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 and training programs and would also provide strong mentoring support from industry experts on achieving technical expertise for new investors.
- Quality Certification will also be established for the manufacturing process and the finished goods, as per the international standards which would encourage exports.
- Facilities for testing and evaluation of products of identified segments of technical textiles with national/international accreditation and collaboration with foreign institutes/laboratories.
- Government of Karnataka aims to create an integrated entrepreneurial ecosystem and incubation spaces to support and nurture startups that are involved in the domain of technical textiles. Focus Incubation centres will be established in order to catalyse new product development, channelize production and marketing activities of technical textile products. New investors may utilize the incubation centre for product development and preparing prototype for commercial production.
- Incubation centre will provide a diversified basket of business solutions to the small start-ups, which have good business ideas, but no background to exploit the proposition commercially. It would provide venture space with office facilities, shared resources and business network support, to work on their ideas before getting into the mass production.
- The Centre of Excellence will also establish an Information Centre to facilitate dissemination of information through sample exhibits, awareness programmes, e-library, video conferencing and publication of books and papers and technical know-how to the manufacturers and users of textile products.

## 16 Planned Budget Outlay for the Policy Implementation

The overall Budget requirement for implementation of the Policy is expected to be about INR 2,282.86 crore spread over the next eight to nine years. During the policy period (2019 – 2024), the Budget requirement would be around INR 1,582.17 crore. The year wise allocation for the planned budget outlay is as shown in Annexure 2.



## 17 Review / Monitoring

The following committees would ensure the effective implementation of this policy:

- a) **A High Level Empowered Committee (HLEC):** set up under the Chairmanship of the Minister for Textiles, Govt. of Karnataka. Commissioner for Textile Development and Director of Handlooms and Textiles is the Member Secretary/Convener of the Committee. The Committee will comprise of representatives of the related Departments of the Government of Karnataka, R&D institutions and Industry Associations. HLEC is responsible for taking necessary decisions to implement the Policy and for monitoring the projects under the policy. The HLEC periodically reviews the policy implementation and also carry out reallocation of funds across various interventions, depending on the demand from the industry. It helps in ensuring complete utilization and providing advisory inputs to the State Level Project Implementation Committee (SLPIC) for effective implementation of the policy.
- b) **A State Level Project Implementation Committee (SLPIC):** has been set up under the Chairmanship of the ACS/Principal Secretary / Secretary to Government, Commerce and Industries Department, Govt. of Karnataka. Commissioner for Textile Development and Director of Handlooms and Textiles is the Member Secretary/Convener of the Committee. The Committee comprises of representatives of the related Departments of the Government of Karnataka, R&D institutions and Industry Associations. SLPIC is responsible for development of detailed operational procedures for implementation of the policy, sanction and monitoring of the incentives for the projects under the policy. All units which come under Large and Anchor enterprises, the approval and sanctioning of the projects will be done by the SLPIC.
- c) **A Head Office Approval Committee (HOAC):** will be set up under the Chairmanship of the Commissioner for Textile Development and Director of Handlooms and Textile. Project Director, Handlooms and Textile shall be the Convener of the Committee. The committee shall comprise of representatives of the related Departments of the government of Karnataka such as B E S C O M , KSPCB, DIC, KUM etc. Banks, R&D Institutions and Industry Association. HOAC shall examine the various investment proposals for mega projects, Green Field textile parks, Brown Field textile parks, establishment of textile industries in areas earmarked as Backward Areas. The proposals along with suitable recommendations shall be placed before the State Level Project Implementation Committee (SLPIC) for approval.

All units which come under Small and Medium enterprises, the approval and sanctioning of projects will be done by the HOAC.





- d) District Office Approval Committee (DOAC):** will be setup under the Chairmanship of Divisional Joint Director. The committee shall comprise of representatives from District Industries Center, ESCOM, Lead District Manager, and KSPCB Officer. The committee would have power of sanctioning and approval for micro enterprise.

Detailed operating guidelines for each of the components of the policy will be prepared and published separately.

## 18 Administration of the Policy

- (a) The Department of Handlooms & Textiles shall implement the policy with concentrated and synchronized efforts. The Department will be responsible for administering the policy throughout the State in a structured format. The current format of administration will be reviewed.
- (b) The technical textiles is the sub sector gaining a fair amount of prominence in the textile value chain. Therefore it is necessary for the Department of Handlooms & Textiles to have the requisite capacity, in-house to respond to the needs of the industry. The format will be able to respond to the needs of the industry and bridge the knowledge gap between all the concerned stakeholders.
- (c) To administer the policy, the Department of Handlooms and Textiles would coordinate with various committees and stakeholders of the industry from time-to-time for implementation of the policy.
- (d) Expenditure for Project development and management under the policy will be 10% of the grant corpus earmarked for all activities carried out by the Department of Handlooms and Textiles.
- (e) The various activities to be carried out as a part of administering the policy in the State shall include, but not be limited to the following:
- ◆ Dissemination of the Policy and its benefits to the industry
  - ◆ Conducting workshops at various locations in the State
  - ◆ Printing of brochures / flyers
  - ◆ Hosting of website and maintaining the same
  - ◆ Conducting road shows by inviting industry players



- ◆ Visits of Officers of the Department of Handlooms and Textiles abroad for accompanying industry stakeholders in various road shows and market building initiatives
  - ◆ Costs related to setting up of marketing intelligence unit within the Department of Handlooms & Textiles, or for outsourcing such activities, in order to create databases on marketing, labour information, etc. and aggregating inputs from various districts
  - ◆ Active liaisoning and visits to units of the industry and various other stakeholders such as training institutes and other agencies.
  - ◆ Setting up of IT infrastructure for monitoring progress of implementation
  - ◆ Appointment of various consultants in case of carrying out specialized set of activities as may be desired from time to time.
  - ◆ The investors who have set up investments during the previous policy period and have claimed incentives during the previous policy period would continue to be supported under the previous policy. Investors who have set up during the previous policy period, but have not claimed any incentives under the previous policy, will be given a time frame of 6 months (from the date of announcement of the new policy) to claim incentives under the new policy.
- (f) Separate Operational Guidelines for administration of these incentives and concessions will be issued for the guidance of the concerned agencies / officers with the approval of the State Level Project Implementation Committee (SLPIC).
- (g) SLPIC shall be the authority to interpret the policy measures, incentives and concessions detailed in this policy (including those in previous policies) and its decision shall be final.
- (h) Nuthana Javali Neethi 2013-18 will be applicable for the investments made during 01.11.2018 till the announcement of New Policy. From the date of issue of Government Order, the New Textile & Garment Policy 2019-24 shall be valid for a period of 5 years or till a new Policy is announced.



## Annexure 1: Snapshot of Investments under Nuthana Javali Neethi (2013-2018)

1. One of the major achievements for Karnataka has been the launch of India's first State Textile Policy. The Government announced its Textile Policy in the year 2008, as "Suvarna Vastra Neethi 2008-2013" for a period of five years and thereafter announced its Textile Policy in the year 2013, as "Nuthana Javali Neethi 2013-18" also for a period of five years.
2. The thrust of "Suvarna Vastra Neethi 2008-2013" policy was towards the holistic development of the sector. The focus areas for intervention were strengthening of the textile value chain activities, geographical dispersion of textile and garment units, human resource development, infrastructure development, capacity building in terms of market development, design development and product diversification, technology up-gradation of entire textile value chain and standard & compliance. During the Textile Policy period from 2008-2013, Karnataka received an investment worth INR 5710 crores in the sector which is 57.1 per cent of the target investments of INR 10,000 crore envisaged. Projects worth INR 3326 crores (approximately) are either under implementation or operational. These investments have not only been made in ready-made garments sector but also into other value chains of textiles such as spinning, processing and weaving sector. During the policy period 2,67,053 lakh employment was generated in the State which is only 53.41 per cent of the target employment of 5,00,000 envisaged.
3. Under Suvarna Vastra Neethi (2008-2013) policy period, sectoral investments in sectors such as (Handlooms, Powerloom, Spinning, Processing, Garments and Technical Textiles) were received where handlooms, powerloom, spinning, processing, garments and technical textile sector received an investment worth INR 1 crore, INR 72 crore, INR 1764 crore, INR 185 crore, INR 2682 crore and INR 1006 crore respectively during the policy period. The garment sector received the highest investment worth INR 2682 crore and generated almost 94 per cent (2,51,326) of the total employment (2,67,053) generated in the policy period.
4. The Nuthana Javali Neethi (NJN) 2013-18 was planned to carry forward the initiatives undertaken under Suvarna Vastra Neethi (SVN) 2008-13 policy. With a policy target to achieve INR 10,000 crores of investment and generate 5 lakh employment during the policy period, Nuthana Javali Neethi aimed at achieving a higher and sustainable growth in the entire textile value chain from fibre to finished products, for all regions of Karnataka.
5. The broad vision of the NJN Policy was to establish the textile and garment industry of Karnataka, as a producer of high quality textile products and position Karnataka as a global leader in the international market. The policy focussed on areas such as: strengthening of the textile value chain activities, skill development and upgradation, capital infusion and technology transfer for all segments of the value chain and also develop newer areas, such as technical textiles.



6. During the Textile Policy period from 2013-2018, Karnataka received an investment worth INR 9595.74 crores in the sector which is 95.9 per cent of the target investments of INR 10,000 crore envisaged. These investments have not only been made in ready-made garments sector but also into other value chains of textiles such as spinning, processing and weaving sector. During the policy period 1,92,102 employment was generated in the State which is only 38.42 per cent of the target employment of 5,00,000 envisaged.
7. Under Nuthana Javali Neethi (2013-2018) policy period, numerous small, medium and mega enterprises have been extended with fiscal support all across Karnataka except Bangalore. MSME projects under Nuthana Javali Neethi (2013-18) registered a total investment of INR 4,957.74 crore (51.66 per cent of total investment). Out of which Bangalore attracted an investment of about INR 3,702.52 crores, where no incentives have been provided to the industries. The Large / Mega projects registered a total investment of INR 4,638 crore (48.34 per cent of total investment) during the policy period.
8. The sectoral investments across various segments are as below.

S No	Segment	Investment (INR crores)
1	Handlooms	1.72
2	Powerlooms	146.18
3	Spinning	1,454.70
4	Processing	14.36
5	Garments	1,038.09
6	Technical Textiles	903.17
7	Integrated Units	2,035.00
8	Greenfield Textile Parks and its units	300.00
9	Units established in Bangalore	3,702.52
	<b>Total</b>	<b>9,595.74</b>

9. State Government provided special support to the mega projects which got approved under the Policy period. Investors in turn have shown confidence in the State and implemented mega projects in various districts across the State such as Doddaballapura (Bangalore Rural), Bellary, Shimoga, Mandya, Bijapur and Hassan.



10. Government of Karnataka in addition supported the projects which got approved under the Scheme for Integrated Textile Park Scheme (SITP) of the Ministry of Textiles (MoT), Government of India. Those were Doddaballapura Integrated Textile Park, at Bangalore, which was inaugurated in July 2010 and Gulbarga Textile Park Private Limited which got approved in the year 2012.
11. Karnataka is home to a number of Textile Parks and SEZ units. The first integrated textile park has been established in Doddaballapura, which is 48 acre park with 85 units focusing on weaving, sizing and warping, and is expected to generate employment of 7,000 people. KIADB has set up textile SEZ in Hassan spread across 474.40 acres which provides substantial competitive advantages and is strategically located to serve as an international business hub for South-East Asia, Africa, Middle East Asia and SAARC nations. Also, development of Textile Park in Gulbarga is under progress and two Greenfield parks have been developed during the policy period at Hiriyur, Chitradurga and Belgaum.
12. The Textile Policy had special provision for Human Resources Development & Skill Up-gradation which is the most essential for an internationally competitive textile and garment industry. Under Nuthana Javali Neethi (2013-2018) policy period, the total number of people trained were 82,262 beneficiaries.
13. A dedicated team of the Government officials are continuously working to provide all the necessary support to the industries under the Textile Policy.
14. The planned budgetary outlay for Nuthana Javali Neethi 2013-18 policy was INR 1000 crores across the various interventions. Till now, INR 1022.88 crore has been sanctioned by the Government out of which INR 416.66 crore was released.
15. The global textile and apparel industry has seen a structural shift in terms of manufacturing locations to countries such as Ethiopia, Vietnam, Bangladesh due to their manufacturing cost competitiveness (higher cost of wages, power and logistic cost). Also, looking at the policy environment in other peer states such as the lucrative incentives and concessions offered by Maharashtra, Andhra Pradesh, Telangana, Jharkhand, etc. Nuthana Javali Neethi, 2013-2018 has been successful in attracting investment. However, the employment generation hasn't met the expected target during the policy period. The lucrative incentives offered by the peer states have been initiated in the recent past due to which they might get an added advantage, hence the incentives or concessions mentioned in this policy are necessary for attracting the investments into the State in future.



## Annexure 2: Budget for New Textile and Garment Policy 2019-24

The overall Budget requirement for implementation of the Policy is expected to be about INR 2,282.86 crore spread over the next eight to nine years. During the policy period (2019 – 24), the Budget requirement would be around INR 1582.17 crore. The year on year budget requirement (Component wise) is mentioned in the table below.

**Table: Overall Budget Requirement for the New Textile & Garment Policy 2019-24**

Incentives	Total Budget
Capital Subsidy	412.67
Interest Subsidy	267.49
Power Subsidy	456.46
Stamp Duty Exemption	11.68
Skill Development Support	38.77
ESI & EPF Subsidy (only for MSMEs)	57.88
<b>Sub Total</b>	<b>1,244.94</b>
<b>Garments</b>	
Capital Subsidy	142.71
Interest Subsidy	92.51
Power Subsidy	98.56
Wage Subsidy	466.33
Stamp Duty Exemption	4.04
Skill Development Support	112.10
ESI & EPF Subsidy (only for MSMEs)	20.01
<b>Sub Total</b>	<b>936.26</b>
<b>Other Incentives</b>	
Textile Parks & Infrastructure	39.28
Common Infrastructure for Greenfield	25.93
Brownfield Cluster Development	20.74
CETPs	15.71
<b>Sub Total</b>	<b>101.66</b>
<b>Total</b>	<b>2,282.86</b>



**Table: Component-wise Budgetary requirement over the next five year**

<b>Financial Outlay for incentives under New Textiles</b>						
<b>Incentives</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Total</b>
Textiles						
Capital Subsidy	13.76	41.27	75.66	103.17	96.29	330.13
Interest Subsidy	8.92	26.75	49.04	66.87	62.42	214.00
Power Subsidy	4.36	17.46	28.37	48.01	76.38	174.58
Skill Development Support	0.76	3.03	6.81	12.10	16.07	38.77
Stamp Duty Reimbursement	1.17	2.34	2.92	3.50	1.75	11.68
ESI & EPF Subsidy (only for MSMEs)	5.79	11.58	14.47	17.36	8.68	57.88
<b>Sub Total (a)</b>	<b>34.75</b>	<b>102.41</b>	<b>177.26</b>	<b>251.02</b>	<b>261.5</b>	<b>827.03</b>

<b>Financial Outlay for incentives under New Textiles</b>						
<b>Incentives</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Total</b>
<b>Garments</b>						
Capital Subsidy	4.76	14.27	26.16	35.68	33.30	114.17
Interest Subsidy	3.08	9.25	16.96	23.13	21.58	74.00
Power Subsidy	0.20	0.80	19.56	38.72	30.89	90.16
Wage Subsidy	4.66	18.65	41.97	74.61	99.10	38.99
Skill Development Support	2.19	8.75	19.69	35.00	46.48	112.10
Stamp Duty Reimbursement	0.40	0.81	1.01	1.21	0.61	4.04
ESI & EPF Subsidy (only for MSMEs)	2.00	4.00	5.00	6.00	3.00	20.01
<b>Sub Total (b)</b>	<b>17.30</b>	<b>56.53</b>	<b>130.35</b>	<b>214.35</b>	<b>234.95</b>	<b>653.48</b>
<b>Infrastructure Development</b>						
Textile Parks & Infrastructure	3.93	7.86	9.82	11.78	5.89	39.28
Common Infrastructure for Greenfield Development	2.59	5.19	6.48	7.78	3.89	25.93
Brownfield Cluster Development	2.07	4.15	5.1	6.22	3.11	20.74
CETPs	1.57	3.14	3.93	4.71	2.36	15.71
<b>Sub Total ©</b>	<b>10.17</b>	<b>20.33</b>	<b>25.42</b>	<b>30.50</b>	<b>15.25</b>	<b>101.66</b>
<b>Grand Total (a + b + c)</b>	<b>62.21</b>	<b>179.28</b>	<b>333.03</b>	<b>495.86</b>	<b>511.80</b>	<b>1,582.17</b>

Sd/-  
**(M. MAHESHWAR RAO)**  
 Secretary to Government,  
 Commerce & Industries Department.



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# **New Textile and Garment Policy 2019-24**

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