



Government of Rajasthan

Rajasthan Textiles & Apparel Policy 2021



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1. Preamble

The Indian Textile industry is one of the largest in the world, with a large unmatched raw material base and manufacturing strength across the value chain. India is the 2nd largest manufacturer and exporter in the world, after China. The share of Textile and Clothing in India's total exports stands at a significant 10.6 % (2020-21). India has a share of 5% of the global trade in Textiles & Apparel. The uniqueness of the industry lies in its strengths both in the hand-woven sector as well capital-intensive power-loom sector. The Indian power-loom sector is the second largest in the world. Traditional sectors such as handlooms, handicrafts and small-scale power-loom units are the largest source of employment for millions of people in rural and semi-urban areas and they contribute to more than 75% of total textiles production of the country.

The Indian Textile Industry has inherent linkages with agriculture, culture and traditions of the country producing versatile spread of products appropriate for both domestic and export markets. The textile industry contributes to 7% of the industry output in value terms, 2% of India's GDP, and 10.6% of the country's export earnings. The textile industry is one of the largest sources of employment generation in the country with over 4.5 Crore people employed directly, and another six Crore people in allied sectors, including a large number of women and the rural population. The sector has perfect alignment with the Government's key initiatives such as Make in India, Skill India, Women Empowerment, and Rural Youth Employment.

The Indian Textiles & Apparel Industry is facing major competition from countries such as Bangladesh, Sri Lanka, Vietnam etc. and it becomes important for Indian states to provide favourable ecosystem and support for the sustainability of existing and attracting new industries in the Textiles & Apparel sector.

The Textile & Apparel Industry is one of the key contributors to the economy of Rajasthan. After agriculture, the Textile & Apparel sector provides highest employment opportunities. With a strong base of Textile & Apparel industry in Rajasthan, there is a vast potential for its development in the state. The Textile & Apparel industry also has potential to provide large scale employment in the State. Rajasthan has high percentage of entrepreneurs along with skilled, semi-skilled, and unskilled workers. Thousands of residents of Rajasthan travel to far-off places in Maharashtra, Gujarat, Tamil Nadu, West Bengal, and Kerala contributing

to other states for textile production and trading. The State Government is keen on bringing business and employment opportunities to their doorsteps and provide wholesome growth opportunities within the State.

To ensure Rajasthan's inclusive development, the State Government's focus has been on increasing Textile & Apparel manufacturing by building the best-in-class manufacturing infrastructure, upgrading technology and thereby fostering innovation and enhancing skills.

After the disruption due to COVID-19 pandemic, the Textile & Apparel industry is facing new challenges and looking at new opportunities due to the changing the global environment viz., favorable import terms for countries like Bangladesh, Vietnam, Sri Lanka, etc. Therefore, there is a need to formulate a new, dynamic and growth-oriented Textile & Apparel Policy for Rajasthan.

2. Title and Commencement

The Policy shall come into effect from the date of its notification in the Official Gazette and shall remain in force until it is amended or superseded by the State Government.

3. Vision and Objectives

Vision

To promote integrated and **sustainable** development of Textiles & Apparel sector in Rajasthan and **provide** conducive eco-system with **initiatives** for competitive, cost effective, technology up-gradation support.

Objectives

- 1 To attract Investment in the state and provide employment opportunities to local youth.
- 2 To encourage setting up of integrated value chain of Textile & Apparel sector from fiber to fashion;
- 3 Support the industry to build state-of-the-art manufacturing capabilities in **compliance** with environmental standards and encourage Foreign Direct Investment as well as research and development in the sector;
- 4 Facilitate sustainable development by **measures** for pollution-free / eco-friendly dyeing and processing industrial clusters;

- 5 Provide latest technical expertise created by institutes such as IITs, NIFT, NITRA, etc. which are actively engaged in research & development in the Textile & Apparel sector;
- 6 Facilitate the Textile Industry to attain and sustain a pre-eminent global standing in the manufacturing and exporting of textiles, apparels and made-ups & Home Furnishing;
- 7 Equip the industry to withstand against global **competition** and expand the presence in the domestic and international market;
- 8 Utilize **upcoming** industrial development (e.g. **Rajasthan-PCPIR**, DMIC etc.) and develop a strong multi-fibre base with thrust **to** product up-gradation and diversification;
- 9 Enrich human resource skills and capabilities, with special emphasis on skill up-gradation and to revitalize the Institutional structure;
- 10 Make Information Technology (IT) an integral part of the entire value chain of textile production and thereby facilitate the industry to achieve international standards in terms of quality, design, and marketing;

4. Ease of Doing Business

- 4.1. The Government of Rajasthan has taken various initiatives to improve the business environment in the state by continuing to bring in regulatory reforms and simplify procedures of registrations, to enhance the development of the Textile Sector in the State. Government shall continue to take new initiatives to improve the services provided to industries for doing business **in** the State.
- 4.2. The Rajasthan Micro, Small and Medium Enterprises (Facilitation of Establishment and Operation) Act 2019, has been implemented to exempt MSMEs **from** all the inspections, permissions, NOCs, clearances, consents, approvals, registrations, licenses, etc. required under any State law in connection with the establishment or operation of enterprise for 3 years.
- 4.3. The State Government has established one stop shop facility with IT application 'RAJNIVESH' for all investment related matters such as business information to investor, investor queries, expediting regulatory approvals, facilitating meetings with

relevant Government departments, hand-holding support for matters related to fiscal incentives and investor's feedback.

4.4. The State Government shall set up a dedicated Textiles & Apparel Industry Promotion Cell (TAIPC) under the Department of Industries and Commerce, Government of Rajasthan. This dedicated TAIPC shall have representation from departments and institutions including Industries, Agriculture, Revenue, Skill Development, PHED, Energy, and other related departments. The cell will work for coordination with related Central and State Government departments for the benefit of the Sector.

4.5. In Textiles & Apparel Clusters, dedicated officer shall be appointed by District Industries & Commerce Centres (DICC)s to facilitate Textile & Apparel units / associations to avail benefit of Central Government schemes (e.g., Production Linked Incentive (PLI) Scheme, Technology Upgradation Fund Scheme (TUFS), Comprehensive Power loom Cluster Development Scheme (CPCDS), etc.). The officers shall co-ordinate with TAIPC and the Central Government departments to increase utilization of the central schemes in the state and to expedite the sanctioning and implementation of the projects.

5. Infrastructure Support for Textiles & Apparel Sector

5.1. RIICO shall explore the possibilities of developing a Mega Integrated Textile & Apparel Park in the State subject to the approval from Government of India. The proposed park shall accommodate the entire value chain from spinning, weaving, knitting, processing and made ups & home furnishing. The park shall be developed with common facilities such as Training Centres, R&D Centres, Testing Labs, Common Effluent Treatment Plants etc. The objective of the proposed park shall be to provide cost and quality edge to industries of the state.

5.2. To facilitate exports from Textiles & Apparel units and to prevent delays of vehicles carrying export-import cargo, Government shall identify EXIM Logistic Channels for EXIM cargo which may provide routes for smooth transit.

5.3. SPVs shall be encouraged to set up Textile & Apparel parks under Central Government schemes such as Scheme for Integrated Textile Parks (SITP). The

SPV shall have the freedom to plan the park. However, minimum common facilities like Effluent Treatment Plant (ETP) and drinking water, rainwater harvesting system, truck parking, and other logistics facilities, etc. shall be provided and built by the SPV. The SPV shall select a suitable land for development of park which has connectivity with 18-meter-wide (or above) all-weather road and shall have access to a trunk drain. The SPV shall build its Sewage Disposal System or ensure access to trunk sewage line and provide land for transformers or electric sub-station as required. The SPV shall also provide ensure availability of land for setting up of police stations and fire stations in such parks. The State Government shall provide incentives to the unit/s setup in the Textile & Apparel parks as per the RIPS-2019 and other relevant schemes.

- 5.4. 100% exemption from stamp duty shall be admissible to SPVs for purchase of land for establishing Textile & Apparel parks in the State. Exemption of 100% from stamp duty shall be made available to the first investor for leasing plots / units in that textile park / estate.
- 5.5. The State Government shall strengthen the existing connecting road to the Textile & Apparel park on need basis. It will also ensure connectivity to the trunk drain having access to the park. Necessary electric lines or separate feeders and transformers / substations, police, and fire stations shall also be set up by the State Government. These services shall also be maintained by the State's agencies.
- 5.6. Textile & Apparel parks shall be encouraged preferably in the DMIC region and Bharatmala Economic Corridors along with the highways and expressways in the State.
- 5.7. To reduce electricity costs and to promote sustainable development for the Textile & Apparel sector, the State Government shall encourage the establishment of renewal energy plants for captive use e.g., Solar, Wind, and Hybrid, etc. by the Textile & Apparel units.
- 5.8. The RIICO / Department of Industries & Commerce shall provide plug & play facility to be used as a 'Production Testing Centre' enabling market testing of produce.

These Facilities shall be available at economical rentals for a maximum period of 24 months.

5.9. The State Government shall encourage the establishment of staff-quarters, hostel/dormitory in the Textile & Apparel park in the State and the vicinity of the existing cluster and proposed Plug and Play facilities.

5.10. The State Government shall facilitate the trade of Textile & Apparel products by developing a Cloth Market for wholesale and retail of Textile & Apparel products near the existing and proposed clusters/parks.

6. Support to achieve Global Competitiveness

6.1. To upgrade the existing technology and promote use of advanced technologies in the Textile & Apparel Sector, the State Government shall collaborate with national institutes – such as Northern India Textile Research Association (NITRA), Indian Institute of Technology (IITs), National Institute of Technology (NITs), National Institute of Design (NIDs), The Council of Scientific and Industrial Research (CSIR), National Institute of Fashion Technology (NIFT) or any other premier institute working in the area of Textiles & Apparel for the technology acquisition, skill development and up-gradation, Research and Development, and awareness programmes.

6.2. RIICO shall establish Micro and Small Enterprise Industrial Areas (MSE-IAs) and Textiles & Apparel Parks with the provision of Skill Development Centres (SDC) for continuous skill up-gradation and re-skilling.

6.3. The State Government shall promote the establishment of a Centre of Excellence for Textile & Apparel sector in collaboration with national premier institution / research institution / university / Industry association / industry. The proposed Centre of Excellence shall be equipped with advanced lab and testing facilities,

training centre, research and development centre, incubation centre, product display centre, conference facilities, etc.

- 6.4. Textiles & Apparel units shall be encouraged to set up in-factory skilling centres in collaboration with leading universities, Government approved / affiliated / recognized skilling Institutions and ITIs.
- 6.5. The State Government shall **create awareness regarding schemes** of the Government of India for the adoption of cutting-edge technology by MSMEs such as CLCSS (Credit Linked Capital Subsidy Scheme), TEQUP, Lean Manufacturing, QMS, and QTT (Quality Management Standards and Quality Technology Tools) and ZED (Zero Effect Zero Defect).
- 6.6. The State Government shall provide a substantial grant of upto 50% of the cost of equipment, plant and machinery for R&D centres and testing laboratories established or acknowledged by Industrial associations. The **Government shall support the establishment of 3 such R&D Centres and Testing labs in the Textiles and/or Apparel Clusters / Parks with a cumulative outlay of INR 5 Crores.**
- 6.7. The State Government shall promote cluster-level Competitiveness Development Programmes and techniques such as reducing waste, increasing productivity, introducing innovative practices for improving overall competitiveness, inculcating good management systems, **imbibing** a culture of continuous improvement etc.
- 6.8. To promote cluster-level competitiveness, **the State Government** shall promote utilization of the Lean Manufacturing Competitiveness Scheme (LMCS) of the Central Government.

7. Fiscal Incentives for Textiles & Apparel Sector

- 7.1. To promote private contributions in the establishment of Textiles & Apparel units in the state various incentive **have been** provided by the Government under RIPS-2019.
 - i. Investment Subsidy of 75% of State tax due and deposited, for seven years.
 - ii. Employment Generation Subsidy in the form of reimbursement of 50% of employer's contribution towards employees EPF and ESI, for seven years:

Provided that the Employment Generation Subsidy in the form of reimbursement of 75% of employer's contribution towards EPF and ESI shall be granted

- a) For employees belonging to Women, Schedule Caste (SC), Schedule Tribe (ST), Person with disability (PwD); and
- b) For all employees, if the enterprise is providing more than 75% direct employment to persons domiciled in Rajasthan.

Provided further that the Employment Generation Subsidy shall not be granted for those employees for which employer is receiving reimbursement under any other scheme of Government of India or Government of Rajasthan.

- iii. Exemption from payment of 100% of Electricity Duty for seven years.
- iv. Exemption from payment of 100% of Land Tax for seven years.
- v. Exemption from payment of 100% of Stamp Duty:
 - a. On purchase or lease/sub-lease of land and construction or improvement on such land; and
 - b. On purchase or lease of floor area/space in any constructed commercial building for setting up of enterprise in: -
 - i. IT Sector; or
 - ii. Entertainment Sector; or
 - iii. Industry 4.0; or
 - iv. Tourism Sector; and
- vi. Exemption from payment of 100% of conversion charges payable for change of land use and conversion of land.

7.2. In addition to this, the below-mentioned incentives are also applicable for the Textiles & Apparel Sector.

Textile Sector and Apparel Sector: Enterprises investing equal to or above rupees twenty-five lakh in the Textile Sector shall be granted the following benefits: -

- a. Capital Subsidy on zero liquid discharge based effluent treatment plant equivalent to 20% of the amount paid to the suppliers for the plant excluding civil work, subject to a maximum of rupees one crore, to enterprises of Textile & Apparel Sector: and
- b. 5% Interest Subsidy on term loan taken by enterprise from Financial Institutions or State Financial Institutions or Banks recognized by Reserve

- Bank of India, for investing in plant & machinery as specified under the TUF Scheme of Government of India, for five years; or
- c. 6% Interest Subsidy on term loan taken by enterprise from Financial Institutions or State Financial Institutions or Banks recognized by Reserve Bank of India, for investing in plant & machinery as specified under the TUF Scheme of Government of India, for five years, for enterprises making investment more than rupees twenty-five crore; or
 - d. 7% Interest Subsidy on term loan taken by enterprise from Financial Institutions or State Financial Institutions or Banks recognized by Reserve Bank of India, for investing in plant & machinery as specified under the TUF Scheme of Government of India, for five years, for Apparel Sector and enterprises manufacturing Technical Textiles, Khadi & Handloom; or
 - e. Capital Subsidy equivalent to 25% of the investment made on the plant & machinery as specified under the TUF Scheme of Government of India, subject to a maximum of rupees fifty lakh;

7.3. In addition to this, the below-mentioned incentives for MSME Sector **are also available to the Textiles & Apparel Sector's MSME units** in the state.

MSME Sector: Enterprises of the MSME sector shall, in addition to benefits mentioned in above (i) to (vi) clause, if applicable, be granted the following benefits:

- a. Water Conservation and Green Measures Subsidy in the form of Reimbursement of
 - i. 50% of the cost incurred on water audit by any Government empaneled or Government approved agency subject to a maximum of rupees two lakh;
 - ii. 50% of the amount paid to the suppliers for the plant, excluding civil work, for establishing zero liquid discharge based effluent treatment plant;
 - iii. 50% of the amount paid to the suppliers for the plant, excluding civil work, for adopting Green Building Measures for the building having a minimum floor space of 2000 sq. mtrs; and
 - iv. 50% of the amount paid to the suppliers for the plant, excluding civil work, for establishing "Reuse and Recycling of Industrial Waste Plant", subject to a maximum of rupees fifty lakh and shall be one-time assistance;

Provided that maximum total amount of subsidy including (i), (ii), and (iii) shall be subject to a maximum of rupees fifty lakh and shall be one-time assistance;

- a) One-time reimbursement of 50% of the cost incurred on obtaining quality certification for manufacturing or processes or certification related to export, issued by any Government agency or any agency authorized by Government of India or Government of Rajasthan, subject to a maximum of rupees twenty-five lakh;
- b) One-time reimbursement of 50% cost incurred to acquire advanced technology from premier national institutes – Indian Institute of Science (IISc), Indian Institute of Technology (IITs), National Institute of Technology (NITs), National Institute of Design (NIDs), The Council of Scientific and Industrial Research (CSIR) or any other institute set up by Government of India, subject to a maximum of rupees ten lakh;
- c) One-time financial assistance is equivalent to the assistance provided by the Government of India for obtaining Patents, Geographical Indication (GI) Tagging, and Trademark Registration.
- d) One-time reimbursement of 50% of the investment made on plant and machinery and testing equipment for obtaining Silver or Gold or Diamond or Platinum rating under Zero Defect and Zero Effect Certification Scheme of Government of India, subject to a maximum of rupees five lakh; and
- e) One-time financial assistance on raising funds (capital) through SME platform, to the extent of 50% of the investment made in process of raising funds (capital), subject to a maximum of rupees five lakh.

Apart from the RIPS-2019, State Government provides support under various schemes as mentioned below:

7.4. The government has implemented an interest subsidy scheme under Mukhyamantri Laghu Udyog Protsahan Yojana (MLUPY) to facilitate the establishment of MSME

in the state to provide new employment opportunities to all sections of the society. This scheme provides an interest subsidy of 5% to 8% for loans up to INR 5 Crores.

7.5. Special incentive for Sustainable Development of Textile & Apparel sector: To reduce the operational cost of CETP, Government shall provide one time grant of up to 80% of cost for setting up of captive renewable energy generation plant up to INR 10 Crore for the ZLD based CETP operated by SPVs in identified textile clusters / industrial areas / Parks. On adoption of renewable energy through captive renewal energy generating plants or through Green Energy Open Access, eligible **ZLD based CETPs** shall be **100% exempted from payment of electricity duty, wheeling charges / transmission charges, parallel operational charges, cross-subsidy surcharge, additional surcharges, etc. whichever is applicable for a period of 7 years and 50% of wheeling & transmission charges & 100% of cross subsidy charges thereafter.**

7.6. Quality production and green energy incentive:

7.6.1. The State Government shall provide reimbursement of INR 2 / unit on electricity tariff for first 5 years to textile units obtaining Silver or Gold or Diamond or Platinum rating under Zero Defect and Zero Effect Certification Scheme of Government of India, subject to a maximum of INR 1 Crore / annum.

7.6.2. On adoption of renewable energy through captive renewal energy generating plants or through Green Energy Open Access by Textile & Apparel unit or consortium of Textiles & Apparel Units, the State Government shall provide 100% exemption from payment of electricity duty, cross-subsidy surcharge, additional surcharges, etc. for first 5 years and 50% exemption thereafter.

7.7. Fresher Employment Subsidy for Apparel Sector: The State Government shall provide INR 3000 per month per candidate for 6 months for providing job to freshers (First Job within a year of being certified) from ITI / polytechnic / skill training institution / centres operating under Central or State Government skilling programme in the state. Apparel units may claim subsidies after completion of first 3 months of continuous service in the apparel unit with 80% attendance in every month. The maximum number of candidates considered for this programme shall

not be higher than 10% of the total full-time employees of the unit or 200 whichever is less. This incentive shall be applicable to only new units commencing commercial production during the Policy period.

8. Rajasthan Textiles & Apparel Policy Monitoring Committee

8.1. Rajasthan Textiles & Apparel Policy Monitoring Committee shall be constituted under the Secretary – Industries & Commerce, Government of Rajasthan to periodically review (at least once in every quarter) implementation and assess the impact of the policy.

8.2. The Committee will be empowered to take all necessary decisions for the smooth implementation of policy such as:

- a. To monitor the progress of all institutions involved in the process
- b. To assign roles and targets to institutions involved and monitoring of work being performed
- c. To interpret and/or relax any provision of the Policy
- d. To frame and/or amend any guidelines or schemes under the Policy
- e. To review various measures for the favorable business environment in the State for Textiles & Apparel Sector

9. Policy Implementation

The Department of Industries and Commerce shall act as the nodal coordinating, monitoring, and implementing department. Any matter pertaining to interpretation of any clause of the policy shall be referred to the Department of Industries & Commerce, Government of Rajasthan and the decision of the Department of Industries & Commerce, Government of Rajasthan shall be considered final in this regard.