GOVERNMENT OF KARNATAKA

Department of Handlooms and Textiles

Suvarna Vastra Neethi

2008 - 2013

Commissioner for Textile Development
and Director of Handlooms and Textiles,
14/3A, R.P.Bhavan, N.T.Road,
Bangalore - 560001

CONTENTS

1. **PREAMBLE 3**
2. **CLUSTER BASED DEVELOPMENT STRATEGY 3**
3. **DEFINITION..... 4**
4. **VISION 4**
5. **OBJECTIVES 4**
6. **READYMADE GARMENT SECTOR 4**
7. **FOCUS AREAS OF INTERVENTION 5**
8. **POLICY TARGETS 6**
9. **SECTORAL BRIEF 7**
10. **INCENTIVES OFFERED 12**
11. **HUMAN RESOURCES DEVELOPMENT & SKILL UPGRADATION 21**
12. **LIGISLATIVE SUPPORT - LABOUR REFORMS 27**
13. **SINGLE WINDOW CLEARANCE 28**
14. **REVIEW / MONITORING 29**
15. **ADMINISTRATION OF THE POLICY 29**
16. **BUDGETING 30**
17. **GOVERNMENT ORDER.....35**

1. Preamble :

Acknowledging the contribution of textile and garment sector in terms of industrial production, employment generation and export earnings to the economy of Karnataka;

Realizing its vast potential for creation of employment opportunities in the organized and decentralized sectors, agriculture, rural and urban areas particularly for the women and disadvantaged;

Considering the opportunities in the international market on account of quota phase out and domestic market due to increasing disposable income and revolution in organized retailing;

Recognizing that the progressive policy of the State Government supplementing the concerted efforts of Government of India will have synergistic effect on growth of textile and garment industry in the State;

Having examined the weaknesses, threats and problems facing the sector;

Having identified the strengths, growth areas and available opportunities;

Deciding to re-appraise the present policy to redefine objectives, targets and strategies to exploit the opportunities and pending an independent evaluation of the implementation of the Textile Policy 2004-09 in place in the State **(Annexure-1)**;

2. Cluster Based Development Strategy :

(a) Ever since the first five-year plan period (1951 – 1956), the Government of India has been providing support to different industries through various schemes. The schemes have been of specific nature where in support has been provided for certain activities within the sector needing support, such as R&D activities, Marketing activities, Technical activities, etc.

(b) The cluster based development on the other hand is an all-encompassing approach, which endeavors to provide support to the units in the sector collectively. This approach benefits the industry as a whole rather than providing dispersed benefits.

(c) The proposed cluster development model is aimed at achieving collective efficiencies in each of the key facet of their business right from provision of modern physical and social infrastructure, bulk sourcing of raw materials, procurement of modern technology and equipment, institutional financing support and access to organized domestic and international markets to implementing modern manufacturing and trade practices and also suitable environmental protection measures. The underlying objective of the initiative is to position SMEs on a level playing field with large players while retaining their integrity as individual businesses.

(d) The clusters will be organized / developed in a manner such that a group of entrepreneurs who produce and sell a range of related or complementary products and, thus, face common challenges and opportunities, come together with a view to achieve collective efficiency and penetrate markets beyond their individual reach.

The TEXTILE POLICY – "*SUVARNA VASTRA NEETHI* : 2008-2013" of Government of Karnataka is enunciated as follows:

3. 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, Garmenting, units engaged in manufacturing Technical textiles and all other supporting ancillary activities including Textile machinery manufacturing.

4. Vision :

To establish the textile and garment industry of Karnataka, as a producer of internationally competitive value added products thereby maintaining dominant presence in the growing domestic and international market and contributing to the sustainable employment and economic growth of the State.

5. Objectives :

a. To achieve balanced, higher and sustainable growth in the entire textile value chain from fibre to finished products, with emphasis on balanced regional development.

b. To increase the income levels of the people dependent on the SMEs within the textile and garment sector thereby creating additional employment opportunities to at least 5 lakh people during the policy period.

c. To facilitate emerging units in critical areas such as production technology, market research and development, HRD & ITES for exploiting the emerging global and domestic trade opportunities.

6. Readymade Garment Sector :

(i) The last stage of the textile value chain is the readymade garment sector, where the maximum value addition takes place. The garment sector is low capital intensive and highly labour intensive. It is estimated that Rs.1 lakh investment in this sector creates about 2-3 jobs. This sector can provide employment to rural workers, as it does not need sophisticated skill sets. This industry has a woman-friendly employment orientation and provides employment to large number of women. Karnataka, especially Bangalore, has had a strong garment industry for a long time. The garment units of Bangalore are producing primarily, woven fabric based fashion garments. There are about 593 medium to big units in Bangalore and number of small units in and around Bangalore and Bellary.

(ii) After de-reservation and quota phase out, the process of expansion and consolidation by the garment units of Karnataka has commenced. It is reported that average number of machines per unit are considerably more in Bangalore as compared to other clusters of readymade garments. The value realization of units located in Bangalore is also higher than units located in other clusters. The sector has registered a sharp growth in exports in recent years and provides employment to over three lakh persons in Bangalore, of which almost 95% of the work force are women. The focus of policy will be to create conducive environment for the growth of garment industry enabling it to reach greater heights.

7. Focus Areas for Intervention :

In furtherance of the objectives, the focus areas for providing interventions to the textile and garment industry will be on:

a. Strengthening of Textile Value Chain Activities
b. Geographical Dispersion of Textile & Garment units
c. Human Resource Development
d. Infrastructure Development
e. Market Development & Branding
f. Design Development & Product Diversification
g. Institutional Development
h. Standards & Compliance
i. Technology Upgradation of entire Textile Value Chain

All of the above through a Cluster Based Development Strategy.

(a) Strengthening of Textile Value Chain Activities

Although Karnataka is very strong in garmenting, most of the units source their fabrics from various sources outside the State including imports. Therefore, the policy would follow a dual approach of development i.e. strengthening of existing value chain activities and fill missing gaps creating facilities for value chain activities.

(i) Strengthening of Power Loom Sector

The power loom sector would be supported and strengthened in order to modernize production technologies, such that they are able to supply good quality fabrics in the required quantum.

(ii) Creating of Processing Capacities

As a strong garmenting industry base requires to be supported by availability of adequate amount of processed fabrics / raw material, the policy will aim at developing processing capacities in the State, at suitable locations, thereby forming value linkages between the existing weaving and the garmenting sector.

(iii) Enhancing Capacity in Garmenting

The policy would focus on enhancing the garmenting capacity in the State, by providing them with skilled manpower, through skill development of local youths, and provision of hard infrastructure thereby making units in the State competitive with their international counterparts. In addition, the focus will also be on geographical dispersion of the industry to the backward areas of the State, so that a large number of rural youth in these areas are gainfully employed. 2/3 of the Government support envisaged under the Policy is earmarked for the Garment industry.

(iv) Entry into Technical Textiles

In order to achieve a fast mover advantage in the technical textiles sector, the policy would support ventures in technical textiles such as Camouflaged clothing, Construction textiles, Institutional manufacturing gears, etc.

(v) Strengthening the Handloom Sector

With respect to handloom industry, the focus will be on diversifying the product mix to meet the ever changing customer requirements by leveraging the traditional strengths through provision of appropriate technology, design and market inputs. The focus will also be on developing value added handloom fabrics like Ayur Vastra, which are fabrics dyed with Organic herbs, seeds and fruits which have Ayurvedic medicinal properties.

(b) Technology Up-gradation of entire Textile Value Chain

(i) The Government of India has initiated a Technology Up-gradation Fund Scheme (TUFS) effective April 1, 1999, for financing, modernization and technology up-gradation of textile industry. During its eight years of operation, the units in the State have failed to avail significant benefits of this scheme. As on February 29, 2007, project cost of Rs.73,532 crores have been sanctioned under TUFS and the share of Karnataka is only Rs.3,435 crores, which is an indication that the units in the State have been unable to upgrade their technology to the desired level.

(ii) Apart from support and encouragement to avail funding under the TUFS of Government of India, the textile policy would provide a capital subsidy for upgrading the technology, quality testing equipments etc. as an additional incentive to the industry to modernize their production techniques.

8. Policy Targets :

Year	2008-09	2009-10	2010-11	2011-12	2012-13	Total
Employment	50000	75000	125000	125000	125000	**500000**
Investment (Rs. in Crores)	1000	1500	2500	2500	2500	**10000**

Note: 50% of the above targets will be achieved in Backward taluks identified by the High Power Committee for Redressal of Regional imbalances.

9(a) Sectoral Brief :

(Investment in Rs.Crores)

Year	Sector wise anticipated Investment and Employment													
	Handloom		Powerloom		Spinning		Processing		Garments		Tech.Tex		Total	
	Inv	Emp	Inv	Emp	Inv	Emp	Inv	Emp	Inv	Emp	Inv	Emp	Inv	Emp
2008-09	2	1000	50	5000	150	2000	150	1000	500	40000	148	1000	**1000**	**50000**
2009-10	3	1500	75	7500	225	3000	225	1500	750	60000	222	1500	**1500**	**75000**
2010-11	5	2500	125	12500	375	5000	375	2500	1250	100000	370	2500	**2500**	**125000**
2011-12	5	2500	125	12500	375	5000	375	2500	1250	100000	370	2500	**2500**	**125000**
2012-13	5	2500	125	12500	375	5000	375	2500	1250	100000	370	2500	**2500**	**125000**
Total	**20**	**10000**	**500**	**50000**	**1500**	**20000**	**1500**	**10000**	**5000**	**400000**	**1480**	**10000**	**10000**	**500000**

9(b) Establishment of Fashion Hub at Bangalore

Recognizing the potential of Bangalore, which is today the IT Capital and fast becoming the Garment capital of India, it is proposed to establish THE FASHION HUB near Doddaballapur, Bangalore with the following objectives :

(i) Attract all domestic / international professionals from the field of fashion, design, buying houses and business representatives on a single platform to facilitate business with India.

(ii) Project fashion hub as a gateway to Indian fashion Industry by having complete access to data base, Government policies etc.

(iii) Interact and exchange of ideas from all the fields of design through seminars, exhibitions, fashion weeks, workshops, interactive sessions, etc.

(iv) Establish a Research and Development Centre to project and explore Indian capabilities in design technology and quality standards.

(v) To establish a sourcing hub catering to all fashion industry requirements.

(vi) To showcase Indian Handicraft and Indian designers work as a tourist destination.

(vii) Incubation center, an attempt to inculcate the spirit of entrepreneurship engrained in the creative culture of designers so that their ideas get transformed into new products or services capable of being marketed and sold.

9(c) Market Development and Branding

(i) The SME category of the textile and garment sectors will be encouraged and assisted to face the challenges of the globalized economy and increase its presence in the domestic and international market. The market development assistance would be provided on a cluster based approach, thereby assuring the units of forging backward and forward market linkages.

(ii) The State Government recognizes that the key behind selling in global markets is manufacturing of high quality products and creating a Brand for such products. Products manufactured by specific clusters, either it be handlooms or specialized products, would be identified for the purposes of creating a common Brand thereby providing part support for such initiatives.

9(d) Design Development and Product Diversification

The global competitiveness of the textile and garment units particularly in the SME category is affected due to their inability to catch up with fashion trends of the global markets. Lack of product diversification due to limited investment in designing capability has also been affecting their competitiveness. The policy will focus on providing assistance to the textile and garment units for meeting requirements related to design capabilities, product quality and standards.

9(e) Standards and Compliances

As this policy aims to put the textile and garment sector in the State on the global fore front, it is recognized that industry needs to be compliant to various trade related compliances, from time to time. Development of standards will be given special priority by providing the enterprises in the industry with all necessary inputs.

9(f) Geographical Dispersion of the Textile and Garment Units

(i) In order to reduce the regional imbalances and promote employment and growth in the backward areas of the State, the policy will focus on geographical dispersion of the textile and garment units and creation of skilled employment in identified regions.

(ii) The State is classified into the following 3 Zones:
(These Zones are different from New Industrial Policy 2006-11 classifications)

Sl. No	District	Zone -1	Zone -2	Zone - 3
		Taluks	Taluks	Taluks
1	Bagalkot	Bilagi Hungund Badami	Bagalkot Mudhol Jamakhandi	-
2	Bangalore Rural	-	Hoskote	Doddaballapur Nelamangala Devanahalli
3	Bangalore Urban	-	Anekal	Bangalore North Bangalore South Bangalore East
4	Belgaum	Athani Gokak Saudatti Raibag Bailhongal Ramdurg Hukkeri	Belgaum Khanapur Chikkodi	-

Sl. No	District	Zone -1	Zone -2	Zone - 3
		Taluks	**Taluks**	**Taluks**
5	Bellary	Sandur Kudligi Siruguppa Hagaribommanahalli Hadagali	Bellary Hospet	-
6	Bidar	Bhalki Humnabad Aurad Basavakalyan	Bidar	-
7	Bijapur	Muddebihal Basavanabagewadi Indi Sindagi	Bijapur	-
8	Chamarajanagar	Chamarajanagar Gundlupet Kollegal	Yelandur	-
9	Chikkaballapur	Bagepalli Gowribidanur Sidlaghatta Chintamani Gudibande	Chikkaballapur	-
10	Chickmagalur	Kadur Tarikere	Chickmagalur Shringeri Mudigere Koppa Narasimharajapura	-
11	Chitradurga	Hosadurga Hiriyur Molakalmur Holalkere Challakere	Chitradurga	-
12	Dakhsina Kannada	-	Mangalore Bantwal Puttur Sulya Belthangadi	-
13	Dharwad	Kalaghatagi Navalgund Kundagol	Dharwad Hubli	-
14	Davanagere	Channagiri Harapanahalli Honnali Jagalur	Davanagere Harihara	-
15	Gadag	Mundargi Ron Shirahatti	Gadag Nargund	-
16	Gulbarga	Sedam Shorapur Yadgir Chittapur Afzalpur Shapur Aland Chincholi Jewargi	Gulbarga	-

Sl. No	District	Zone -1	Zone -2	Zone - 3
		Taluks	**Taluks**	**Taluks**
17	Hassan	Arakalgud Holenarasipur Belur Channarayapatna Arasikere	Hassan Alur Sakleshpura	-
18	Haveri	Savanur Shiggaon Hirekerur Haveri Byadagi Hangal	Ranebennur	-
19	Kolar	Srinivasapura Malur Mulbagal Bangarpet	Kolar	-
20	Koppal	Kustagi Yelburga Koppal Gangavathi	-	-
21	Kodagu	-	Madikeri Somawarpet Virajpet	-
22	Mandya	Malavalli Nagamangala Krishnarajapet Srirangapatna Maddur Pandavapura	Mandya	-
23	Mysore	H.D.Kote Hunsur T.Narasipura Nanjangud Piriyapatna K.R.Nagar	Mysore	-
24	Raichur	Sindhanoor Manvi Lingasugur Devdurga Raichur	-	-
25	Ramanagara	-	Kanakapura Magadi Channapatna	Ramanagara
26	Shimoga	Soraba Shikaripura	Shimoga Bhadravathi Sagar Hosanagara Thirthahalli	-

Sl. No	District	Zone -1	Zone -2	Zone - 3
		Taluks	**Taluks**	**Taluks**
27	Tumkur	Kunigal Madhugiri Gubbi Sira Pavagada Turuvekere Koratagere Chikkanayakanahalli	Tumkur Tiptur	-
28	Udupi	-	Udupi Kundapura Karkala	-
29	Uttara Kannada	Supa (Joida) Bhatkal Ankola Siddapur	Karwar Haliyal Sirsi Mundagod Yellapura Honnavar Kumta	-

Note: 1) **Zone-1** taluks will receive maximum incentives.
2) **Zone-2** taluks will receive normal incentives.
3) **Zone-3** taluks will receive fewer incentives.

- Most backward taluks, More backward taluks and Backward taluks identified by the High Power Committee for Redressel of Regional Imbalances, except Bangalore Urban, Bangalore Rural and Ramanagara districts, have been classified in **Zone-1**.

- Most backward taluks and Backward taluks of Bangalore Urban, Bangalore Rural and Ramanagara districts identified by the High Power Committee for Redressel of Regional Imbalances have been classified in **Zone-2**.

- Taluks other than most backward taluks, More backward taluks and Backward taluks identified by the High Power Committee for Redressel of Regional Imbalances and which are identified as potential taluks for textile development have been classified in **Zone-2**.

- The taluks identified as Developed taluks have been classified in **Zone-3**.

10. Incentives Offered :

To promote and develop the textile and garment sectors in the State, it is proposed to provide the industry with incentives for investing in the sector and augmenting the State's overall capacity and contribution of the sector to the economy.

The set of incentives proposed is intended to provide a right balance of hard and soft inputs to the industry so that they can face competition. These incentives will be valid for the policy period i.e. 2008-2013, and as per the specific conditions provided in the following sections.

The scheme of incentives, their objective, eligibility, and components to be funded and funding patterns are detailed herein :

Sl. No.	Incentives	Zone-1	Zone-2	Zone-3
1	**Credit linked Capital subsidy**			
	a) General	20% on the value of fixed assets or Rs.20.00 lakhs, whichever is less.	15% on the value of fixed assets or Rs.15.00 lakhs, whichever is less.	Nil
	b) Additional subsidy **(i)** Units within Designated Textile Parks.	5% on the value of fixed assets or Rs.5.00 lakhs, whichever is less.	5% on the value of fixed assets or Rs.5.00 lakhs, whichever is less.	5% on the value of fixed assets or Rs.5.00 lakhs, whichever is less.
	(ii) SC/ST/Persons with disabilities/ Minority/Ex-servicemen/ Women	5% on the value of fixed assets or Rs.5.00 lakhs, whichever is less.	5% on the value of fixed assets or Rs.5.00 lakhs, whichever is less.	5% on the value of fixed assets or Rs.5.00 lakhs, whichever is less.
2	**Entry Tax reimbursement**	Full reimbursement on Plant & Machinery and Capital Goods including equipments for captive power generation and for Common Effluent Treatment and waste disposal facilities.	Full reimbursement on Plant & Machinery and Capital Goods including equipments for captive power generation and for Common Effluent Treatment and waste disposal facilities.	Full reimbursement on Plant & Machinery and Capital Goods including equipments for captive power generation and for Common Effluent Treatment and waste disposal facilities.
3	**Stamp Duty reimbursement**	Full reimbursement with respect to : **(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.	50% reimbursement with respect to : **(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.	Nil

Sl. No.	Incentives	Zone-1	Zone-2	Zone-3
		(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. **(iv)** Use-on Stamp Duty paid on Imports	**(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. **(iv)** Use-on Stamp Duty paid on Imports	
4	**Land Acquisition / Allotment through KIADB/KSSIDC**	Reimbursement of 25% of the cost of land including acquisition charges, if any, as charged by KIADB / KSSIDC or Rs.25.00 lakhs, whichever is less.	Reimbursement of 50% of only the acquisition charges levied by KIADB / KSSIDC or Rs.15.00 lakhs, whichever is less.	Nil
5	**Common infrastructure for Greenfield Textile Parks** **(i) SITP approved projects**	40% of the project cost or Rs.12.00 crores, whichever is less. 9% of the project cost or Rs.5.00 crores, whichever is less.	20% of the project cost or Rs.8.00 crores, whichever is less. 9% of the project cost or Rs.5.00 crores, whichever is less.	Nil 9% of the project cost or Rs.5.00 crores, whichever is less.
6	**<u>Power subsidy</u>** **(i)** Readymade garment units **(ii)** Hi-tech Powerloom units with power connection above 20 HP **(iii)** Spinning units	 Reimbursement of cost of power paid @ Rs.1.00 per unit. Reimbursement of cost of power paid @ Rs.1.00 per unit. Reimbursement of cost of power paid @ Rs.1.00 per unit.		
7	**Common Effluent Treatment Plant and Hazardous waste disposal facility**	**(a)** 50% of the project cost or Rs.5.00 crores, whichever is less. **(b)** Incase of projects funded under any GoI scheme – 20% of project cost or Rs.2.00 crores, whichever is less.		

Sl. No.	Incentives	Zone-1	Zone-2	Zone-3
8	**Capacity building support**			
	(i) Market Development and Branding	Reimbursement of 50% of the project cost or Rs.50.00 lakhs, whichever is less.		
	(ii) Design development and Product diversification	Reimbursement of 50% of the project cost or Rs.25.00 lakhs, whichever is less.		
	(iii) Standards and compliances	Reimbursement of 50% of the cost or Rs.2.00 lakhs, whichever is less.		
9	**Mega Projects**	Special support on a case-to-case basis.		

10(a) Credit linked Capital Subsidy

(i) **Objective :** To attract new investments in the textile and garment sector in the State by modernizing production technology and dispersing growth in the backward areas.

(ii) **Eligibility :** The capital subsidy will be available on the value of fixed assets created by the unit.

(iii) **Funding :** A credit linked capital investment subsidy will be provided to the units during the plan period as follows ;

(AA) **Zone 1:** 20% capital investment subsidy on the value of fixed assets or Rs. 20 lakhs per unit, whichever is less.

(BB) **Zone 2:** 15% capital investment subsidy on the value of fixed assets or Rs. 15 lakhs per unit, whichever is less.

(CC) **Zone 1 & 2:** An additional subsidy of 5% on the value of fixed assets or Rs. 5 lakhs per unit, whichever is less, in case of units being promoted by SC/ST/Person with Disabilities/Minority/Ex-Servicemen/ Woman entrepreneurs.

(DD) **Zone 3 :** No capital subsidy

(EE) All units locating within Textile Parks, partly funded through Central / State Government schemes, irrespective of their locations, shall be eligible for an additional subsidy of 5% or Rs. 5 lakhs per unit, whichever is less.

10(b) Entry Tax reimbursement

(i) **Objective :** To reduce the cost of acquiring suitable production technology and transporting them into the State for production purposes.

(ii) **Eligibility :** The entry tax will be reimbursed on the following components;

(AA) Plant & Machinery and Capital Goods including equipments for captive power generation and equipment for Common Effluent treatment and Waste disposal facilities.

(iii) **Funding :** Reimbursement would be made on actual payments made by the entrepreneurs as per the invoiced record, irrespective of the Zones in which the goods would be transported to.

10(c) Stamp Duty reimbursement

(i) **Objective :** To reduce the transaction cost with respect to procurement / leasing of land and execution of other project / financing documents in the State.

(ii) **Eligibility :** To claim reimbursement of the Stamp Duty paid, during the plan period, the following would be eligible ;

(AA) Entrepreneurs setting up new units and entering into arrangements for procurement of Land.
(BB) SPVs set up with a minimum of 10 members from the user industry and / or Industry Associations for the purpose of developing Textile Parks in identified locations.

(iii) **Reimbursement components :** The stamp duty reimbursements will be available with respect to the following ;

(AA) Execution of Lease, Lease cum Sale & Sale Deeds, in respect of industrial land / plots allotted.
(BB) Execution of Lease Deeds in case of industrial sheds / plots taken on Lease.
(CC) In respect of loan and credit deeds, including security documents such as mortgage deed, pledge deed etc. executed for availing long terms funds from Banks / Financial Institutions and other agencies of Government of Karnataka / Government of India.
(DD) Use-on stamp duty paid on Imports.

(iv) **Funding :** Reimbursement would be made on the basis of actual payments made by the entrepreneurs / SPV subject to the following ;

(AA) **Zone 1:** Reimbursement of full amount paid towards stamp duty.
(BB) **Zone 2:** Reimbursement of 50% of the amount paid towards stamp duty.
(CC) **Zone 3:** No reimbursement provided.

10(d) Land Acquisition / Allotment through KIADB / KSSIDC & Cost reimbursement

(i) **Objective :** Recognizing the need to have orderly growth in the sector, the KIADB / KSSIDC would identify suitable land based on locational advantages, availability, current land use, transport linkages, availability of water etc, and such land will be made available to the industry for further development of identified areas as textile clusters.

(ii) **Eligibility :** The following would be eligible ;

(AA) Entrepreneurs setting up new units and entering into arrangements for procurement of Land with KIADB / KSSIDC.

(BB) SPVs set up with a minimum of 10 members from the user industry and / or Industry Associations for the purpose of developing Textile Parks in identified locations, entering into arrangements for procurement of Land with KIADB / KSSIDC.

(iii) **Reimbursement components :** The land cost reimbursements will be available with respect to payment of land cost made by the entrepreneurs / SPV as per their land documentation with KIADB / KSSIDC.

(iv) **Funding :** Land cost reimbursement would be made on the following basis ;

(AA) **Zone 1:** Reimbursement of 25% of the cost of land including acquisition charges, if any, as charged by KIADB / KSSIDC or Rs 25 lakhs, whichever is less.

(BB) **Zone 2:** Reimbursement of 50% of only the acquisition charges levied by KIADB / KSSIDC or Rs. 15 lakhs, whichever is less.

(CC) **Zone 3:** No reimbursement provided.

10(e) Common Infrastructure for Greenfield Textile Parks

(i) **Objective :** A cluster based development strategy is proposed to be adopted for developing green field textile and garment industry parks in the State. These Parks 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. Such Greenfield Textile Parks will enable the industry in cost reduction, enhanced quality and overall competitiveness.

(ii) **Eligibility :** A SPV formed by the user industry comprising of a group of entrepreneurs would be eligible for grant support subject to the following ;

a) The Textile Park being developed shall be of a minimum of 25 acres in size.

b) A minimum of 10 entrepreneurs from the user industry should come together to form an SPV.

c) Minimum of 51% of the equity in the SPV is to be held by the user industry, the balance 49% could be held by strategic partners / developers / Government agencies etc.

(iii) Following components are eligible for subsidy:

A) Common Infrastructure such as :

- Compound Wall and site development
- Roads
- Drainage System
- Sewage Treatment Plant
- Water supply
- Power supply including Captive Power Plant
- 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

B) 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

(iv) Funding : The SPV would be provided one time grant support for the development of common infrastructure for Greenfield Parks on the following basis ;

(A) **Zone 1:** Up to 40% of the project cost or Rs.12.00 crores per Park project, whichever is less.

(B) **Zone 2:** Up to 20% of the project cost or Rs.8.00 crores per Park project, whichever is less.

(C) **Zone 3:** No grant support provided.

(D) Where projects are already approved and are being funded under the SITP scheme of the Ministry of Textiles, GoI or such projects that may receive fresh approval under the SITP scheme, during the policy period, only an additional 9% of the Project cost or Rs.5.00 crores, whichever is less, will be provided as supplementary State Government incentive to such Park Projects.

(E) The grant support from the Government will be provided in four equal instalments.

(F) Since identification of potential entrepreneurs, establishment of SPVs and project implementation requires professional handholding support, the Government would engage Professional consultants as Project Managers to assist the project development process from "concept to commissioning" basis.

10(f) Power Subsidy

a. Objective : In order to make units in the textile and garment sector in the State more competitive, power subsidy will be provided to the units.

b. Eligibility : Entrepreneurs setting up new units in the State during the policy period will be eligible to seek and receive support.

c. Funding : All the new units that will be set up during the policy period will be provided a power subsidy, irrespective of which Zone they set up their units in, on the following basis ;

(i) The Ready Made Garment units will be reimbursed the cost of power paid @ Rs.1.00 per unit.

(ii) The Powerloom units having power connection above 20 HP and which have installed TUFS compliant shuttle less looms will be reimbursed the cost of power paid @ Rs.1.00 per unit.

(iii) The Spinning units will be reimbursed the cost of power paid @ Rs.1.00 per unit.

d. The support would be extended only to those units, which commence their commercial production during the policy period and would be available for a period of five years from the date of commercial production.

10(g) Common Effluent Treatment Plant and Hazardous Waste Disposal Facility

(i) Objective : In order to make the textile and garment units in the State compliant to environmental norms and thereby helping the industry in meeting the compliances and reducing the cost, it is proposed to provide one time subsidy for setting up Common Effluent Treatment Plants / Hazardous Waste Disposal Facility.

(ii) Eligibility : An SPV formed by the user industry comprising of a group of minimum 10 entrepreneurs would be eligible for grant support.

(iii) Project components : Project Cost for the purpose of grant support would include the following components ;

(a) Land
(b) Infrastructure like roads, water supply, power etc.
(c) Building
(d) Plant & Machinery

(v) Funding : The one time grant support will be provided to the SPV, in four equal installments, for setting up such facilities as follows ;

(a) Up to 50% of the Project cost or Rs.5.00 crores, whichever is less.

(b) In case of the projects being funded under any scheme of Government of India, the subsidy would be limited to an additional 20% of the project cost or Rs.2.00 crores, which ever is less.

10(h) Capacity Building Support

Apart from development of hard infrastructure for the textile and garment sector, there is an inherent need to provide the industry with softer inputs mainly for the overall capacity building purposes. Such capacity building initiatives need to be provided on a collectivized basis so as to obtain economies of scale. Capacity building initiatives that will be supported during the policy period are as follows ;

(i) Market Development and Branding :

a) Objective : To enable group of entrepreneurs / units to access the global and emerging domestic markets more effectively.

b) Eligibility : The eligibility for seeking support for the above initiative is as follows ;

- A group of minimum 5 entrepreneurs having units in the State / Industry Associations.
- SPVs developing textile Parks through Central or State Government assistance.

c) 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

d) Funding : The funding support will be provided for this initiative would be 50% of the project cost or Rs.50.00 lakhs, whichever is less, with the balance being met / arranged by the group of entrepreneurs / Industry Associations. Assistance will be provided on reimbursement basis.

(ii) Design Development and Product Diversification :

a) Objective : To enable handloom entrepreneurs or units to develop new products through design development.

b) Eligibility : The eligibility criteria for seeking support for the above initiative is as follows ;

- A group of minimum 5 handloom entrepreneurs having units in the State / Industry Associations / Co-operative Societies.
- SPVs developing textile Parks (handlooms) through Central or State Government assistance.

c) 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.

d) Funding : The funding support will be provided for this initiative would be 50% of the Project cost or Rs.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.

(iii) Standards and Compliances :

a)Objective : To enable the industry in adopting standards and there by becoming compliant to various international trade requirements.

b)Eligibility : Any unit that obtains certification / accreditation under any of the internationally recognized / accepted standards such as ;

- 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.
- Any other internationally accredited certification that will enable better market positioning.

c) Funding : The funding support will be provided to an individual unit to the extent of 50% of the cost or Rs.2.00 lakhs, whichever is less, with the balance being met / arranged by the beneficiary unit. Assistance will be provided on reimbursement basis.

10(i) <u>Mega Projects :</u>

Textile and Garment units investing Rs.100 crores and above in capital expenditure, in a single project, in Zone-1 and Zone-2, and providing a minimum of 500 direct employment would be classified as Mega Projects. These Mega Projects would be provided special support on a case-to-case basis.

10(j) Dovetailing of Support under other Schemes :

The assistance available under various schemes of Central and State Governments 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% 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.

11. Human Resources Development & Skill Upgradation :

The availability and quality of skilled manpower is a pre-requisite for a globally competitive textile and garment industry, and therefore, the policy will provide adequate priority and thrust to development of need-based skills for various sub-sectors of textile industry. It is targeted to generate at least 5 lakh employments and to train the unemployed youth during the policy period.

The following will be four major components of the proposed strategy;

(A) Strengthening of existing training institutions under the Government and Non-Government sector to meet the requirement of specialized and skilled manpower, at supervisory and middle management level.

(B) Supporting the new Skill Development Centers (SDCs) to meet the requirement of specialized and skilled manpower at the shop floor level.

(C) Facilitating the industry and the training institutes (both existing and new) by establishing institutional linkages for placement of the trained manpower.

(D) Establishment of an independent certification and accreditation mechanism to ensure the quality of training being imparted.

While implementing the above components, efforts will be made to dovetail various ongoing schemes and resources of Central Government and the State Government.

(a) Strengthening of Existing Training Institutes

For strengthening the existing training institutions under the Government & Non-Government Sector, the following framework would be followed ;

(i) Objective / Target Group : The objective is to support various academic / training institutions being run by the Government, autonomous bodies, universities, NGOs, etc. that offer certificate / diploma / degree courses in augmenting their capacity to provide quality education to the students. This would enable the availability of qualified manpower at supervisory and middle management level.

(ii) Eligibility : The eligibility criteria for the institution seeking funding support are as follows ;

(a) The institution should have been in existence at least for 5 years conducting academic programs in textile education offering certificate / diploma / degree courses of minimum one year duration.

(b) These courses may cover ;

- Technical subjects of sub-sectors of spinning, weaving, knitting, processing, garmenting & fashion designing, technical textiles, etc.
- Non-technical subjects such as merchandizing, quality management, business management, entrepreneurship development, etc.

(c) The institution should have proven track record of conducting the courses in a professional manner meeting the standards stipulated by various certification bodies.

(d) The institution should have adequate infrastructure in terms of buildings and faculty to run the courses.

(e) The institution should have recognition from the competent authority.

(iii) **Funding :** The funding support to be provided to the eligible institution will be as follows ;

(A) The assistance will be limited to Rs.1.00 crore for each institution during the policy period.

(B) The assistance will be limited to the items of capital expenditure covering plant & machinery, testing lab, CAD/CAM centre, teaching aids, content development, etc. that are directly related to conducting the textile education related courses.

(C) The assistance will not be available for land, building and other infrastructure works, and it shall be the responsibility of the beneficiary institution to provide the same.

(D) The assistance will not be available towards any recurring costs such as salaries, insurance & maintenance of the machinery, consumables, electricity costs, etc., and it shall be the responsibility of the beneficiary institution to meet the same.

(iv) **Implementation and Management Framework :**

(A) The institution willing to avail funding under this component shall prepare a Detailed Project Report (DPR) outlining the academic, technical, financial, implementation and management aspects. In particular, the proposed courses for which the assistance being sought from the Government shall be clearly mentioned in the DPR.

(B) The DPR shall also clearly spell out the expected impact of the proposed assistance in terms of improvement in the quality of courses and the number of students likely to be benefited.

(C) The institution should associate with the concerned industry groups / associations for the implementation of the proposed project in an appropriate format, so that the needs of the industry are taken into consideration. The DPR should also clearly mention such association with the industry.

(D) The DPR will be evaluated / appraised by a competent agency appointed by the Government.

(E) The project will be approved based on the recommendations of the agency that appraised the project.

(F) On approval, the beneficiary institution will sign a Memorandum of Understanding (MoU) with the State Government, providing commitment for timely implementation of the project and meeting all the recurring costs.

(G) On signing of the MoU, the funds will be released by the Government as per the milestones spelt out in the DPR, and in any case not more than four instalments.

(H) The beneficiary institution will be responsible for meeting training targets under MOU.

(I) The State Government, through the field level agencies like Zilla Panchayaths, Taluk Panchayaths, Gram Panchayaths will proactively assist the implementing agencies in identification, screening and enrolment of eligible trainees.

11(b) <u>Supporting Establishment of New Skill Development Centers (SDCs)</u>

For supporting establishment of new Skill Development Centers the following framework would be followed;

(i) Objective / Target Group: Realizing the potential of Textile and Garment industry in creating large scale employment to the unemployed youth and specially women with relatively minimum educational qualifications, the policy would support the initiatives to establish Skill Development Centers (SDCs) in various parts of the state. These SDCs, through short duration and need based vocational education programmes, will enable the industry in meeting the requirement of trained manpower at shop floor level which would in turn enhance the productivity and competitiveness. Such SDCs will be planned in places like Bijapur, Bellary, Gulbarga, Belagavi, Bagalkot, Mangalore, Davanagere, Mysore, Shimoga and other identified high potential areas.

(ii) Eligibility : The eligibility criteria for institution seeking funding support are as follows ;

(A) The agencies eligible for funding to establish a Skill Development Center are ;

- Individual Industry unit, Industry Associations, Export Promotion Councils.
- Academic institutions and vocational education institutions under the Central and State Governments, autonomous bodies and private sector institutions.
- Special Purpose Vehicles (SPVs) promoted by textile parks, private sector companies, Government agencies, etc.
- Non Governmental Organizations (NGOs).
- Other organizations which have skill development as the focus area.

(B) The agency shall have proven track record of conducting vocational skill development programmes. The agencies, which do not have any previous experience of skill development, should have a clear business model, organizational set up and resources to undertake such skill development programmes.

(C) Each of the projects/SDCs shall target to train at least 1500 persons over a period of 3 years.

(D) The courses will be short duration varying from one month to three months, and the syllabus should be framed to suit the industry needs and shall have prior approval of the accreditation body as mentioned in the following section.

(E) The subjects shall be need based to meet the requirement of the industry at shop floor level, and may cover the sub-sectors of spinning, weaving, knitting, processing, garmenting, technical textiles, etc.

(F) The targeted Skill sets include ;

- Machine operation
- Repairing and maintenance of machines
- Cutting & pattern making
- Quality control & evaluation
- Testing
- Finishing & Packing
- Sourcing & Inventory Management
- Designing
- Export Documentation
- Other need based skills

(iii) **Funding :** The funding support provided to the eligible institutions will be as follows ;

(A) Each of the SDCs will be eligible of funding support as mentioned below ;

- **Zone 1**: Upto Rs.1.50 crore.
- **Zone 2**: Upto Rs.1.25 crore.
- **Zone 3**: Upto Rs.1.00 crore.

(B) All the items of capital expenditure, except land and building, to establish the SDC will be eligible for funding, which includes ;

- Plant & Machinery
- Support Infrastructure
- Teaching Aids
- Content Development

(C) The assistance will not be available for land, building and other infrastructure works, and it shall be the responsibility of the beneficiary institution to provide the same. All the efforts will be made to identify and utilize the existing buildings available with various Government agencies including educational institutions, and other sources including the applicant agencies.

(D) While the above support is limited to one-time capital assistance towards establishment of SDC, the beneficiary agency shall be responsible for meeting all expenses to maintain the center including the salaries of the staff, electricity costs, consumables, maintenance and insurance of machinery, etc. However, they may dovetail the funds available under any of other schemes of Central and State Governments to meet such operational costs, if the guidelines of such schemes permit.

(E) The trainees will be provided wage compensation per month during the training period under the policy. Wherever possible, assistance available under various Central and State Government schemes will be dovetailed to provide stipend / wage compensation to the trainees.

(iv) Implementation and Management framework :

(A) The agency willing to establish and manage the SDC, and seeking funding under this component shall prepare a Detailed Project Report (DPR) providing the details of proposed courses including content and duration, trainers, infrastructure, technical, financial, implementation and management aspects.

(B) The DPR shall clearly spell out the expected number of trainees to be trained course wise.

(C) The DPR shall clearly spell out the strategy for placement of the trained persons in the industry.

(D) In the event of the implementing agency not being the industry unit / industry association, such agency should associate with the concerned industry groups / associations in management of the SDC in an appropriate manner, so that the needs of the industry are taken into consideration.

(E) The DPR will be evaluated / appraised by a competent agency appointed by the Government.

(F) The project will be approved based on the recommendations of the agency that appraised the project.

(G) On approval, the implementing agency will sign MoU with the State Government providing commitment for timely implementation of the project, and meeting all the recurring costs.

(H) On signing of the MoU, the funds will be released by the Government as per the milestones spelt out in the DPR, and in any case not more than four instalments.

(I) The beneficiary institution will be responsible for meeting training targets under MOU.

(J) The State Government, through the field level agencies like Zilla Panchayaths, Taluk Panchayaths, Gram Panchayaths will proactively assist the implementing agencies in identification, screening and enrolment of eligible trainees.

11(c) <u>Industry and Institution Linkages</u>

(i) **Objective :** It is imperative to establish adequate linkages between the industry and training institutions. A mechanism will be put in place for creating such effective linkages and leveraging the same to map the manpower requirement of the industry, train the trainees as per the industry requirements and then place them successfully in the industry.

The policy will pro-actively facilitate creation of linkages between the Institutions / Agencies implementing the HRD programmes and the textile and garment industry with the following objectives;

(A) Ensuring the programmes meet the ever changing requirements of the industry.

(B) Ensuring involvement and ownership of the industry in formulation and implementation of the programmes which will lead to sustainability of the initiative.

(C) Facilitating the placement of the trained persons in the industry.

(ii) **Implementation Framework :** In order to achieve these objectives, the following mechanism / framework will be established ;

(A) A Co-ordination Group on HRD will be set up with the representation from implementing Institutions and the user industry.

(B) This Co-ordination Group will advise on the manpower requirement of the industry, content and duration of training programmes, management of the training centers, employment of the trained persons, etc from time-to-time.

(C) IT enabled Placement Exchange will be set up, by hiring the services of a suitable professional agency, which will ensure the match making between the Institutions / SDCs and the industry. This Exchange will maintain the data base of all the trainees, course / vocation and center-wise, to facilitate the placement of the trained persons.

(iii) **Funding :** An amount of Rs.5.00 crores will be earmarked towards this activity during the policy period.

11(d) <u>Standards / Accreditation / Certification Systems</u>

(i) Objective : To ensure that the training imparted through the above program, meet the requisite quality standards in

terms of content, training methodology and proficiency levels of the trainees.

(ii) Implementation frame work : Reputed institution(s) with competency in textile and garment education will be identified and designated as Accreditation Agency. The Government shall use the services of such an Accreditation Agency for the following purposes;

(A) Development and updating of content for various skill sets that meets the requirements of the industry. The emerging technology driven approaches, which extensively use the multi-media and other IT tools, will be used in development of content with the objective of making them more effective and user friendly.

(B) Formulating and conducting Training of Trainers (ToT) programmes that will enhance the ability of trainers to conduct the training programmes.

(C) Devising and conducting proficiency testing of the trainees and awarding certificates that indicate the proficiency levels of the trainees.

(D) Periodical monitoring of the SDCs to ensure that the training methodology meets the stipulated requirements and standards.

(E) The SDCs which propose to avail funding under the policy shall necessarily meet the following requirements ;

- Use the content developed / validated by the Accreditation Agency.
- Trainers to undergo the designated ToT programme conducted by the Accreditation Agency.
- Allow the Accreditation Agency to monitor the training programmes.
- Undertaking the proficiency testing and award of certificates as stipulated by Accreditation Agency.

(iii) Funding : An amount of Rs.5.00 crores will be earmarked for this purpose during the policy period.

12. Legislative Support - Labour Reforms :

(a) The State government is fully aware of the need to provide a conducive labour environment for facilitating investment in various sectors particularly readymade garment sector. The specific proposals for consideration are ;

(i) Amendments to section 54, 56 and 65 of the Factories Act to permit upto 120 hours of overtime in a quarter.

(ii) Amendment to section 66(1)(b) of the Factories Act to enable women workers to work in the industry between 10 pm and 6 am (night shift) as well as 12 hour shifts.

(iii) As regards amendments to section 25 (M), 25 (N) and 25 (O) of The Industrial Disputes Act-1947 to provide flexibility to the units, which are exposed to vagaries of fluctuating market demands, change in technology and intense global competition, the report of 2nd National Commission of Labour has recommended as follows:

"We recommend that while the lay-off compensation could be 50% of the wages as at present, in the case of retrenchment, Chapter VA of the law may be amended to provide for sixty days notice for both retrenchment and closure or pay in lieu thereof. The provision for permission to close down an establishment employing 300 or more workmen should be made a part of Chapter VA, and Chapter VB should be repealed. In case of closure of such establishment, which is employing 300 or more workers, the employer will make an application for permission to the appropriate Government 90 days before the intended closure and also serve a copy of the same on the recognized negotiating agent. If permission is not granted by the appropriate Government within 60 days of receipt of application, the permission will be deemed to have been granted."

The State Government would prevail upon Government of India to bring an amendment to the Industrial disputes Act on the lines as suggested by the Commission.

13. Single Window Clearance:

(a) To encourage investment in textile and garment sectors, the process for granting permissions / licenses will be expedited. Effective steps will be taken for providing Single Window Clearance for all types of clearances required for setting up of textile and garment units under the Karnataka Industries Facilitation Act - 2002.

(b) In order to expedite clearances under the Single Window Clearance mechanism, provided to the textile and garment industry through the Industries Facilitation Act-2002, the committees formed under the Act would be broad based as follows ;

(i) The Minister for Textiles, Government of Karnataka would be included in the State High Level Clearance Committee (SHLCC).

(ii) The Commissioner for Textile Development and Director of Handlooms and Textiles, Government of Karnataka would be included in the State High Level Clearance Committee (SHLCC) and the State Level Single Window Clearance Committee (SLSWCC).

(iii) The District Level Officers of the Department of Handlooms and Textiles would be included in the District Level Single Window Clearance Committee (DLSWCC).

(c) Entrepreneurs setting up units / facilities in the State shall submit their duly filled Combined Application Forms, as provided under the Karnataka Industries Facilitation Act-2002, to the Nodal Agency, with intimation to the Department of Handlooms and Textiles.

(d) A facilitation desk will be created in the Department of Handlooms and Textiles to facilitate the clearance of projects from the concerned Departments.

14. Review / Monitoring :

(a) For the effective implementation of this policy, the following committees would be set up ;

(i) A High Level Empowered Committee (HLEC) would be set up under the Chairmanship of the Minister for Textiles, Govt. of Karnataka. Commissioner for Textile Development and Director of Handlooms and Textiles would be 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 would be responsible for taking necessary decisions to implement the Policy and for monitoring the projects under the policy, periodic review of the policy implementation, reallocation of funds ensuring complete utilization and providing advisory inputs to the State Level Project Implementation Committee (SLPIC).

(ii) A State Level Project Implementation Committee (SLPIC) would be set up under the Chairmanship of the Secretary for Textiles, Commerce and Industries Department, Govt. of Karnataka. Commissioner for Textile Development and Director of Handlooms and Textiles would be 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. SLPIC would be responsible for development of detailed operational procedures for implementation of the policy and sanction and monitoring of the incentives for the projects under the policy.

(iii) A District Level Project Monitoring Committee (DLPMC) would be set up under the Chairmanship of the Deputy Commissioner. The member convener of the committee would be the District Level Officer of the Department of Handlooms & Textiles. The DLPMC would be responsible for monitoring the progress of projects, approved / sanctioned by the SLPIC in accordance with the operating guidelines of the policy.

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

15. Administration of the Policy :

(a) The Department of Handlooms & Textiles would be responsible for administering the policy through out the State in a structured format.

(b) In order to administer the policy, the Department of Handlooms and Textiles would co-ordinate with the various committees formed for implementation of the policy and with various stakeholders of the industry from time-to-time.

(c) For the purposes of Project development and Project management expenditure under the policy, 10% of the grant corpus is earmarked for all activities to be carried out by the Department of Handlooms and Textiles.

(d) 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 ;

- **(i)** Dissemination of the Policy and its benefits to the industry.
- **(ii)** Conducting workshops at various locations in the State.
- **(iii)** Printing of brouchers / flyers.
- **(iv)** Hosting of website and maintaining the same.
- **(v)** Conducting road shows by inviting industry players.
- **(vi)** Visits of Officers of the Department of Handlooms and Textiles abroad for accompanying industry stakeholders in various road shows and market building initiatives.
- **(vii)** Costs related to setting up of marketing intelligence unit with in 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.
- **(viii)** Active liaisoning and visits to units of the industry and various other stakeholders such as training institutes and other agencies.
- **(ix)** Setting up of IT infrastructure for monitoring progress of implementation.
- **(x)** Appointment of various consultants in case of carrying out specialized set of activities as may be desired from time to time.
- **(xi)** Providing vehicles to the Directorate and all the District level Offices of the Department for effective implementation.

16. Budgeting:

(Rs. in Crores)

Sl. No	Incentives	2008-09	2009-10	2010-11	2011-12	2012-13		
	Year	**1**	**2**	**3**	**4**	**5**	**Total**	
	(Expenditure Phasing)	***15%***	***15%***	***25%***	***25%***	***20%***		
1	Human Resources Development & Skill Upgradation	18.75	18.75	31.25	31.25	25.00	125.00	***25%***
2	Capacity Building Support	2.25	2.25	3.75	3.75	3.00	15.00	***3%***
	(Expenditure Phasing)	***0%***	***10%***	***10%***	***35%***	***45%***		
3	Credit linked Capital subsidy	-	5.00	5.00	17.50	22.50	50.00	***10%***
4	Entry Tax reimbursement	-	2.50	2.50	8.75	11.25	25.00	***5%***
	(Expenditure Phasing)	***5%***	***15%***	***30%***	***40%***	***10%***		
5	Stamp Duty reimbursement	0.50	1.50	3.00	4.00	1.00	10.00	***2%***
6	Land acquisition cost reimbursement	0.25	0.75	1.50	2.00	0.50	5.00	***1%***
7	Common Infrastructure for Greenfield Textile Parks	4.75	14.25	28.50	38.00	9.50	95.00	***19%***
8	Power Subsidy	-	-	11.75	28.00	55.25	95.00	***19%***
9	Common Effluent Treatment Plant & Hazardous Waste Disposal Facility	1.50	4.50	9.00	12.00	3.00	30.00	***6%***
	(Expenditure Phasing)	***10%***	***10%***	***30%***	***30%***	***20%***		
10	Project Development & Project Management	5.00	5.00	15.00	15.00	10.00	50.00	***10%***
	Grand Total	**33.00**	**54.50**	**111.25**	**160.25**	**141.00**	**500.00**	

****

ANNEXURE – 1

Current status of implementation of Textile Policy 2004-09.

Programmes / Initiatives under Garment sector	Achievements
1) To set up an Apparel Park at Doddaballapur in Bangalore Rural District at project cost of Rs.32.00 crores for high fashion, valued added, export garments and in Bellary for denim-based garments. These parks will have support services like captive power, banking, offices of Apparel Export Promotion Council, training centers etc. The park may have common facilities like garment washing, common effluent treatment plant, fabric testing laboratory, etc.	**a)** The Doddaballapur Apparel Park (Phase-I) has been developed in an area of 187.25 acres under Government of India assistance by Karnataka Industrial Areas Development Board. The park is fully developed with provision for supporting services like banking, captive power, CETP, training institute, post office, etc. The total project cost is Rs.53.58 crores, out of which Government of India has provided Rs.17 crores and Government of Karnataka Rs.10.18 crores. National Institute of Fashion Technology, Bangalore has established Garment Training Institute in the Park. The work on Common Effluent Treatment Plant is in the final stages of completion. **b)** Doddaballapur Apparel Park - Phase-II is being developed by KIADB in an area of 265.30 acres. The land acquisition process is complete and the development works are under implementation. **c)** Doddaballapur Apparel Park – Phase – III is planned to be developed by KIADB in an area of about 750 acres. The land acquisition is under process. **d)** Doddaballapur Integrated Textile Park is being developed by an SPV called Doddaballapur Integrated Textile Park Ltd., with a project cost of Rs.62.07 crores in an area of 48 acres under the Scheme for Integrated Textile Parks (SITP) of Government of India. This Integrated Park is under implementation.

	e) Bellary Textile Park is being developed through KIADB at Mundargi in an area of 65 acres and Guggarahatti in an area of 89 acres. The development works of Bellary Textile Park at Mundargi is under progress. **f)** Davanagere Textile Park is being developed through KIADB at Davanagere in an area of 60 acres. The development works of the park are in progress. **g)** Hi-tech weaving park is being developed in Hebbal Industrial Area, Mysore in an area of 10 acres. **h)** Other textile parks which are under various stages of development in the State are ; **1.** Belgaum Textile Park **2.** Hi-tech Silk Weaving Park, Hosahalli, Anekal Taluk, Bangalore (U). **3.** Banahatti Mini Powerloom Park **4.** Gulbarga Textile Park **5.** Mysore Textile Park.
2) To set up over 100 garment units in the Apparel Park being developed in 187 acres of land in Doddaballapur. Each unit is expected to provide employment to about 500 workers approximating a total employment creation of 50,000.	In Doddaballapur Apparel Park Phase-I 29 units have been allotted land of which 6 units have implemented the project. In Phase-II 32 units have been allotted the land and 90 units are being established in Doddaballapur integrated Textile Park. These units would generate employment (direct and indirect) of more than 50000.
3) To provide social infrastructure like a dormitory type working women's hostel, health care centre, crèche, round the clock canteen facilities, etc. at the Apparel Park.	Provision for providing these facilities are made in the Common Facility Centre developed by KIADB in the Doddaballapur Apparel Park.
4) The Garment Technology and Training Institute will be established at the Apparel Park, Doddaballapur at a cost of Rs.375 lakhs, with special focus on product design and development, technology development and display, quality education and training, marketing intelligence research and executive and managerial development. The Institute will contain Technology Display Centre, Retail Marketing Research Laboratory, Management Training Center	**a)** Garment Training Institute has been established in the Doddaballapur Apparel Park by National Institute of Fashion Technology, Bangalore. This Institute is established to fulfill the objectives mentioned in the Policy. Government of Karnataka has so far provided an assistance of Rs.118.00 lakhs. The Institute is operational from the year 2008-09.

and Operators' Training Institute. It is proposed that these activities may be anchored by NIFT, Bangalore, which may also establish an extension centre at the park.	**b)** Garment Training & Design Centre (GTDC) is being established in Bellary with a project cost of Rs.717 lakhs, out of which State Government has provided Rs.140 lakhs and Rs.540 lakhs has been sanctioned under Assistance to States for Developing Export Infrastructure and Allied industries (ASIDE) of Government of India. Karnataka State Powerloom Development Corporation, being the implementing agency, has invested Rs.37 lakhs for purchase of land. The project is under implementation.
5) To encourage home textiles comprising furnishing clothes, curtain clothes and made-ups etc., as there is an ample demand for these items within and outside the Country.	The units which are established in the Doddaballapur Apparel Park have established production capacities for home textiles also.
6) To showcase Karnataka Garment Industry in the national and international market through road shows and retail summits with the involvement of India Trade Promotion Organisation [ITPO] / Karnataka Trade Promotion Organisation [KTPO].	Efforts are being made to showcase Karnataka Garment Industry in the national and international market. Action plan in this regard is being prepared.
7) Government will encourage the Apparel units to obtain ISO 9000, ISO 14000, SA 8000 and other international certifications, to promote quality management under the New Industrial Policy 2001-06.	The existing incentive scheme for all SSI units going in for BIS product certification or ISO series certification is continued in the New Industrial Policy 2006-11.
8) Bellary Apparel Park is expected to receive assistance under Integrated Cluster Development Scheme of Government of India,	Bellary Textile Park is being developed at Mundargi in an area of 65 acres and Guggarahatti in an area of 89 acres. The park is being developed by Karnataka Industrial Areas Development Board (KIADB).

PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

SUB: SUVARNA VASTRA NEETHI 2008-2013.
==========

READ: G.O.No.CI 50 JAIKAIE 2002, dated 21.02.2004.
====

PREAMBLE:

1. Textile and Garment Industry is the backbone of socio economic structure of the Nation and also the State. It is the largest employment provider, next to agriculture, single largest foreign exchange earner accounting for nearly 25% of exports and contributes to almost 16% of industrial production in the country.

2. The Garment industry in Karnataka has achieved rapid growth in the last 10 years by increasing its total turn over from about US$ 3300 million in 1995-96 to over US$ 9600 million in 2005-06. Although, the State enjoys a significant share (32%) of the domestic Apparel market with over 1500 Apparel units, there is considerable scope for expansion of Apparel manufacturing activities in the State.

3. The Textile Policy (2004-09) of the State which was announced vide Govt.Order read at above, aimed at creating infrastructure, upgradation of technology and skills and facilitating policy environment towards a market oriented and demand driven industry. This policy does not, however, compare favorably with the policies in other key States of the Country primarily due to lack of special incentives offered to Textile and Garment Industry.

4. Keeping this in view, the Hon'ble Chief Minister in his budget speech for the year 2008-09 has announced for the framing of A New Textile Policy so as to promote garment manufacturing which has great potential for employment generation."

5. The Garment and related industry plays an important role in the State economy also in terms of contribution to industrial production, exports and employment. The industry has high growth potential given its ability.

7. Although garmenting activity has been showing significant amount of growth, it is observed that other sub-activities like spinning and weaving have been dwindling over the years. Also processing capacities have been very insignificant which has led to lack of integrated development of the textile sector.

8. The State Government had come out with Textile Policy 2004 –09. The policy framework suggested broad contours of development across various sub sectors, but lacked focus on operationalizing the policy. On the other hand, the Industrial policy of Karnataka has announced a slew of incentives for attracting new investments in the State. However, it is found that this is in general for all type of industries and does not address specific nuances of the textile and garment industry such as creation of common infrastructure for organizing SMEs, providing capacity building support to the industry and most importantly organizing quality skill development programs at the middle management and the shop floor level within the sector.

9. The suggestions given by the "Textile sector Experts Advisory Committee", under the Chairmanship of the Hon'ble Minister for Textiles, Government of Karnataka, and by the Readymade Garment manufacturers and Training Institutes have stressed upon the overall development of the Textile sector with a special thrust/initiative from the State Government.

10. The above facts necessitated framing of a New Textile Policy which is all encompassing in nature i.e. a policy that would address the entire gamut of issues with emphasis on `garment industries'. For the purpose of preparing a Draft New Textile Policy, the services of IL & FS CDI were engaged which in turn has submitted a Draft New Textile Policy which was discussed in detail covering all the aspects with the Departments concerned and accordingly, a decision has been taken to adopt a New Textile Policy for the period 2008-2013. Hence, the following order:

GOVT.ORDER NO.CI 47 JAKAIYO 2008, BANGALORE, DATED 1ST OCTOBER, 2008

In the circumstances explained in the preamble, Government is pleased to announce the **New Textile Policy-2008-2013 (Suvarna Vastra Neethi-2008-2013)** as detailed in the **Annexure-A** to this order which inter alia contain details about classification of Taluks in Karnataka into Zones for the purpose of administering graded scale of incentives for textile and garment industries.

2. The Salient features of the New Textile Policy 2008-2013, are as follows:

I. OBJECTIVES:

(a) To achieve balanced, higher and sustainable growth in the entire textile value chain from fibre to finished products, with emphasis on balanced regional development.

(b) To increase the income levels of the people dependent on the SMEs within the textile and garment sector thereby creating additional employment opportunities to at least 5 lakh people during the policy period.

(c) To facilitate emerging units in critical areas such as production technology, market research and development, HRD & ITES for exploiting the emerging global and domestic trade opportunities.

II. POLICY TARGETS:

(a) This Policy will be in force for a period of five years (i.e. 2008-13)
(b) This Policy aims at generating 5 lakh employment.
(c) It aims to attract investment to the tune of Rs.10,000 Crores during the policy period.
(d) The State proposes to provide financial support for the effective implementation of this Policy to the tune of Rs.500 Crores during the policy period.

III. SECTORS COVERED:

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, Garmenting, units engaged in manufacturing Technical textiles and all other supporting ancillary activities including Textile machinery manufacturing.

IV. INCENTIVES OFFERED:

(a) To promote and develop the textile and garment sectors in the State, it is proposed to provide the industry with incentives for investing in the sector and augmenting the State's overall capacity and contribution of the sector to the economy.

(b) The set of incentives proposed is intended to provide a right balance of hard and soft inputs to the industry so that they can face competition. These incentives will be valid for the policy period i.e. 2008-2013, and as per the specific conditions provided in the following sections.

(c) The scheme of incentives, their objective, eligibility, and components to be funded and funding patterns are detailed in Annexure to this Govt.Order.

V. ESTABLISHMENT OF FASHION HUB AT BANGALORE:

Recognizing the potential of Bangalore, which is to-day the IT Capital and fast becoming the Garment Capital of India, the New Textile Policy proposes to establish **THE FASHION HUB** near Bangalore

3. In view of issuance of this Government Order, the Govt.Order read above 21.02.2004 whereby the Textile Policy 2004-09 was announced, is hereby repealed.

4. The above Textile Policy and the incentives package shall be deemed to have come into effect from 01.04.2008 and will have a span of five years therefrom i.e. upto 31.03.2013.

5. The order issues with the concurrence of the Finance Department vide U.O.Note No.FD 95 Exp-I/2008 dated 5.9.2008; Planning Department UO Note No.PD 2 PFR 2008 dated 20th March, 2008; Revenue Department vide No.RD 379 Munomu 2007 dated 12.05.2008, and Labour Department U.O.Note No.LD 5 KaBaNi 2008 dated 12.02.2008.

By order and in the name of the
Governor of Karnataka
sd/-
(V. UMESH)
Principal Secretary to Government,
Commerce & Industries Department.