RESOLUTION

Subject: Guidelines of the Scheme for Integrated Textile Parks (SITP) for next three years w.e.f. 01.04.2017 to 31.03.2020.

No.19/2/2016-SITP: - With a view to increasing investments, generating employment opportunities and boosting exports in textile sector, a scheme to provide subsidy for setting up textile parks with world-class, state-of-the-art infrastructure in textile hubs across the country has been under implementation by the Government. The Government has, now, approved the continuation of the Scheme for Integrated Textiles Parks (SITP) with modifications for a period of three years i.e., from 01.04.2017 to 31.03.2020. The revised Guidelines of the Scheme are as under:-

1.0 Objective: The primary objective of the Scheme is to provide financial assistance to a group of entrepreneurs to establish state-of-the-art infrastructure facilities in a cluster for setting up their textile units, conforming to international environmental and social standards and thereby mobilize private investment in the textile sector and generate fresh employment opportunities.

2.0 Eligibility: Industry Associations, Groups of Entrepreneurs and Agencies of the State Governments would be the main promoters of the Integrated Textile Parks (ITPs). At each ITP, there would be a Special Purpose Vehicle (SPV) formed by the representatives of local Industry, Financial Institutions, State industrial and infrastructural corporations, and other agencies of State and Central Governments. The SPV shall invariably be a Corporate Body registered under the Companies Act. The net worth of each promoter should not be less than 1.5 times of his/her total equity proposed in the project. Any other structure for the SPV would require the approval of the Project Approval Committee.

3.0 Scope and Components: The Scheme targets industrial clusters and locations with high growth potential, which require strategic interventions for developing world-class infrastructure support.
3.1 Scope: The project cost will cover common infrastructure and buildings for production/support activities (including textile machinery, textiles engineering, accessories, packaging), depending on the needs of the ITP. Each project will normally be completed in 3 years from the date of release of the first installment of government grant.

3.2 Components: An ITP will have the following components:

3.2.1. Land should be registered under the name of SPV. Land for Textile Parks shall be purchased or arranged through lease for at least 30 years by the SPV. The registered value of land would be taken as part of the Industry’s equity share in the project. The Government of India grant shall not be used for procurement of land and the project cost shall not include the cost of the land.

3.2.2. Common Infrastructure like compound wall, roads, drainage, water supply, electricity supply including captive power plant, common effluent treatment plant, and telecommunication lines etc.

3.2.3. Buildings for common facilities like testing laboratory, design center, training center, trade center/display center, warehousing facility/raw material depot, packaging unit, creche, canteen, workers’ hostel, offices of service providers, labor rest and recreation facilities, marketing support system (backward/forward linkages) etc.

3.2.4. Factory buildings for production purposes.

3.3 The items covered under each of the above Groups are illustrative only, and every ITP may be developed by choosing a few or all the facilities mentioned above to suit the specific production and business requirements of members of ITP. The Project Approval Committee (PAC) will recommend on merit, the inclusion or otherwise of a component in the project cost on case to case basis. The total eligible Project Cost for this Scheme includes the cost on account of components of ITP, as listed under 3.2.2, 3.2.3 and 3.2.4 above, provided, the ownership of the factory buildings vests with the SPV. Technical fee of the consultants engaged by the SPV for designing and execution of infrastructure shall not be covered in the project cost.

3.4 Each Integrated Textile Park (ITP) under the scheme should preferably have 25 integrated units. The number of entrepreneurs and the resultant investments in each ITP could vary from project to project. However, aggregate investment in land, factory buildings and Plant & Machinery by the promoters and entrepreneurs in a Park shall be as per the
ratios defined in para 3.5 below. Each park should have a minimum of 25 acres of land either registered in the name of SPV or the SPV should have a registered lease deed of the land at least for 30 years. In the case of North Eastern states and other special category states, the requirement will be 10 acres.

3.5 The scale of investment in Textile Parks will be as specified below:

3.5.1 In the case of Integrated Proposal with less than 8 promoters in the SPV, project cost to investment ratio shall be 1:10

3.5.2 In the case of SPV having 8 or more promoters, the project cost to investment ratio shall be 1:6

* Integrated Park proposals should consist of at least 3 segments of the textile value chain viz., Spinning, Weaving, Knitting, processing, garmenting, etc.

3.6 New ITPs being set up under the Scheme may be excluded from the SEZs.

4.0 Convergence with other Schemes: Units set up in parks under the scheme may avail eligible benefits under different schemes of the Government, as indicated below:-

4.1 Plant & machinery: In case the SPV or the units in a park need support for procurement of Plant & machinery, separate proposals may be submitted under ATUFS scheme of Ministry of Textiles. The rates and ceiling of subsidy for different segments under ATUFS (until 2022) are indicated below:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Capital investment subsidy (CIS)</th>
<th>CIS per individual entity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garmenting, technical Textiles</td>
<td>15% on eligible machines</td>
<td>Rs.30 crores*</td>
</tr>
<tr>
<td>Weaving for brand new shuttle-less looms (including weaving preparatory and knitting). Processing, Jute, Silk and Handloom.</td>
<td>15% on eligible machines</td>
<td>Rs.30 crores*</td>
</tr>
<tr>
<td>Composite unit/ Multiple segments – if the eligible capital investment in respect of garmenting and technical textiles category is more than 50% of the eligible project cost</td>
<td>15% on eligible machines</td>
<td>Rs.30 crores*</td>
</tr>
<tr>
<td>Composite unit/ Multiple segments – if the eligible capital</td>
<td>10% on eligible machines</td>
<td>Rs.20 crores*</td>
</tr>
</tbody>
</table>
In case the applicant had availed subsidy earlier under RRTUFS, he will be eligible for only the balance amount within the overall ceiling fixed for an individual entity. The maximum subsidy for overall investment by an individual entity under ATUFS will be restricted as indicated above for the respective segments.

4.2 For skilling the required manpower, units in the park can avail benefits under the “SAMARTH”-The Scheme for Capacity Building in Textile Sector for the period from 2017-18 to 2019-20. Under the scheme, the funding for the training programme is based on per hour cost as per common norms for each of the National Skills Qualifications Framework (NSQF) aligned courses under MSD&E. The training partners will provide the training centres with requisite infrastructure at their own cost.

4.3 In case a park needs a Marine discharge or Zero Liquid Discharge System, a separate DPR with separate land earmarked in the vicinity of the park could be submitted for seeking support under Integrated Processing Development Scheme (IPDS). A subsidy of 50% of the eligible project cost upto a cap of Rs.75 crores can be availed under the guidelines of IPDS.

4.4 Additional grants may be availed from the State Government for the textile parks under the programmes and policies of state governments.

5.0 Format of proposals: Project proposals are required to be submitted in the following manner:-

5.1 Formulation of Proposals: The project proposal shall be formulated by an SPV after conducting a diagnostic study of the requirements of common facility and infrastructure in the specific location based on demand and potential for growth. The format, structure and outline of the project, which may be covered in the Detailed Project Report, are given at Annexure-I. This outline is intended to be indicative and not exhaustive. A “No Objection Certificate” from the State Government concerned and an ‘in-principle’ approval from the lending institution should also be submitted along with the DPR. In case some states or lending institutions need the Ministry’s ‘in principle’ approval, the same will be issued with the stipulation that the State Government will issue a “No Objection Certificate” on merit
and the lending institution will issue a feasibility certificate again on merit which will form part of the DPR.

5.2 Submission of Proposals: Eligible SPVs may submit project proposals to the Infrastructure Division of the Ministry of Textiles in the aforementioned format with all the relevant supporting documents.

6.0 Evaluation process: The Detailed Project Report will be examined and evaluated by the Infrastructure Division with the support of a Project Monitoring Unit (PMU) from the viewpoint of technical feasibility and financial viability. The PMU shall be selected through a transparent process in accordance with Government guidelines. The agency selected as PMU shall have in-house expertise in project finance, infrastructure development, project management, capability to develop an IT solution, etc. The PMU will be under the direct administrative control of the Infrastructure Division of the Ministry of Textiles. The PMU shall do due diligence on the DPRs submitted to the Ministry and submit its recommendations to the Infrastructure Division, which shall in turn submit the proposals to the Project Approval Committee.

7.0 Project Approval: The Projects shall be approved by the Project Approval Committee (PAC) chaired by the Hon’ble Minister of Textiles. The PAC will include Secretary, Textiles, Additional Secretary & Financial Adviser, Textiles, Joint Secretary (Textiles) in charge of Infra-Division, Textile Commissioner and Joint Secretaries of DIPP, MoEF, MSME and MSDE along with the representatives of the state governments concerned, as members. Representatives of TRAs such as SITRA, ATIRA, TEXPROCIL, SRTEPC, and Industry Bodies such as CITI or SIMA may be associated as ‘special invitees’, if considered necessary.

8.0 Funding Pattern: The funding pattern and release of funds will be as follows:-

8.1 Funding pattern: The total project cost, as indicated in para 3.3, shall be funded through Grants from the Ministry of Textiles (GoI), State Governments, State Industrial Development Corporation, equity from the Industry and Loans from Banks/Financial Institutions. Government of India’s (GOI) support under the Scheme by way of grant will be limited to 40% of the eligible project cost subject to a ceiling of Rs.40 crores. GOI support will be provided @90% of the project cost subject to a ceiling of Rs. 40 crores
for first two projects (each) in the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim, Himachal Pradesh, Uttarakhand and Jammu & Kashmir. Central Government will be entitled to place a nominee on the Board of the SPV of the Park.

8.2 Release of Funds: The release of GoI assistance to the SPV shall be done in 3 (three) installments in the ratio of 30:40:30. The terms and conditions for release for funds are detailed in Annexure-II. The SPVs would forward their claims to the Ministry of Textiles. The Infrastructure Division would scrutinize the claims received by the Ministry with the assistance of the PMU and recommend the claim after verification of all the requisite documents including Utilization Certificate in the format of GFR 12-A (GFR 2017), Pre-Receipt Bill, Surety Bond, etc., as required under the Government rules and guidelines. Separate accounts shall be kept by the SPV for the funds released by GOI, which shall be subject to audit by the Comptroller & Auditor General of India.

8.3 Budget for Administrative / Miscellaneous Expenditure: A budget provision of not exceeding 2% of the annual budget shall be made for administrative expenditure, evaluation, studies, research & seminars, information dissemination, publicity, and for putting in an IT enabled monitoring mechanism, etc.

9.0 Project Execution: Special Purpose Vehicles (SPVs) would be the focal points for execution of the projects and play the following role:

- Conceptualize and formulate the project, achieve financial closure, implement the project and manage the infrastructure.
- Procure land, the cost of which shall not be built into project cost.
- Enter into an agreement with the Ministry of Textiles for timely completion of Park and proper utilization of Government grants.
- Appoint contractors and consultants in a fair and transparent manner. In order to ensure timely completion of the project, the SPV will obtain appropriate performance guarantee from consultants and contractors.
- Develop the infrastructure and allocate sites to Industry for setting up units.
- Facilitate securing bank finance required for setting up units in the ITP.
• Be responsible for maintaining the utilities and infrastructure created for ITP by collecting service and user charges.

• Fix user charges for various facilities and services by SPV. There shall be full recovery of Operational & Maintenance (O&M) costs through user charges.

10.0 Monitoring: The Ministry of Textiles (MOT) will periodically monitor the progress of the projects under the Scheme with the support of PMU and the Office of Textile Commissioner:

10.1 A Textile Parks Information System (TPIS) would be developed and maintained by the PMU for the purpose of enabling real time monitoring of the projects under the scheme. TPIS will also serve as repository for tracking the progress of the components of Textile Park. The PMU, apart from devising a suitable web-based real-time monitoring system, shall collect and submit specific reports as required from time-to-time by the Ministry.

10.2 The Office of Textile Commissioner shall provide inspection reports as and when requested by the Ministry of Textiles. Copies of DPR and approvals of the PAC shall be forwarded to the Office of Textile Commissioner to enable field level monitoring of the projects.

10.3 District Level Coordination Committee: A District Level Coordination committee may be established under chairpersonship of District Collector with representatives from Ministry of Textiles and other stakeholders for coordinating and monitoring the progress of the park.

10.4 In addition to the above, each SPV will maintain a park website and update it on a regular basis for better visibility and publicity of the textile park. They will also make efforts to link the textile park with Google-earth 3D view.

11.0 Support from State Governments: There shall be close coordination amongst the Ministry, the SPV and the State Government (through the PMU and office of Textile Commissioner) to execute the project. State Governments shall provide a Single Window Clearance mechanism by constituting an empowered committee of Principal Secretary/ Secretary/ HOD level officers of the Departments concerned and with specific time lines for the following:-

• Grant of all the requisite statutory and other clearances, wherever needed, for setting up the ITP.
- Assistance for Power, Water, clearances and other utilities to the ITP.
- Assistance to potential promoters in identification and procurement of suitable land.
- Participation in the projects by State Government agencies like Infrastructure and Industrial Development Corporations; or by way of subscribing to the equity of SPV or by providing grants.
- Provision of conducive labour policies and environment; and extension of special facilities like exemption of stamp duty, etc. for the units located in the ITP, for attracting investment.

*The Regional officer of the Office of Textile Commissioner shall be co-opted to the empowered committee for better coordination at the approval and execution stages.*

**12.0 Consequence of delays in implementation and misutilisation:**

**12.1 Withdrawal:** In the event of an SPV withdrawing from executing a project before completion of the project, the SPV should immediately return the Government assistance together with the accrued interest and 10% penal interest.

**12.2 Extension of the project period:** Any revision in the period of implementation must have the approval of the PAC. In case of delay in implementation of the project beyond the agreed time schedule as approved by the PAC, the SPV shall submit the request for extension of time period three months prior to the date of expiry. If the PAC does not pass an order on this application till the date of expiry of the approved project period, it will be deemed that the extension has been granted.

**12.3 Delay of project:** Delay in the completion of the project beyond the approved period would make the SPV liable for cancellation of the project.

**12.4 Cancellation of project:** In the event, the park is cancelled by PAC for any reason whatsoever then the SPV shall immediately return the Government assistance together with the interest accrued thereon, if any. The SPV will also pay a penal interest @ 10% per annum in addition.

**12.5 Mis-utilization:** If it is found that the Grant has been utilized by the SPV for non-eligible components of the project, MOT shall have the right to recover the grant along with accrued interest thereon and also levy a of 10% penal interest on the SPV.

**12.6 Recovery:** The dues / penalties recoverable because of cancellation and other reasons can be recovered by the Ministry as arrears of land revenue.
12.7 The decision of the PAC on all these provisions would be final and binding on the SPV.

13.0 **Interpretation:** In so far as interpretation of any of the provisions of these guidelines is concerned, the decision of the Project Approval Committee (PAC) shall be final. The PAC is also empowered to put in place detailed operating procedures and supplementary guidelines for implementation of the scheme.

(A Madhukumar Reddy)
Joint Secretary, Ministry of Textiles

ORDER

- ORDERED that the Resolution be published in the Gazette of India for general information.

- ORDERED also that copies of the Resolution may be communicated to the Ministries / Departments / Organizations concerned.

(A Madhukumar Reddy)
Joint Secretary, Ministry of Textiles

To
The Manager,
Government of India Press,
(Bharat Sarkar Press),
Mayapuri.
Annexure-I

Points to be covered in the Project Reports under the Scheme for Integrated Textile Park (SITP)

1. Overview:
   (i) Brief objectives and compatibility of the proposal with objectives.
   (ii) Justification for the proposal and suitability of location, volume of existing activates and other schemes (State/ Central) in the vicinity.
   (iii) Present Status: Availability of land & status of acquisitions; Availability of requisite clearances; and Identification, agreement/ MOU with beneficiary units.

2. Total cost of the project with break-up for major facilities.

3. Base date and basis of estimating the cost.

4. Mode of funding & Phasing of expenditure i.e., contribution of various stake holders, (GOI, State Govt. & Other Agencies).

5. Land requirement and its distribution (Facility- wise)

6. Physical facilities being planned (capacities: backward & forward linkages).


8. Gestation period, activity chart (PERT/CPM), major milestones/targets and date of commencement of operation.

9. Quantification of benefits in terms of increase in production, employment, exports and investments.

10. Sustainability issues: Projected O&M expenditure & means of meeting them.

11. Financial viability to the extent available: Project annual surplus, if any; Internal Rate of Return (IRR); and Percentage of occupancy to achieve viability

12. A synopsis of the discussions held with various Stake Holders.

13. A master plan of the area, mapping the components for which the assistance is being sought and as to how the other components are to be addressed.

14. All supporting documents to be attached.
Terms and conditions for the release of GOI Grants under the Scheme

The grant from Government of India under the Scheme will be released in three installments, subject to meeting the requirements and conditions detailed below:

1.0 FIRST INSTALLMENT: The first installment representing 30% of the total GOI share will be paid to the SPV subject to fulfilling the following eligibility criteria:
   a) SPV shall furnish a Bank Guarantee of equal amount to the Ministry.
   b) Establishment of SPV.
   c) Land to be in the possession of SPV.
   d) Availability of all statutory clearances necessary for commencement of the project.
   e) Inclusion of one representative of Government of India and one representative of the state on the Board of Directors.
   f) Issuance of shares by SPV to members in proportion of area allocated to them.
   g) Execution of share holders’ agreement.
   h) Opening of two escrow accounts (Trust and Retention accounts) in a nationalized bank. The escrow accounts shall be operated by the officer concerned of the Textile Commissioner in terms of the tripartite agreement.
   i) Approval of Project Approval Committee.

2.0 SECOND INSTALLMENT: The second installment representing 40% of the total GOI share will be paid to the SPV subject to fulfilling the following eligibility criteria:
   a) SPV should have incurred expenditure of their proportionate contribution i.e., 70% of the total SPV share from all the sources.
   b) Submission of Utilization Certificate for the 1st Installment
   c) Details of equity contribution
   d) Sanction Letter for loan Component, if SPV is taking term loans.
   e) Award of contracts worth 100% of the total project cost excluding the land cost.
   f) Interest, if any earned on the GOI grant will be returned/adjusted while claiming the instalment. A certificate from the Bank shall be submitted along with the claim.
   g) Progress report by the Officer in Charge of Regional Office of Textile Commissioner.
* After the sanction of 2\textsuperscript{nd} Installment of grant by the Ministry, the Bank Guarantee given by the SPV will be returned only upon the SPV raising its remaining contribution along with an amount equal to the 3\textsuperscript{rd} installment.

3.0 **THIRD INSTALLMENT**: The last installment representing 30% of the total GOI share shall be released subject to the followings:

   a) SPV has made expenditure of 100% SPV share from all the sources.
   
   b) The entire infrastructure should be completed.
   
   c) Successful completion of the infrastructure and operationalization of 80% of the committed units along-with generation of 80% of the promised employment.
   
   d) Submission of Utilization Certificate (UC) of the 2\textsuperscript{nd} installment at the time of making claim for the final installment.
   
   e) Interest, if any earned on the GOI grant will be returned/ adjusted while claiming the installment. A certificate from the Bank shall be submitted along with the claim.
   
   f) Progress report a by the Officer in Charge of Regional Office of Textile Commissioner will be submitted along with the claim for release of final installment.

   ****