

**GUIDELINES OF THE SCHEME FOR INTEGRATED TEXTILE PARKS**  
**DURING THE 12TH FIVE YEAR PLAN**

**(Changes vis-à-vis existing guidelines are given in bold and italics)**

**1. Objective of the Scheme:**

- 1.1 The Scheme for Integrated Textile Parks (SITP) was launched in 2005 to provide the industry with State of the art world-class infrastructure facilities for setting up their textile units.
- 1.2 Primary objective of the SITP is to provide the industry with worldclass state of the art infrastructure facilities for setting up their textile units. The scheme would facilitate textile units to meet international environmental and social standards.
- 1.3 SITP would create new parks of international standards at potential growth centres. This scheme envisages engaging of a panel of professional agencies for project identification and execution.
- 1.4 Each Integrated Textile Park (ITP) under the scheme would normally have 50 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 entrepreneurs in a Park shall be atleast twice the cost of common infrastructure proposed for the Park.
- 1.5 **The new ITPs being set up under the Scheme may be excluded from the SEZs.**

**2. Scope of the Scheme:**

- 2.1 The scheme targets industrial clusters/locations with high growth potential, which require strategic interventions by way of providing world-class infrastructure support. The project cost will cover common infrastructure and buildings for production/support activities (including textiles engineering, accessories. packaging), depending on the needs of the ITP. There will be flexibility in setting up ITPs to suit the local requirements.
- 2.2 An ITP will have the following components:
- (a) **Group A - Land.**

- (b) **Group B** – Common Infrastructure like compound wall, roads, drainage, water supply, electricity supply including captive power plant, effluent treatment, telecommunication lines etc.
- (c) **Group C** – Buildings for common facilities like testing laboratory (including equipments), design center(including equipments), training center(including equipments), trade center/display center, ware housing facility/ raw material depot, one packaging unit, crèche, canteen, workers hostel, offices of service providers, labour rest and recreation facilities, marketing support system (backward / forward linkages) etc.
- (d) **Group D** – Factory buildings for production purposes.
- (e) **Group E**- Plant & machinery.
- (f) **Group F** - ***Work space for textile units and workers hostel which may be made available on rental/hire purchase basis.***

2.3 The items covered under each of the above Groups are illustrative only, and every ITP may be developed 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.***

2.4 The total Project Cost for the purpose of this Scheme includes the cost on account of components of ITP, as listed under Groups B, C, D and F above, provided the ownership of the factory buildings vests with the SPV. ***The Technical fee shall not be covered in the project cost.***

2.5 The SPV will, however, have the option of seeking financial support from Government of India for components under Groups B, C and F only, if factory buildings are individually owned.

2.6. ***The Parks with Processing Unit should necessary have a CETP.***

### **3. Implementation Structure:**

3.1 Industry Associations/Groups of Entrepreneurs would be the main promoters of the ITPs. At each ITP, there would be a separate Special Purpose Vehicle (SPV) formed with the representatives of local Industry, Financial Institutions, State and Central Government. SPV shall invariably be a Corporate Body registered under the Companies Act. Any different structure for the SPV requires the approval of the Project Approval Committee. The

SPVs shall have operational autonomy so that they do not become surrogate Public Sector Enterprises or be controlled by Central/State Governments.

3.2 Ministry of Textiles (MOT) shall appoint a panel of professional agencies, which have considerable experience and expertise in the area of infrastructure development, as Project Management Consultants (PMCs) for implementing the Scheme.

3.3 The PMCs will be responsible for the speedy implementation of the Projects in a transparent and professional manner so as to achieve high degree of quality at a low cost acceptable to the members of the SPV for which fee will be paid to the PMCs by the Ministry of Textiles.

3.4 The PMCs will report to Ministry of Textiles, which shall directly supervise the implementation of projects.

3.5 A PMC will discharge the following functions:

- i) Identifying the locations for setting up the ITPs based on a scientific assessment of the demand and potential of the area and assist in obtaining all statutory clearances.
- ii) Facilitating formation of SPV at each project level with the participation of local industry.
- iii) Preparation of Project Plan including the setting of standards for infrastructure.
- iv) Structure the projects and submit the same for appraisal by Project Scrutiny Committee (PSC).
- v) Assist the SPVs in selection of agencies for preparation of bid documents, construction, operation and maintenance of the facilities in the Project.
- vi) Assist the SPV in achieving financial closure.
- vii) Monitor the implementation and submit periodical progress reports to the MOT.
- viii) Liaise with the State Governments to resolve state-related problems.
- ix) Ensure timely completion of project(s) as per DPR.

3.6 The SPVs would be the focal points for implementation of the Scheme, playing the following role:

- i) The SPV would conceptualize, formulate, achieve financial closure, implement and manage the infrastructure.

- ii) The SPV would procure land, cost of which shall not be built into project cost.
- iii) After developing the infrastructure, SPV would allocate sites to Industry for setting up units.
- iv) SPV would also facilitate securing bank finance required for setting up units in ITP.
- v) SPV would be responsible for maintaining the utilities and infrastructure created for ITP by collecting service and user charges.
- vi) The SPV has to be so structured as to be self-sustaining with a positive revenue stream.
- vii) The SPV will enter into an agreement with the MoT for timely completion of Park and proper utilization of Government grants.
- viii) SPV would appoint contractors/consultants in a fair and transparent manner. In order to ensure timely completion of the project, SPV will obtain appropriate performance guarantee from consultants/contractors.

3.7 The ongoing projects sanctioned under the TCIDS/APES will continue to be provided Government assistance, as per the provisions of the respective scheme, out of the budget provision for SITP.

#### **4. Role of State Government:**

4.1 The role of the State Government is envisaged in the following areas:

- i) Providing all the requisite clearances, wherever needed, for setting up the ITP and providing the necessary assistance for Power, Water and other utilities to the ITP.
- ii) Assist in identification and procurement of suitable land.
- iii) The State Government agencies like Infrastructure/Industrial Development Corporations may also participate in the projects by way of subscribing to the equity of SPV or by providing grants.
- iv) Providing flexible and conducive labour environment and consider special facilities like exemption of stamp duty etc. for the units located in the ITP.
- v) Dovetailing of other related schemes for overall effectiveness and efficiency of the project.

4.2 In order to facilitate proper coordination, State Governments would be requested to participate in the SITP scheme through signing of an agreement with the Ministry of Textiles on facilitating provision of land, power supply, water supply and statutory clearances for projects sanctioned to the state under the scheme. The State Governments would also be requested to participate in the SPV through the nomination of a representative on the Board of the SPV.

## **5. Funding Pattern and provisions:**

5.1 The total project cost, as indicated in para 2.4, shall be funded through a mix of Equity/Grant – from the Ministry of Textiles, State Government, State Industrial Development Corporation, Industry, Project Management Consultant and Loan – from Banks/ Financial Institutions.

5.2 The Government of India's (GOI) support under the Scheme by way of Grant or Equity will be limited to 40% of the project cost subject to a ceiling of Rs. 40 crore for parks. GOI support under the Scheme will be generally in the form of grant to the SPV unless specifically decided by the PAC to be equity. However, the combined equity stake of GOI/State Government/State Industrial Development Corporation, if any, would not exceed 49%.

5.3 Central Government will be entitled to place a nominee on the Board of the Park as per scheme guidelines.

5.4 However, GOI support will be provided @90% of the project cost subject to a ceiling of Rs. 40 crore for first two projects in the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim and Jammu & Kashmir.

5.5. **Release of Funds:** The following schedule will be adopted for release of GOI assistance to the SPV:

### ***(i) 1<sup>st</sup> Installment***

***1<sup>st</sup> installment representing 10% of the total GOI share will be paid to the SPV subject to SPV furnishing a Bank Guarantee of equal amount to the Ministry and fulfilling of the following criteria:-***

- (a) Establishment of SPV.
- (b) Inclusion of one representative of Government of India and one representative of the PMC on the Board of Directors.

- (c) Land to be in the possession of SPV.
- (d) Issuance of shares by SPV to members in proportion of area allocable to them.
- (e) Execution of share holders' agreement.
- (f) Establishment of escrow account in a nationalized bank.
- (g) Recommendation of PMC confirming the above points (a) to (f).
- (h) DPR duly validated by PMC, and approved by Project Approval Committee.

(ii) **II<sup>nd</sup> Installment**

***II<sup>nd</sup> installment representing 15% of the total GOI share will be paid to the SPV subject to SPV incurring their proportionate contribution (i.e. 25% of the total SPV share from all the sources) of the grant released and fulfillment of following criteria***

- (a) Utilisation Certificate for the 1<sup>st</sup> Installment
- (b) Details of equity contribution
- (c) Sanction Letter for loan Component, in case SPV is taking term loans.
- (d) Award of contracts worth equivalent to at least 30% of the total project cost excluding the land cost.
- (e) Availability of all statutory clearances necessary for commencement of the project as certified by PMC, including water and electricity.
- (f) The Bank Guarantee given by the SPV will be returned upon sanction of 2<sup>nd</sup> Installment of grant by the Ministry.***
- (g) Interest, if any earned on the GOI grant will be returned/adjusted while claiming the instalment. A certificate from the Bank shall be submitted alongwith the claim***

iii) **III<sup>rd</sup> Installment**

**III<sup>rd</sup> installment representing 25% of the total GOI share shall be released after the utilisation of the 2<sup>nd</sup> installment and after the proportionate expenditure (i.e. 50% of the total SPV share from all the sources) has been incurred by the SPV.** Utilisation Certificate (UC) of the 2<sup>nd</sup> Installment shall be submitted by the SPV at the time of making claim for the 3<sup>rd</sup> Installment. ***Interest, if any earned on the GOI grant will be returned/adjusted while***

***claiming the instalment. A certificate from the Bank shall be submitted alongwith the claim***

**(iv) IVth Installment**

***IV installment representing 25% of the total GOI share after the utilisation of the 3<sup>rd</sup> installment and after the proportionate expenditure (i.e. 75% of the total SPV share from all the sources) has been incurred by the SPV.*** Utilisation Certificate (UC) of the III<sup>rd</sup> Installment shall be submitted by the SPV at the time of making claim for the IV<sup>th</sup> Installment. ***Interest, if any earned on the GOI grant will be returned/adjusted while claiming the instalment. A certificate from the Bank shall be submitted alongwith the claim***

**(v) Vth Installment**

***V installment representing 25% of the total GOI share will be released after successful completion of the project and after 33% of the units in ITP(or a higher percentages determined by PAC for successful completion of the specific project) start their production.*** Utilisation Certificate (UC) of the IV<sup>th</sup> Installment shall be submitted by the SPV at the time of making claim for the final Installment. ***Interest, if any earned on the GOI grant will be returned/adjusted while claiming the instalment. A certificate from the Bank shall be submitted alongwith the claim***

5.6 The SPVs would forward their claims to the MOT after verification by PMC supported by documents such as Utilisation Certificate in the format of GFR 19A, Pre-Receipt Bill, Surety Bond etc., as required under the relevant rules.

5.7 Separate accounts shall be kept by SPV for the funds released by GOI, which shall be subject to audit by the Comptroller & Auditor General of India.

5.8 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 interest accrued. Payment of penal interest by the SPV shall be decided by the Project Approval Committee (PAC) on case to case basis. Any revision in the period of implementation must have the approval of the PAC. In case of delays in implementation of the project beyond the agreed time schedule as approved by

PAC. The Ministry of Textiles shall have the right to impose penalties on the SPV as given below:

- (i) Delay of upto 3 months in the completion of the project would reduce the grant amount by 1%
- (ii) Further delay in the implementation of the project would reduce the grant amount by an additional 1% for every 1 month of delay.
- (iii) In the event of project implementation getting delays beyond 12 months, then the PAC could consider closure of the project at the current level of grant assistance and cancel the balance undrawn grant amount.
- (iv) In the event the grant amount is reduced as indicated above, the SPV should meet the consequent gap through its own sources.(v) 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 levy penalties on the SPV as may be decided by the PAC.
- (vi) 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. Payment of penal interest by the SPV @ 10% or as decided by the Project Approval Committee (PAC) on case to case basis to be returned by the SPV.
- (vii) The decision of the PAC would be final and binding on the SPV.

5.9 In event of termination of project, misutilisation of the grant or unjustified untoward delay in completion of the Park the SPV will be liable to return the grant with interest thereon and/or penalty as decided by the PAC and MoT shall be within its rights to recover the moneys as arrear of land revenue.

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

5.11 The recovery by way of lease rentals shall accrue to the SPV for plough back for future expansion.

5.12 Budget provision of not exceeding Rs.2 Crore per annum shall be made for administrative expenditure, evaluation, studies, research &



seminars, information dissemination, publicity, and for putting in an IT enabled monitoring mechanism, etc

### **Fee to the PMCs**

5.13 Release of funds to the PMC for service rendered to the Ministry of Textiles under the scheme-

(a) The fee to the PMC shall be paid as approved by the PAC and shall be exclusive of service tax and other levies as applicable from time to time. The fee will however be inclusive of all travel, accommodation and other incidental expenses incurred by the PMC.

(b) The project cost for the purpose of professional fee payable to the PMC would be the cost as approved by the PAC. The PMC would be paid the fees on the original project cost as approved by the PAC irrespective of any subsequent upward or downward revision in the project cost by the PAC. **However, the professional fee payable to the PMCs would be capped at project cost of Rs.100 crores.**

(c) The fee paid to the PMC will be paid as per the following Schedule of Payment-

<b>Fee Amount</b>	<b>Payment Milestone</b>
20% of Professional Fee	On approval of Detailed Project Report and release of 1 <sup>st</sup> installment
20% of Professional fee	On release of II <sup>nd</sup> installment of Grant
20% of Professional fee	On release of III <sup>rd</sup> installment of Grant
20% of Professional fee	On release of IV <sup>th</sup> installment of GOI grant
20% of Professional fee	On completion of the Project

(d) In case a PMC does not perform as per the satisfaction of the PAC on specific project, the PAC may impose penalties as decided by the PAC on a case to case basis.

(e) The PMC shall not be permitted to enter into any agreement with the SPV for provision of any services related to the implementation of the project that would create, in opinion of the MoT a conflict of interest.

## **6. Purchase of land:**

6.1 Land for Textile Parks shall be purchased / arranged by the SPV. The registered value of land would be taken as part of the Industry's equity/share in the project. The GOI grant shall not be used for procurement of land.

## **7. Project Formulation:**

7.1 The project proposal shall be formulated by a PMC after conducting a diagnostic study of the requirements of common facility and infrastructure in the specific location and based on demand and potentiality.

7.2 The broad aspects, which may be covered in the Project Report, are given at **Annex-I-A**. These are intended to be indicative and not exhaustive.

## **8. Administrative Mechanism**

### **Project Scrutiny Committee (PSC):**

The project proposals as submitted by PMCs shall be considered and appraised by the Project Scrutiny Committee (PSC) headed by Joint Secretary (SITP) Ministry of Textiles. The other members of the Project Scrutiny Committee shall be as follows:

- i. Advisor (Industry), Planning Commission or his representative
- ii. Joint Secretary (PF-II), Department of Expenditure or his nominee
- iii. Joint Secretary (Infrastructure), Department of Commerce or his nominee
- iv. Joint Secretary (IIUS), Department of Industrial Policy & Promotion or his nominee
- v. Joint Secretary, Ministry of Environment & Forests or his nominee.
- vi. Textile Commissioner, Mumbai
- vii. Economic Advisor, Ministry of Textiles
- viii. Director/Deputy Secretary, IFW, Ministry of Textiles
- ix. Director (SITP), Ministry of Textiles – Member Secretary

Project Scrutiny Committee will appraise all the proposal submitted by PMCs in terms of the project components, viability, feasibility and time lines of each project. The Committee shall look into the utility of the projects in terms of modernization & integration of supply and management chain, and make the final recommendations to Project Approval Committee.

## **9. Project Approval Committee (PAC)**

There shall be a Project Approval Committee to consider and approve the recommendations of Project Scrutiny Committee headed by **Minister of Textiles Secretary (Textiles), Additional Secretary & Financial Adviser, Ministry of Textiles and Joint Secretary , Ministry of Textiles in charge of SITP as members.**

**10. Project Monitoring and Evaluation:**

The Ministry of Textiles (MOT) will periodically review the progress of the projects under the Scheme. PMC would devise a suitable monitoring and evaluation system and shall furnish monthly reports/returns to the MOT. **A Monitoring Committee headed by Secretary(Textiles),and Joint Secretary(SITP, Director (SITP), ) as members will be monitoring the projects.**

**11. District Level Coordination Committee**

**In addition to the above, a District Level Coordination committee may be formulated under chairmanship of District Collector with representatives from Ministry of Textiles and other stakeholders for coordinating and monitoring the progress of the park.**

**12.** In so far as interpretation of any of the provisions of these guidelines, 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 rules for implementation of the scheme guidelines.

**Indicative list of 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 activities and other schemes (State/ Central/CSS) in the vicinity or at the same location.

iii) Present Status:

- Availability of land & status of acquisitions.
- Availability of requisite clearances.
- 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 linkage.

7. Name of the implementing & Managing Agency/SPV, brief indication on responsibilities/ obligation (during implementation & future).

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 the same.

11. Financial viability to the extent available:

- Project annual surplus, if any
- Internal Rate of Return (IRR)
- Percentage of occupancy to achieve viability

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

13. 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.