

State Textile Policies - A Comparison

Government of Andhra Pradesh unveiled Industrial Development Policy for the period 2015 - 20 on April 1, 2015. It contained sectoral policies for textiles, biotechnology and automobiles. A comparison of incentives announced for the textile industry in Andhra Pradesh with other state textile policies is given below.

Comparison of State Textile Policies

Head	Sub-heads	Gujarat	Maharashtra	Andhra Pradesh	Telangana												
Policy Period	Policy Effective dates Effective till	5th September 2012 4th September 2017	1st March, 2012. 31st March, 2017.	2015 2020 (All textile units/ activities commissioned during Industrial Investment Promotion Policy 2010-15 period can opt for the benefits afforded under this policy for the remainder of the five year eligibility period.)	2010 - 2015												
Capital Subsidy	Overall Investment		10 % capital subsidy to new textile units in Vidarbha, Marathwada and North Maharashtra	Capital subsidy up to Rs.10 crore to standalone garmenting and apparel units, as per the investment is as indicated below. These Units will not be Eligible for VAT/CST/SGST incentives. <table><tr><th>Investment Bracket</th><th>Quantum of Investment</th></tr><tr><td>MSME Projects Upto Rs 10 cr</td><td>20% of Fixed Assets</td></tr><tr><td>Rs 10 - 25 cr</td><td>20% of Fixed Assets or Rs 3 crore, whichever is less</td></tr><tr><td>Rs 26 - 50 cr</td><td>20% of Fixed Assets or Rs 4 crore, whichever is less</td></tr><tr><td>Rs 51 - 125 cr</td><td>20% of Fixed Rs 6 crore, whichever is less</td></tr><tr><td>Mega Projects</td><td>10% of the Project cost or Rs 10 cr, whichever is less</td></tr></table>	Investment Bracket	Quantum of Investment	MSME Projects Upto Rs 10 cr	20% of Fixed Assets	Rs 10 - 25 cr	20% of Fixed Assets or Rs 3 crore, whichever is less	Rs 26 - 50 cr	20% of Fixed Assets or Rs 4 crore, whichever is less	Rs 51 - 125 cr	20% of Fixed Rs 6 crore, whichever is less	Mega Projects	10% of the Project cost or Rs 10 cr, whichever is less	
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	Others	Technology acquisition & up-gradation - the entrepreneurs will be encouraged to acquire technology from abroad. Financial assistance up to 50 percent, with maximum of Rs. 25 lakh per Process/Product.		Enterprises acquiring technology - assistance of up to 50% of the investment in technology / collaboration - max. amount of Rs.25 lakh per process/product, only once during operative period of the scheme. Enterprises availing a benefit for the same purpose under any other scheme of the State Govt. will not be eligible to get benefits under this scheme.	
Interest Subvention	Interest Subsidy	<p>1.Interest subsidy of 5 percent, without ceiling for the period of five years on new plant & machinery for Ginning & Processing,weaving, knitting, machine carpeting and other textile related activities, also on second hand imported Machines with certain conditions.</p> <p>2.Interest subsidy of 6 percent on new plant and machinery for technical Textiles,besides second hand imported machinery with certain conditions allowed.</p> <p>3.Interest subsidy of 7 percent on new plant & machinery for cotton spinning, garment and made-ups; as well as for second hand imported cotton spinning machinery with certain conditions</p>	The state will provide financial assistance in a manner that effective rate of interest payable by the eligible units will be 0% or 2%.	Interest subsidy @ 8% per annum for Weaving (with or without preparatory), Dyeing & Processing, Knitting, Garment/Made-ups, Machine Carpeting, Machine Embroidery, Technical Textiles and any other activities/process like crimping, texturizing, twisting, winding, sizing, etc. within the Textile Value Chain and up to 7.5% for Spinning & modern Ginning. Interest subsidy will be capped at 12.5% taking into account assistance from all sources (centrally sponsored TUF scheme, industrial policy of the state, etc.). Interest subsidy will be for 7 years which will include 2 years of moratorium. Units availing interest subsidy under TUF are only eligible for this benefit. For the purpose of this scheme, either 12.5% or the bank prime lending rate or the rate of interest actually charged, whichever rate is less, will be taken as the applicable rate of interest.	<p>Reimbursement of interest subsidy @ 4% for spinning activity (excluding ginning) for a period of 5 years from the date of commencement of commercial production</p> <p>Reimbursement of interest subsidy @ 6% for industries involved in composite activities i.e., spinning and weaving/ knitting/ dyeing/ garmenting (excluding ginning) for a period of 5 years from the date of commencement of commercial Production</p>

Head	Sub-heads	Gujarat	Maharashtra	Andhra Pradesh	Telangana
Taxation	VAT concession	Refund of VAT paid by Cotton-based units like ginning, spinning and weaving on purchase of cotton / cotton yarn and remission of tax collected on cotton yarn; on purchase of raw material and remission of tax collected on readymade garments, as VAT concession (applicable to the extent of investment in Plant & Machineries)		Reimbursement of 100% VAT/CST/SGST paid by The unit on purchase of Intermediate product/raw Material except for certain Goods and certain Transactions which are not Eligible for tax credit under AP VAT act, 2005. Reimbursement of net VAT/CST/SGST for tax Collected on end product/ Intermediate product within Entire value chain (from Cotton to garment and made-ups) to the extent of 100% of the eligible fixed capital investments in plant and machinery. This incentive can be claimed only within 8 years from the date of commencement of commercial production limited to 5 year period.	
Power Assistance	Captive power generation	The enterprises setting up of unit having captive power plant will be given assured supply of lignite by way of supply agreement with GMDC			
	Special concession in power tariff	Power tariff subsidy @Rs.1 per unit for cotton spinning industries and weaving units		Power cost Reimbursement @ Rs.1.00 per unit for Spinning and modern Ginning and @ Rs.1.50 Per unit for other Categories (including Technical textiles) for a Period of 5 years from Date of commencement Of commercial production.	

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Common Facilities	Textiles Parks	Upto 50 per cent with maximum ceiling of Rs.30-crore for common infrastructure for Cotton Spinning Park with or without Weaving; but with maximum ceiling of Rs.10-crore for common infrastructure in Parks and Other Textiles Activities		<p>Park developer and enterprises in the park will be eligible for reimbursement of stamp duty on lease of land required for the new park. For establishing common infrastructure facilities - fin. asst. upto 50% or max. Rs.15 crore (Rs.30 crore for composite/integrated park) limited to 10% of the total project cost (excluding cost of land) 50% of project cost for setting up of CETP at industrial clusters/textile parks or Rs.10 crore, whichever is less.</p> <p>In case of Handloom sector, 80% of the project cost for CETP or Rs.2 crore, whichever is less will be provided as one time grant.</p> <p>Assistance of up to 50%, subject to a max. amount of Rs.50,000 each for energy audit/water audit /environmental compliance</p>	
Exemptions	Stamp Duty	Stamp duty exemption to developers and units for textiles			
Green Technology	Energy & water conservation and environmental compliance	Assistance up to 50 percent for audit report amounting to maximum of Rs.50,000, assistance up to 20 percent of cost of			

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		equipment subject to maximum Rs.20-lakh, eligible once in 2 years during operation period of the scheme, as support for energy and water conservation and Environmental compliance, for Processing Sector and Entire Value Chain			
Capacity Building/Training Institutes/Centres	Apparel Training Institutes/Centres	<p>1. Assistance up to 85 percent, subject to maximum Rs.3 crore, excluding land cost, for setting up Training Institution;</p> <p>2. Need-based support towards equipment for up-gradation of facilities in ITIs</p> <p>3. Assistance up to 50 percent, subject to maximum Rs.20-lakh for Training Centres;</p> <p>4. Reimbursement of tuition fees to trainees as assistance @ 50 percent, up to Rs.7,000 per trainee per course;</p> <p>5. Reimbursement of training cost with maximum of Rs.7,000 per trainer per week, as assistance to training to Trainers</p>		Apparel and textile designing courses in ITIs: Any autonomous institution promoted by govt./PSUs or private sector with a substantive background of textile and apparel industries or skilled manpower development will be provided assistance up to 75% subject to a maximum amount of Rs.4 crore of the project cost.	

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	Skill Development	<p>Training cost for skill development for weaving - Stipend to trainees: @ Rs.2,500 per month for three month, and allowance to weavers @ Rs.200/day, and to jobbers @ Rs.300/day as assistance for advanced training to powerloom Owner/jobber and worker - as training cost for skill development for Power loom / Weaving Sector</p>		<p>Training Centres 50% of their investment towards purchase of equipment and machinery, electrification and necessary furniture subject to a max. of Rs.20 lakh per centre Reimbursement of tuition fees to trainees, Assistance for Training of Trainers & Training Support to Powerloom Sector</p>	

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Head	Sub-heads	Karnataka	Madhya Pradesh	Madhya Pradesh	Rajasthan
Policy Period	Policy Effective dates	2013	2nd March 2013	1st October 2014 Onwards	22nd July 2013
	Effective till	2018	1st March 2018		31st March, 2020
Capital Subsidy	Overall Investment	Credit Linked Capital Subsidy (CLCS) MSME Projects (upto Rs.10 Crores) Zone 1&2: 20% of the Fixed Assets Rs.10 Cr to Rs.25 Crs Zone 1: 20% of the Fixed Assets or Rs.3.00 Crores, whichever is less Zone 2: 15% of the Fixed Assets or Rs.2.00 Crores, whichever is less Rs.26 Cr to Rs.50 Cr Zone 1: 20% of the Fixed Assets or Rs.4.00 Crores, whichever is less Zone 2: 15% of the Fixed Assets or Rs.3.00 Crores, whichever is less Rs.51 Cr to Rs.99 Cr Zone 1: 20% of the Fixed Assets or Rs.6.00 Crores, whichever is less Zone 2: 15% of the Fixed Assets or Rs.5.00 Crores, whichever is less	New textile units will be given an investment subsidy @ 10% of eligible capital investment subject to a maximum limit of Rs.1 crore	Micro, Small and Medium textile units shall be given an investment subsidy of 10% of eligible investment made in TUFs approved plant & machinery subject to a maximum limit of INR 1 crore	
	Others	Additional Subsidy: (a) Units within Designated Textile Parks: Zone 1&2: 5% of Fixed Asset or Rs.10 Lakhs, whichever is less (b) SC/ST category: Zone 1&2: 20% of Fixed Asset or Rs.20 Lakhs, whichever is less			

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		c) Persons with disabilities/ Minority/Ex-service Men/Women: Zone 1&2: 5% of Fixed Asset or Rs.5 Lakhs, whichever is less			
		Special Credit Linked Capital Subsidy: (i) Technical Textile Units Zone 1&2: Addl. 10% on the value of Plant & Machinery or Rs.25 Lakhs, whichever is less (ii) Integrated Units (more than one value chain): Zone 1: Addl. 20% on eligible Plant & Machinery or Rs.30 Lakhs, whichever is less Zone 2: Addl. 10% on eligible Plant & Machinery or Rs.20 Lakhs, whichever is less (iii) Eco-friendly Units: Zone 1&2: Addl. 20% on the value of Plant & Machinery installed to promote cleaner and environment friendly technologies or Rs.20 Lakhs, whichever is less			
Interest Subvention	Interest Subsidy	In order to facilitate the Entrepreneurs, interest subsidy will be provided to entrepreneurs for investment upto Rs.99 crores. The applicable Credit Linked Capital	1. An interest subsidy @ 2% for a period of 5 years will be provided on long term loan linked to the centrally sponsored Textile Upgradation Fund	New units + investment upto Rs.25 crores in fixed asset: 2% for 5 years from the date of commercial production on term loan taken for TUFs approved	1. Interest subsidy shall be at the rate of 5%. An additional interest subsidy of 1% shall be available to enterprise making eligible fixed capital

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		<p>Subsidy (General Category) amount offered will be split as follows:</p> <p>a) 50% of the approved outlay on meeting requisite development Milestone</p> <p>b) 50% of the approved outlay as interest subsidy over five years, on meeting requisite Interest/obligations from Banks/FIs and financial Milestone</p> <p>The interest subsidy provided will not exceed the cap as mentioned under CLCS of Incentives offered, in any case</p>	<p>Scheme (TUFS) subject to maximum limit of Rs. 5 crore</p> <p>2. An interest subsidy @ 5% for a period of 5 years will be provided on longterm loans for purchase of Plant & Machinery approved under Centrally sponsored TUFS with fixed capital investment of Rs.25 Crore or more</p> <p>3. An interest subsidy @ 7% for a period of 5 years will be provided on long term loans for purchase of Plant & Machinery approved under Centrally Sponsored with fixed Capital investment of Rs. 25 crores or more.</p>	<p>plant & machinery subject to a ceiling of Rs.5 crores.</p> <p>New standalone units + investment more than Rs.25 crores in fixed asset (or) Expansion/Diversification of existing standalone unit with fresh investment in TUFS approved plant & machinery of at least 30% of existing investment in fixed capital assets (not less than Rs.25 crores or Rs.50 crores, whichever is less):</p> <p>5% for 5 years from the date of commercial production on term loan taken for TUFS approved plant & machinery</p> <p>New composite unit with an investment of more than Rs.25 crores in fixed assets (or) Diversification of existing standalone unit into a composite Unit:</p> <p>7% for 5 years from the date of commercial production on term loan taken for TUFS approved plant & machinery</p>	<p>investment of more. than rupees twenty five crores</p> <p>2. Interest subsidy shall be at the rate of 7% for the new enterprise in Technical Textile category.</p>
Taxation	VAT Concession	<p>Entry Tax:</p> <p>Full reimbursement on Plant & Machinery and Capital Goods including equipments for Captive</p>	<p>VAT</p> <p>Refund of VAT and inter-state sales tax for spinning mills;</p> <p>Refund of VAT paid</p>	<p>Entry Tax Exemption:</p> <p>For units with an investment of upto Rs.100 crores in plant & machinery:</p>	<p>Incentive will be provided to the enterprise in terms of reimbursement of 60% of VAT paid</p>

Head	Sub-heads	Karnataka	Madhya Pradesh	Madhya Pradesh	Rajasthan
		Power generation and for Common Effluent Treatment and Waste Disposal Facilities	on purchase of raw material and remission of tax collected on cloths manufacturing units; Refund of VAT and central sales tax on readymade garments. Refund of central sales duty for cotton ginning mills. CST ❖ Refund of CST on finished goods to ginning mills; ❖ Refund of CST on interstate sales for spinning mills; Refund of VAT paid on raw material for cloth manufacturing mills; Refund of VAT and CST for readymade garment units. For a period of 8 years from date of commencement of Production.	5 years For units with an investment of more than Rs.100 crores in plant & machinery: 7 years VAT: Assistance will be given for 8 years from the date of commercial production, within an overall ceiling of investment in TUFs approved plant & machinery, to units with investment of Rs.1 crore or more in fixed capital	under Rajasthan Value Added Tax Act, 2003 on purchase of yarn for use in manufacture of goods for sale by him
Power Assistance	Captive Power Generation Special concession in power tariff	All value chain activity of Textile including Technical Textile Reimbursement of cost of power paid @ Rs.1.00 per Unit * - In case of Hi-tech Power Loom units, power connection should be above 20 HP ETP in Greenfield Textile Parks/Brownfield Cluster Development/Specific Textile Zones in Backward Areas Reimbursement of cost of power paid @ Rs.1.00 per Unit			

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Common Facilities	Textile Parks	Common infrastructure for Greenfield Textile Parks Zone 1: 40% of the project cost or Rs.20.00 crores, whichever is less Zone 2: 20% of the project cost or Rs.15.00 crores, whichever is less (i) Projects approved under any Central Government Scheme Zone 1&2: 10% of the project cost or Rs.10.00 crores, whichever is less		An assistance of 15% of the expenditure on establishment/development of Industrial Park subject to a maximum limit of Rs.5 crores - Minimum area 50 acres and minimum of 5 industrial units	
Exemptions	Stamp Duty	Stamp Duty Reimbursement: Full reimbursement for Zone 1 & 50% for Zone 2 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 (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/Gol			50% exemption from payment of Stamp Duty on purchase or lease of land and Construction/ improvement of such land;
	Electricity duty				50% exemption
	Mandi Fee				50% exemption
	Others		Entry Tax exemption for units: ❖ Investing more than		The Rajasthan Tax on Entry of Goods into the Local Areas,

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			Rs.100 crore for 7 years And ❖ For others for 5 years		Luxury Tax,50% on payment of Land Tax, 50% on payment of Conversion Charges payable for change of land use
Green Technology	Energy & water conservation and environmental compliance	Common Effluent Treatment Plant and Hazardous Waste Disposal Facility: (a) 50% of the project cost or Rs.5 crores, whichever is less (b) 80% of the project cost or Rs.1 crore, whichever is less for Handloom Sector © 20% of the project cost or Rs.5 crores, whichever is less for projects funded by Gol		Small, Medium, Large & Mega industries shall be provided a capital subsidy of 50% upto a maximum of Rs.25 lakh for investment in setting up of waste management systems (such as ETP, STP, etc.), pollution control devices, health and safety standards, water conservation / harvesting, etc	
Capacity Building/Training Institutes/Centres	Apparel Training Institutes/Centres Apparel Training	(i) Market Development and Branding: 50% of the cost of proposed interventions or Rs.50 Lakhs, whichever is less (ii) Design Development and Product Diversification: 50% of the cost of proposed interventions or Rs.25 Lakhs, whichever is less (iii) Standard and Compliances Specific Textile Zones in Backward Areas: 50% of the cost of proposed interventions or Rs.5 Lakhs, whichever is Less	a) 25% subsidy will be given for establishment of Apparel Training Institute subject to a maximum limit of Rs. 25 lakhs. b) 15% of cost of setting up Industrial Park subject to maximum of Rs.5 crores	25% subsidy will be given for establishment of Apparel Training Institute subject to a maximum limit of Rs. 25 lakhs	