








***Uttar Pradesh Textile and Garmenting
Policy – 2022***

Objectives

-  To make the state of Uttar Pradesh a Global Textile Manufacturing Hub
-  Generating employment opportunities for 5 Lakh people in UP
-  Increase the earnings of Handloom and Power loom weavers by 50%
-  Development of 5 Textile & Apparel Parks through private sector
-  Promotion of Silk Industry in the state

Eligibility

S.N.	Eligibility
1.	This policy will be effective for 5 years from the date of its notification (17 th October 2022) or till it is amended or superseded by the Government of Uttar Pradesh
2.	Incentives under this policy are in addition to the those being provided under the Schemes / Policy of Government of India
3.	New units as well as existing textile & garmenting units that undertake expansion / diversification will be eligible for incentives under this Policy
4.	New unit shall mean an enterprise, which has made new investment in the state after the notification of this policy and during the effective period of this policy
5.	Expansion/Diversification unit shall mean an existing unit which takes up expansion and/or diversification with an investment of more than 25% of existing Gross Value of Fixed Capital Investment (land, building, plant & machinery, spare-parts) and increases the installed capacity of the unit by minimum 25%.

Eligibility

S.N.	Eligibility
6.	The new unit / expansion unit must start commercial production within a period of three (03) years from the date of issue of “Letter of Comfort”, in order to be eligible for incentive under this policy.
7.	Fixed Capital Investment (FCI) shall include the investment on land, building (except administrative building), miscellaneous fixed construction, plant & machinery, and equipment. For estimating Fixed Capital Investment (FCI), only 10% of the effective cost of land will be considered.
8.	Upper cap on total incentive for any unit is 80% of Fixed Capital Investment (FCI) for units established in Gautam Budh Nagar district and 100% of FCI for units established in remaining districts.

Summary of Incentives Heads

Land Cost Subsidy

Stamp Duty
Exemption

Capital Subsidy on
Plant & Machinery

Infrastructure
Subsidy

Interest Subsidy for
Plant & Machinery

Incentives related to
Energy

Employment
Generation Subsidy

Freight
Reimbursement

Special Incentives
for units in PM
MITRA Park

Incentives for Private
Textile Park

Incentive for
promotion of Silk
Industry

Incentive to Youth of
the state for starting
self employment

Key Incentives...

S.N.	Land Cost Subsidy
1.	Units will be eligible for Land Cost Subsidy on purchase of land in industrial areas developed by the Government Development Authorities
2.	25% of the land cost will be reimbursed on purchase of land from Government Development Authorities (except Gautam Budh Nagar district). In Gautam Budh Nagar, this subsidy will be 15% of the land cost
3.	Land cost subsidy is capped at 10% of the project cost and only 10% of the effective cost of land will be considered while estimating the project cost
4.	The units must have to start commercial production within 5 years of purchase of land
5.	Land cost subsidy will be provided to the investors who purchases land within the proposed PM MITRA Park at Lucknow – Hardoi

Key Incentives...

S.N. Stamp Duty Exemption

1. Land, Shed or Industrial Building purchased or taken on lease from the State or Central Government, or their undertakings will be eligible for exemption from stamp duty (against submission of Bank Guarantee)
2. 75% exemption of Stamp Duty to units setting up in Gautam Budh Nagar district and 100% exemption of Stamp Duty to units setting up in remaining districts of the state
3. 100% exemption of Stamp Duty to the developer of PM MITRA Park and developers of Private Textile Park (except in Gautam Budh Nagar district)
4. 100% exemption to first buyer of plot in PM MITRA Park and 50% exemption to the first buyer of plot in Private Sector Park
5. 100% exemption of Stamp Duty to Sericulture and threading units set up in any part of the state

Key Incentives...

S.N. Capital Subsidy

1. 25% capital subsidy on purchase of plant and machinery to the units, generating employment to minimum 50. Additional 10% capital subsidy on plant & machinery to the units setting up in Poorvanchal and Bundelkhand

2. Units which are generating employment less than 50; will be provided capital subsidy of 15% on purchase of plant and machinery

3. Upper cap on capital subsidy will be based on Investment on Plant & Machinery and Employment Generation as per table below: -

Unit Level	Investment on Plant & Machinery (INR Crore)	Minimum Employment Generation	Rate of Capital Subsidy (in Percent)	Additional Capital Subsidy for units set up in Poorvanchal & Bundelkhand	Upper Cap on Capital Subsidy (INR Crore)
First	<=10	<50	15%	NIL	1.00
Second	<=10	50	25%	10%	2.00
Third	>10 but <=50	200	25%	10%	10.00
Fourth	>50 but <=100	300	25%	10%	20.00
Fifth	>100 but <=200	500	25%	10%	40.00
Sixth	>200	1000	25%	10%	100.00

Key Incentives...

S.N. Infrastructure Subsidy

1. 50% of the project cost for developing self-use infrastructural amenities such as (i) Road; (ii) Drainage & Water Supply; (iii) Power Supply subject to a maximum subsidy of INR 3 Crore for each unit (at the rate of INR 1 Crore for each of the components).
2. 50% of the project cost for establishment of Effluent Treatment Plants (ETPs) and DG Sets, subject to maximum of INR 5 Crore for each unit.
3. 25% of the project cost for developing an In-house training facility, Testing laboratory, Quality Certification Labs, R&D Centre, subject to maximum of INR 2.5 Crores per unit.
4. 25% of the project cost for construction of staff-quarter, worker's hostel/dormitory, subject to maximum of INR 5 Crores per unit.

Key Incentives...

S.N. Interest Subsidy on Plant & Machinery

1. Interest subsidy will be provided to units on purchase of Plant & Machinery eligible under the TUFS/ATUFS Scheme of the Ministry of Textiles, Government of India
2. 60% amount of the annual interest paid on loan for purchase of Plant & Machinery will be reimbursed for a period of 07 years
3. Interest subsidy is capped at INR 1.5 Crore per annum per unit (except in Gautam Budh Nagar district). The upper limit of this subsidy for units in Gautam Budh Nagar is INR 75 Lakhs per annum per unit.

Key Incentives...

S.N. Incentives related to Energy

1. 100% exemption from Electricity Duty to new Textile and Garmenting Units for a period of 10 years
2. Electricity produced by new textile and garmenting units, from Captive Power Plants and used for self-consumption, will be exempted from electricity duty for a period of 10 years.
3. Textile & Apparel Parks and Units consuming electricity more than a specified threshold will be permitted open access as per Electricity Act, 2003.

Key Incentives...

S.N. Employment Generation Subsidy

1. INR 3,200/- per worker per month will be provided to the ***mega and super mega garmenting units*** in all districts except Gautam Budh Nagar and Ghaziabad, for a period of 05 years
2. This employment generation subsidy will be provided to those Mega/Super Mega Garmenting Units which cumulatively set up the first 15,000 sewing machines to encourage early investors.

Type of Unit	Criterion	
	In Bundelkhand & Poorvanchal region	In rest of Uttar Pradesh
Mega Units	Investment: INR 50 to 75 Crores Or	Investment: INR 75 to 125 Crores Or
	Employment: Min. 500 (Min. 1,000 for garmenting units)	Employment: Min. 750 (Min. 1,500 for garmenting units)
Super Mega Units	Investment: More than INR 75 Crores Or	Investment: More than INR 125 Crores Or
	Employment: Min. 750 (Min. 1,500 for garmenting units)	Employment: Min. 1,000 (Min. 2,000 for garmenting units)

Key Incentives...

S.N. Freight Reimbursement

To promote exports of garments, 25% to 75% reimbursement on freight cost of container from unit to port, will be provided to new Garmenting units, for a period of 5 years as per table below: -

1.

75%	for first 2 years
50%	for the next 2 years
25%	in the fifth year

2.

The garmenting units availing freight related incentives under the Export Promotion Policy of the state, will not be eligible for this subsidy under this policy. The incentives other than freight related incentives, under the UP Export Promotion Policy may be availed by the investor.

Key Incentives...

S.N. Special Incentives for units under the PM MITRA Park

1. SPV/Master Developer shall be granted permission for open access of electricity as per Electricity Regulation Act.
2. Units generating minimum employment of 50, will be eligible for power tariff subsidy of INR 2.00 per unit for 5 years on purchase of electricity from a licensee utility, subject to a maximum of INR 60 Lakh per annum per unit. The electricity consumed from its own captive power plant or electricity purchased through open access will not be eligible for Power Tariff Subsidy.
3. 100% exemption of stamp duty (against submission of Bank Guarantee) will be provided to the developer and first buyer of plot.

Key Incentives...

S.N. Incentives for Private Textile Parks

1. Integrated Textile & Apparel Parks developed by private sector in a minimum area of 25 acres with Plug and Play facilities and CETP will be eligible for incentives.

2. Financial assistance of 50% of the project cost (excluding cost of land), up to maximum of INR 50 Crore.

3. The government shall facilitate through strengthening the existing road and provide necessary electric line or separate feeder and transformer/sub-station.

4. 100% exemption of stamp duty to the developer, except in Gautam Budh Nagar district. 50% exemption of stamp duty to the first buyer of plot.

5. These parks must have minimum 10 units and no unit must have more than 40% of the land allocation. Incentive will be released as per below table:

Land Allotment to units	Release of Incentive Amount
25% land allotment	40% of incentive amount
50% land allotment	40% of incentive amount
100% land allotment	20% of incentive amount

Key Incentives...

S.N. Incentives for promotion of Silk Industry

1. 15% capital subsidy to the units for rearing of chaaki worm, koya production, reeling and spinning in sericulture sector, with capital investment up to INR 1 Crore. In case of SC/ST entrepreneurs, this capital subsidy will be 20%.
2. 20% capital subsidy to silk reeling units, with capital investment of INR 1 Cr or more. This subsidy will be in addition to subsidy from Government of India institutions such as the Central Silk Board.
3. Working Capital Subsidy: Silk reeling units which produce minimum 75% thread from koya produced in Uttar Pradesh will be eligible for interest subsidy at the rate of 5% on Working Capital Loan for a period of 5 years. The maximum limit of this will be INR 50,000 per annum.

Key Incentives...

S.N. Incentives to Youth of the state for starting new employment

1. Priority to youth (not more than 35 years of age) of the state in land allocation from Government Development Authorities such as – UPSIDA, GIDA, NOIDA, GREATER NOIDA etc.

For Starting New Employment in Production: -

- 2.
- 75% capital subsidy for IIHT diploma holders to set up 5-20 handlooms or 5-10 power looms in a shed; subject to a maximum of INR 20 Lakh per project for handloom and INR 60 Lakh per project for power loom.
 - 50% subsidy on rent of flatted factories allotted by State Agencies for 5 years and 75% capital subsidy on plant & machinery and infrastructure, maximum of INR 25 Lakh per unit.

For Starting New Employment in Design: -

- 3.
- 75% of the project cost to set up Design Studio with modern facilities; subject to a maximum of INR 30 Lakh per entrepreneur.

Key Incentives...

S.N. Incentives to Youth of the state for starting new employment

For Starting New Employment in Marketing: -

- 75% cost of registration and necessary infrastructure for setting up marketing company; subject to a maximum of INR 50 Lakh per company. Preference will be given to the children of weavers.
- Following incentives if the youth creates its own brand through marketing and opens its chain outlets. With the condition that the sales from all the outlets have been made for a period of three years and 80% of the prescribed outlets have been opened outside the state.

4.

Number of outlets	Financial Incentive	Condition of Minimum Annual Sales
50	INR 2 Cr	INR 4 Cr
100	INR 4 Cr	INR 8 Cr
200	INR 8 Cr	INR 16 Cr
500	INR 10 Cr	INR 20 Cr

- Apart from this, if 25 or more outlets are opened outside the country and makes an annual sales of minimum INR 2 crores from the same outlets, then an additional subsidy of INR 2 crores will be provided.

Key Incentives...

S.N. Incentives to Youth of the state for starting new employment

5. **For Starting New Export House: -**
- To export the garments manufactured in the state, if any youth opens a new Export House or Company, then 75% of the fee spent in registration and the cost of necessary infrastructure will be reimbursed, subject to a maximum of INR 20 Lakh per export house or company.
6. **Buyer– Seller meet: -**
- To promote export of textile/garments produced in the state, two buyer-seller meets will be organized in a year.
 - 50% of cost of event, maximum of INR 10 Lakh per buyer-seller meet will be reimbursement to the private organisations to arrange buyer-seller meet.
7. **Promote Exports and Marketing: -**
- To promote garments produced in the state and increase exports, Fashion Shows in 2 major metro cities will be organised.
 - A 14 day exhibition of textile & garment will be organised once in a year at major business centres of the state or country.

Other Provisions

1. Promoting cluster development through developing Plug & Play infrastructure and Flatted Factories. These Plug & Play facilities will be offered to industries on rental/short term lease basis to reduce their upfront investment in land and help them to invest more capital in technology.
2. Formation of two-tier grievance redressal system with facility to register problems online on the departmental website.
3. Development of an online portal for incentive management to accept paperless applications, evaluation and subsidy distribution
4. Dedicated Investment Helpdesk to handhold investors and ease their investment process
5. Attracting anchor units in the state through roadshows at various national and international destinations



Thank you