

Highlights of U.P. Textile and Garmenting Policy – 2022

Uttar Pradesh has a long history of textile industry. Many districts of the state such as Varanasi, Bhadohi, Gautam Budh Nagar, Kanpur, Lucknow and Sitapur etc. are well known for the export of textile products. The U.P. Textile and Garmenting Policy – 2022 has been prepared with the objective to attract fresh investments to the tune of INR 10,000 crores in the upcoming five years. The incentives under this policy shall be provided to the new textile and garmenting units as well as to the existing units taking up expansion and/or diversification with an investment of more than 25 percent of existing Gross Value of Fixed Capital and increasing their previous installed capacity by minimum 25 percent: -

- 1) **Land Cost Subsidy** – A subsidy of 25 percent of the cost of land (except on land within the Gautam Budh Nagar district) will be reimbursed to the investors on purchase of land from Government Authorities. This land cost subsidy will be 15 percent of the cost of land within the Gautam Budh Nagar district. The maximum limit of this land cost subsidy will be up to 10 percent of the total project cost.
- 2) **Stamp Duty Exemption** –
 - a. The land purchased or taken on lease from the Government Authorities (except in Gautam Budh Nagar District) will be exempted from 100 percent of the Stamp Duty. In Gautam Budh Nagar district, 75 percent of the Stamp Duty will be exempted.
 - b. 100 percent exemption of stamp duty to the developer of PM MITRA Park and the developers of private textile & apparel park (except in Gautam Budh Nagar district)
 - c. 100 percent exemption of stamp duty to the first buyer of plot in the PM MITRA Park and 50 percent exemption of stamp duty to the first buyer of plot in private textile park.
- 3) **Capital Subsidy on Plant & Machinery** – A subsidy of 15 percent of the cost of plant and machinery will be provided to the units, which generate employment less than 50. The units which generate employment more than 50 will be provided subsidy of 25 percent of the cost of plant and machinery. Further, the units setting-up in Poorvanchal and Bundelkhand region of the state and generating employment more than 50, will be provided additional capital subsidy of 10 percent. The maximum limit of this capital subsidy will be up to INR 100 Crore per unit.
- 4) **Subsidy for Infrastructure** –
 - a) A subsidy of 50 percent of the project cost for developing self-use road, drainage & water supply, and power supply. The maximum limit of this subsidy is INR 3.0 Crore per unit.

- b) A subsidy of 50 percent of the project cost for establishment of Effluent Treatment Plant (ETP) & DG Sets. The maximum limit of this subsidy is INR 5.0 Crore per unit.
 - c) A subsidy of 25 percent 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.
 - d) A subsidy of 25% of the project cost will be reimbursed, for construction of staff-quarter, worker's hostel/dormitory, subject to maximum of INR 5.0 Crores per unit.
- 5) Interest Subsidy on Plant & Machinery** – A subsidy of 60 percent of the annual interest amount paid by the unit on loan taken from the commercial banks/financial institutions for purchase of plant and machinery eligible under the TUFs / ATUFs Scheme, will be reimbursed for a period of 7 years. The maximum limit of this subsidy for units located in Gautam Budh Nagar district will be INR 75 Lakhs per annum per unit and INR 1.5 Crore per annum per unit, for the units set up at remaining districts.
- 6) Power Subsidy** –
- a. 100% exemption from electricity duty will be given to the new textile and garmenting units for a period of 10 years.
 - b. Open access of electricity will be permitted to the units/parks consuming electricity more than a threshold limit, as per Electricity Act, 2003.
- 7) Employment Generation Subsidy** – A subsidy of INR 3,200/- per worker per month will be provided to the mega garmenting units in all districts except Gautam Budh Nagar and Ghaziabad, for a period of 05 years. This employment generation subsidy will be provided to those Mega Garmenting Units which cumulatively set up the first 15,000 sewing machines.
- 8) Freight Reimbursement** – Reimbursement of freight cost from unit to port, will be provided to new Garmenting units, for a period of 5 years. 75 percent of freight will be reimbursed in first two years and 50 percent reimbursement in next two years and 25 percent reimbursement in the fifth year.
- 9) Special Incentives for PM MITRA Park**
- a) **Power Tariff Subsidy** – The units setting-up in the PM MITRA Park and providing employment to minimum 50 persons, will be eligible for a power tariff subsidy of INR 2.00 per unit for 5 years. The maximum limit of this power tariff subsidy will be INR 60 Lakh per annum per unit.
 - b) **Open Access of Electricity** – The SPV/Master Developer shall be granted permission for Open Access of Electricity, as per Electricity Regulation Act.

- c) **Stamp Duty Exemption** – The Developer and first buyer of plot will be provided 100 percent exemption of Stamp Duty.

10) Incentive for Private Textile Parks – The Government of Uttar Pradesh shall promote development of Integrated Textile and Apparel Park to be set up in a minimum area of 25 acres with all modern facilities including Plug & Play facility and CETP. A financial assistance up to 50 percent of the project cost, maximum of INR 50 Crore shall be provided for development of its core infrastructure. This textile and apparel park must have at least 10 units and no single unit must have been allotted more than 40 percent of the total available area.

11) Incentive for promotion of Silk Industry –

- a) Units for rearing of chaaki worm, koya production, reeling and spinning in sericulture sector, with a maximum capital investment of Rs.1.00 crore, that take loan from banks/financial institutions, will be eligible for capital subsidy to the tune of 15% for margin money. In case of SC/ST entrepreneurs, this grant will be 20%.
- b) Capital subsidy of 20% will be given to silk reeling units requiring a capital investment of Rs 1 Cr or more
- c) 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 Rs 50,000 per annum.

12) Financial Incentive for starting new employment to the youth –

- A) 3-year diploma pass out students from IIHT will be provided incentives for starting self-employment related to weaving –
- 75 percent of Project Cost, maximum up to INR 20 Lakh, for installing 5 to 20 Handlooms; or
 - 75 percent of Project Cost, maximum up to INR 60 Lakh, for installing 5 to 10 Power looms;
- B) Graduates in the field of Textile, Textile Design or Fashion Design will be provided incentives to start employment in Garmenting /Apparel or Home Furnishing sector -
- 50 percent of rent of Flatted Factories (allotted by Development Authorities) for 5 years
 - 75 percent of cost of Plant & Machinery and cost of infrastructure, maximum of INR 25 Lakh per entrepreneur
- C) Graduates in Textile Design or Fashion Design or Fashion Branding/Marketing will be provided incentives of 75 percent of project cost, maximum of INR 30 Lakh per entrepreneur, to set up a design studio with modern facilities, for self-employment.

- D) A subsidy of 75 percent for registering the marketing company and necessary infrastructure, subject to a maximum of INR 50 Lakh per company, will be provided for formation of marketing company to increase of sale of textile products including facility for online sales.
- E) Incentive for creating own brand through marketing and opening its chain outlets –
- INR 2 Crore on opening 50 outlets and minimum sales of INR 4 Crore per year
 - INR 4 Crore on opening 100 outlets and minimum sales of INR 8 Crore per year
 - INR 8 Crore on opening 200 outlets and minimum sales of INR 16 Cr per year
 - INR 10 Crore on opening 500 outlets and minimum sales of INR 20 Cr per year
 - 80 percent of the outlets mentioned above, must be opened outside the state
 - Additional INR 2 Crore, on opening 25 or more outlets outside country and making annual sales of INR 2 Crores from the same outlets
- F) A subsidy of 75 percent of the registration fee and cost of necessary infrastructure, subject to a maximum of INR 20 lakh per entrepreneur, will be provided to start new export house or company in the state.
- G) 2 buyer-seller meets will be organised by the Department of Handloom and Textiles, Government of Uttar Pradesh, in a year. If any organization related to exports wants to organize a buyer-seller meet at its own level, then the 50 percent of the total cost of event will be reimbursement, subject to a maximum of INR 10 Lakh per buyer-seller meet.
- H) In order to promote the export/marketing of textile goods/garments produced in the state, the department/institution will organise fashion shows in two major metro cities of Uttar Pradesh. An amount up to INR 20 Lakh per fashion show will be spent for necessary arrangements etc.
- I) A 14- Expo of textile products of the state will be organized once a year at the major business centres of the state or country, for which an amount of INR 70 Lakh will be spent on its arrangement and promotion.

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