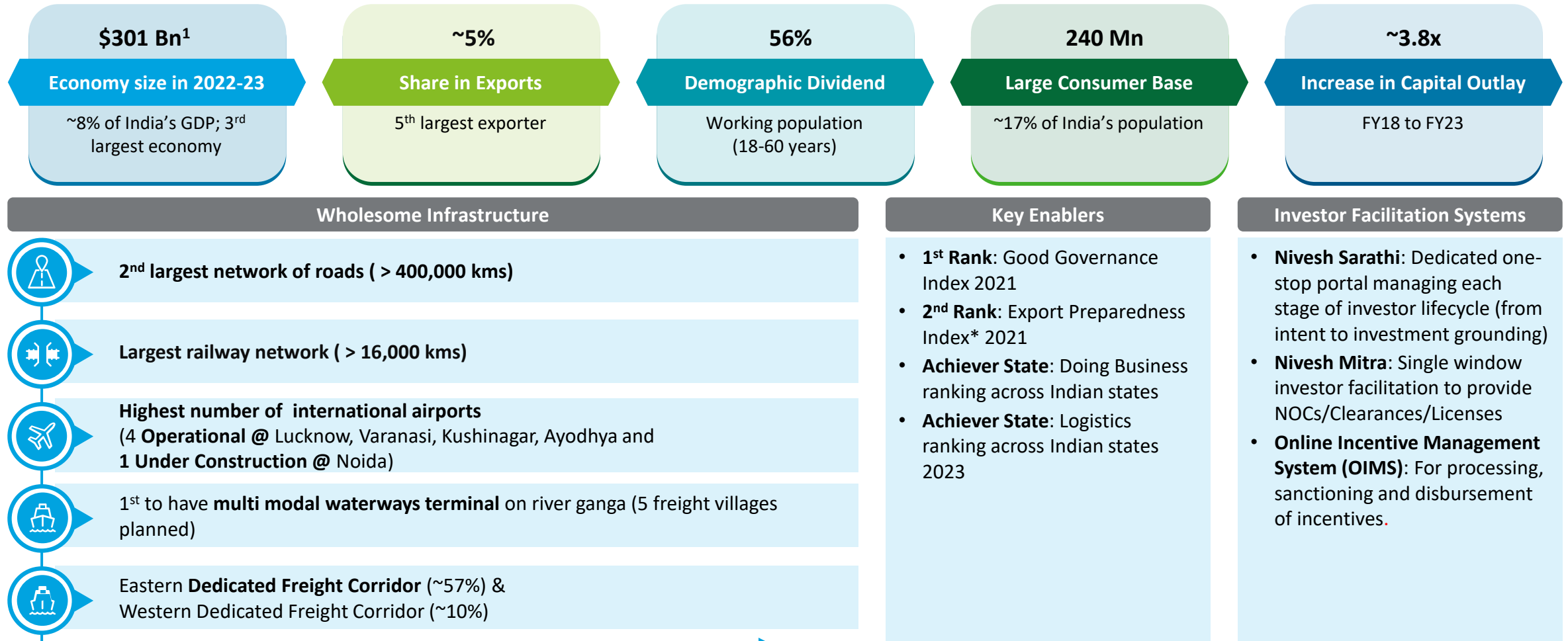




Uttar Pradesh Textile & Apparel

UP – State with Robust and Resilient Economy

The economic momentum of UP is well-poised to continue on a higher trajectory



¹Exchange rate assumed as \$1 = ₹75

*Among landlocked states

Source: UP DES, World Bank, IBEF; GSDP in current prices 2011-12 series, DGCIS

Apparel & Textile Sector - India Scenario

Textiles & Apparel sector provides significant economic opportunity for the states through high employment generation and manufacturing value addition

Sector Overview



2.3%

Of the overall GDP of the country comes from T&A sector



2nd

Cotton producer globally in 2022-23



2nd

Largest consumer of cotton globally



\$4.34 Bn

FDI in textiles during April 2000-Sept 2023



3rd

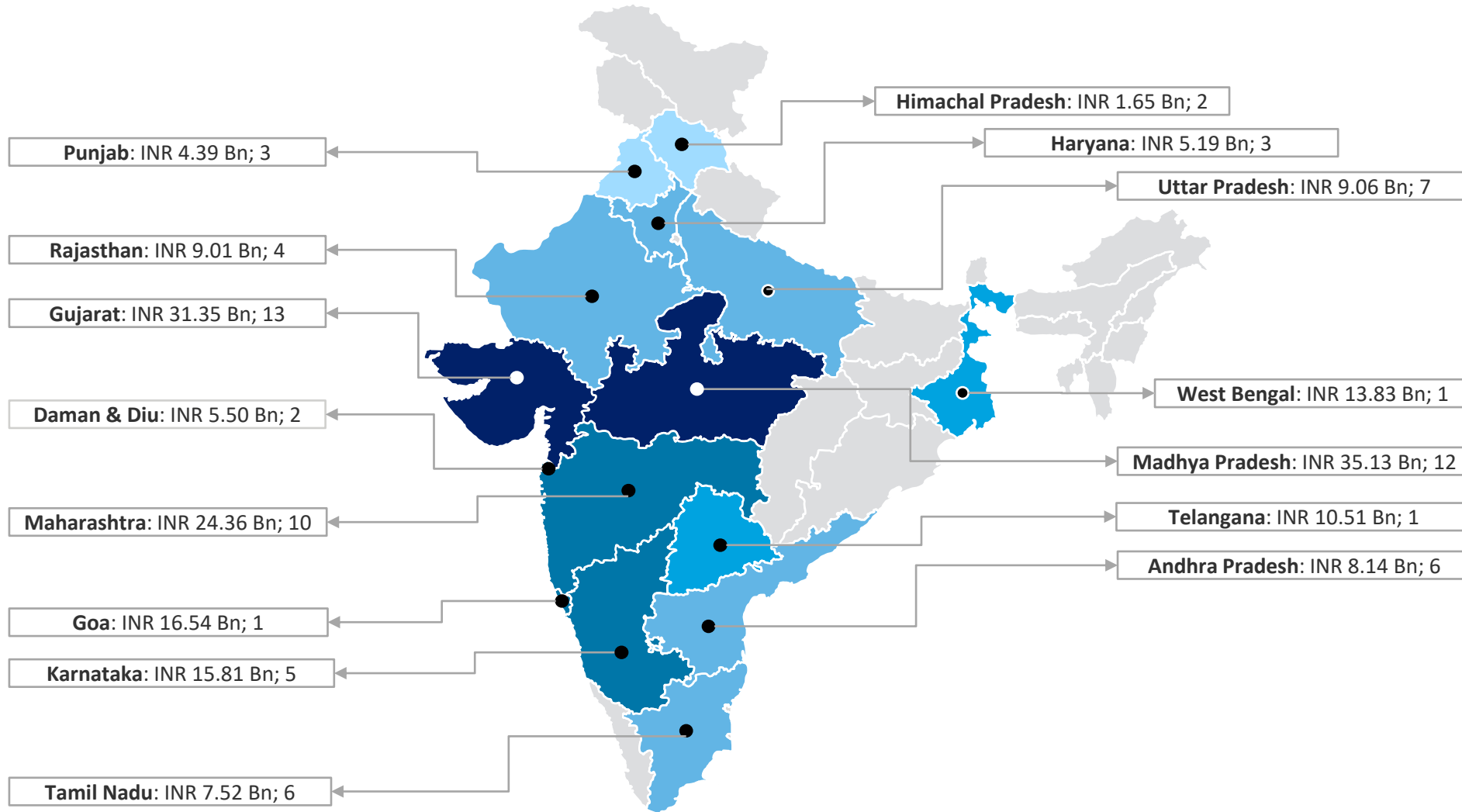
Largest exporter of Textiles & Apparel globally

Apparel & Textile

- The Textile and Apparel (T&A) sector in India contributed about **12.2%** of the manufacturing GDP
- The industry is the **2nd** largest employer after Food processing providing direct and indirect employment to more than 10 crore people.
- The sector accounts for **12%** of India's exports (~USD 45 billion in FY 2022) and **~5%** of global textile and apparel exports
- The government reduced the import duty of cotton to **zero**.
- **The GoI also introduced PLI Scheme for Textiles in 2021** -In the approved 64 applications, so far, the proposed total investment is INR 197.98 billion and a projected turnover of INR 1.939 trillion with proposed employment of 245,362 across India.

Apparel & Textile Sector - India Scenario

Approved projects under PLI Scheme



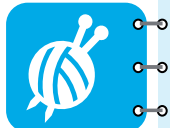
Proposed Investment	
Dark Blue	INR 30-35 Bn
Dark Blue	INR 25-30 Bn
Medium Blue	INR 20-25 Bn
Medium Blue	INR 15-20 Bn
Light Blue	INR 10-15 Bn
Light Blue	INR 5-10 Bn
Lightest Blue	INR 1-5 Bn

*State Name: Proposed Investment; Number of Project

Apparel & Textile Sector – UP Scenario

UP has one of the largest textile hubs in India with a large manufacturing base.

Sector Overview



3rd
Largest Textile
Producer in India



5th
Largest Producer
of Silk in India



5th
Largest Base of
Apparels in India



~1.5%
of the overall GDP of UP
comes from T&A sector

Advantage UP

- **85 Spinning Mills; 74 Textile Mills** in Non-SSI Sector
- Houses Major Clusters of **Handmade Carpets, Chikankari and Silk Sarees** in India at Agra, Mirzapur, Lucknow and Bhadohi
- Premier institutes like NIFT Raebareli, Uttar Pradesh Textile Technology Institute, Kanpur and Indian Institute of Apparels Technology, Varanasi

Current Scenario

- UP has ~1.99 lakh handloom weavers and ~5 lakh Powerloom weavers.
- The state is well known for its carpets. The state also accounts for ~90% of India's carpet production.
- UP is the 3rd largest manufacturer of fabric in India accounting for ~13% of the production.
- Apparel & Textiles industry employs around 1.5 million people in UP
- PLI Scheme for Textiles -In the approved 64 applications so far, 7 projects are from UP

Key existing players in UP



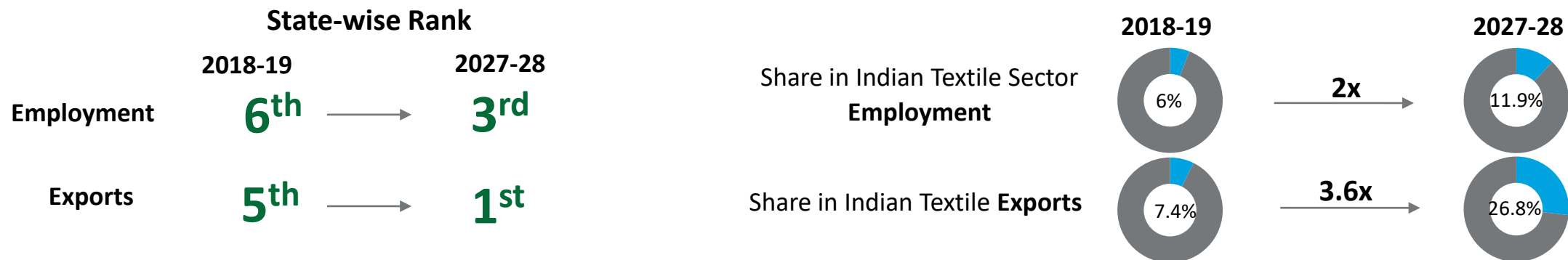
Potential for fast-track growth

Integrated textile parks and niche product export promotion to enable scale up of MSMEs

Future Development Opportunities

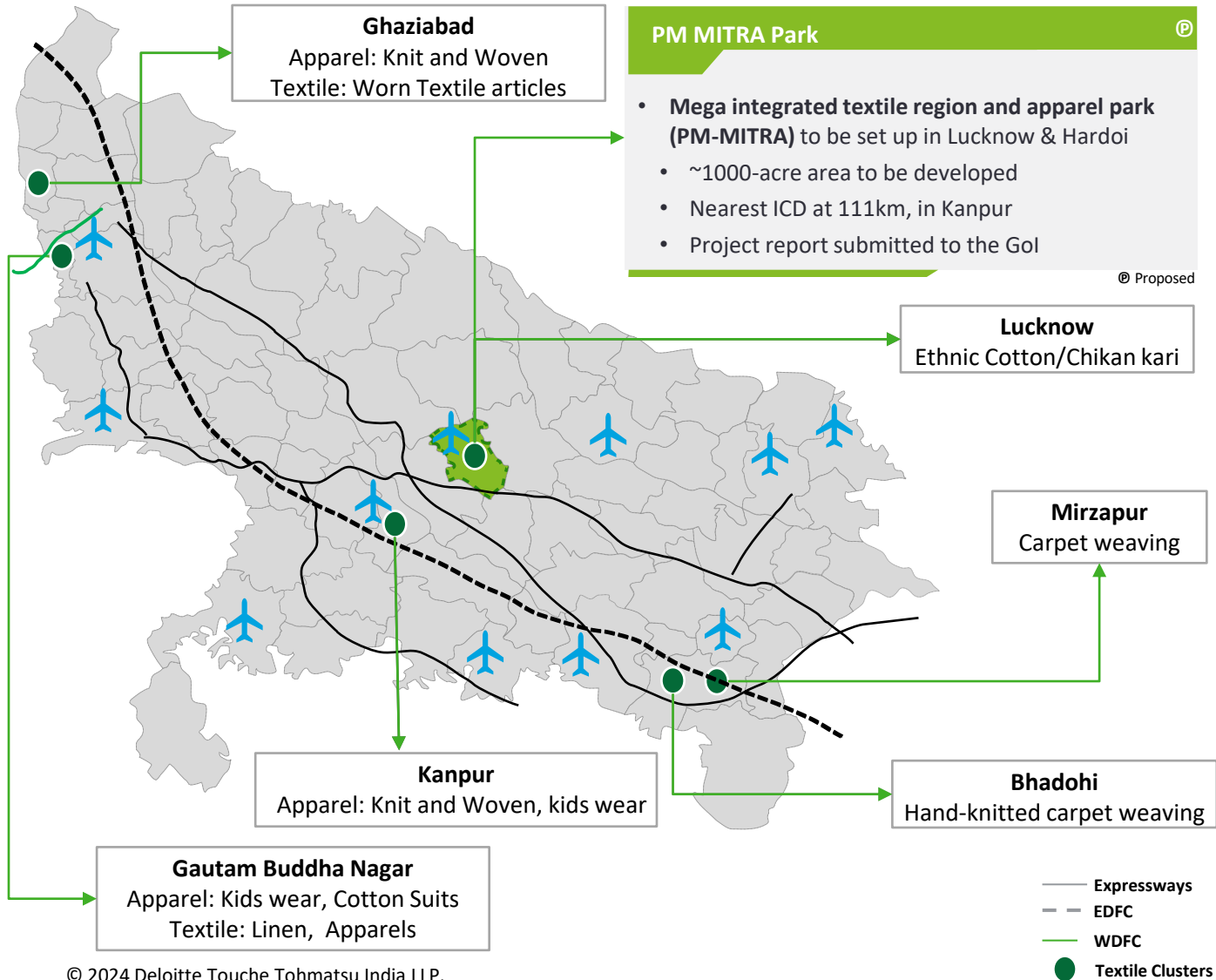
- **Value Chain Opportunity:**
 - **Technical Textile** – Technical Textiles with high growth potential include Sports tech, automotive textile, packaging tech and industrial tech
 - **Home Textile** – State has high potential due to its strong leather base. Top products include bed linen, bath linen and floor textiles
 - **Sericulture** – Focus on sericulture and silk clusters like Varanasi as its imports account for 7% of India's total fiber imports
- **Import Substitution Opportunity:** Potential products include trousers/bibs, dress patterns, shirts, blankets, travelling rugs, etc.
- **Integrated textile parks (PM MITRA)** in Lucknow and Hardoi (1,000 acres)
- **Silk Exchange project** to be set up in Varanasi to facilitate the ready availability of silk to traders and sari manufacturers at reasonable prices.

UP expected to witness more than three-fold increase in its share of exports



Wholesome Infrastructure

UP is #1 State having best-in-class infrastructure with connectivity to industry and economic hubs in India, aiming to accelerate economic growth



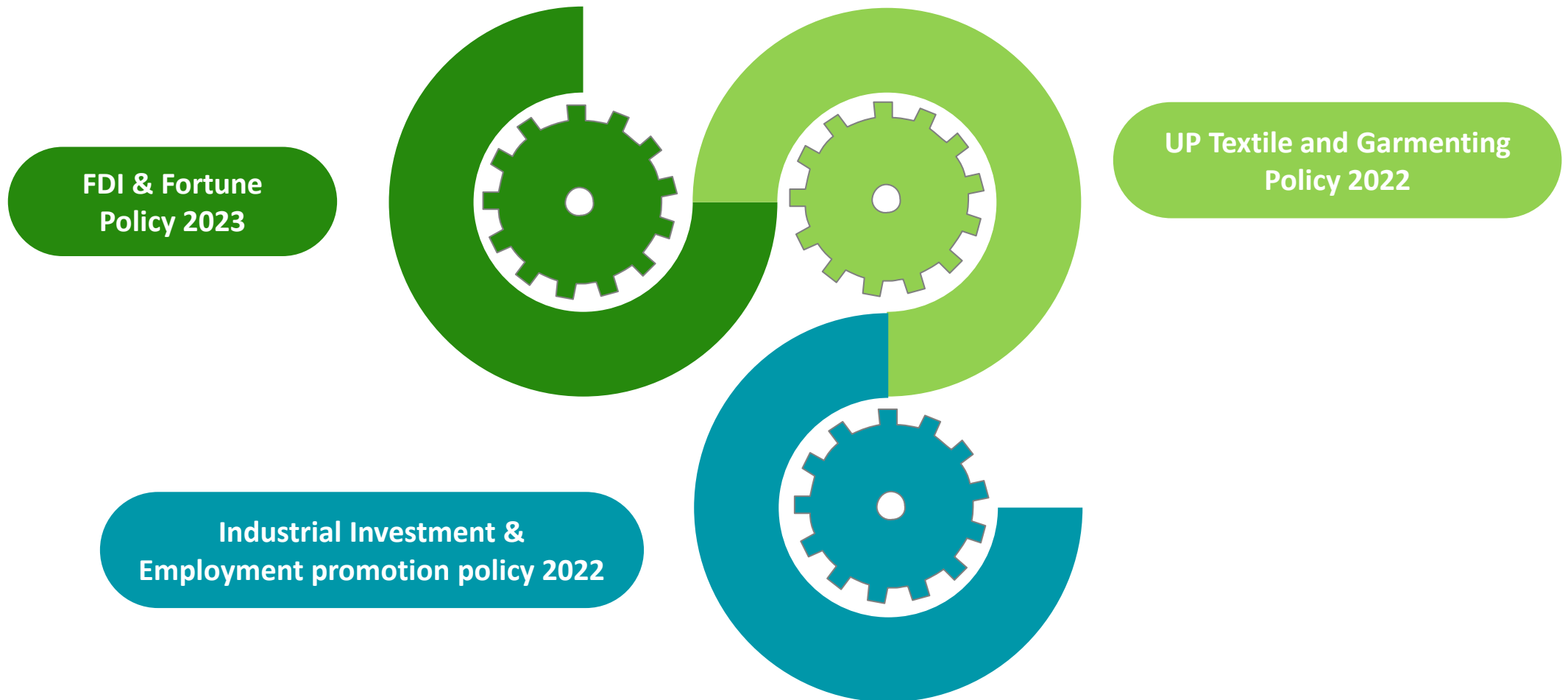
- Maximum number of airports with **#5 international airports**, and **#16 domestic airports**
- Rank # 1** in terms of **network of Expressway** in the country
- 2nd Largest network of roads** (> 400,000 kms)
- Largest railway network** (> 16,000 kms)
- Dedicated Freight Corridors** (EDFC with highest catchment area - ~57% & WDFC – ~10%) in the State
- Vast network of **Metro Rail Systems** (Operational in 5 networks, 2 under construction). First **Rapid Rail Transport System** in India (Delhi to Meerut under construction)
- 1st** to have **multi modal waterways terminal** on river ganga (5 freight villages planned)



UP – Policy Framework

Uttar Pradesh – Overview of Policy Framework

Key policies to foster investments and employment generation



Comparison of major fiscal incentives across relevant UP policies for textile unit

Policy	UP Textile and Garmenting Policy 2022	UP FDI Policy 2023	UP Industrial Policy 2022
Minimum investment	INR 50 crores and Minimum 50 jobs	INR 100 Crores (either through FDI or the company should be in Fortune 500 Index)	Large: > INR 50 Crores Mega: INR 200 crores Super Mega: INR 500 crores Ultra Mega: INR 3000 crores
Capital Subsidy on Fixed Capital Investment ('FCI') (Note 1)	25% to 35% on P&M	25% to 35% on FCI excluding land cost (in 7 annual installments)	10% to 42% on FCI in 10 to 20 annual instalments
Net SGST reimbursement (Note 2)	Not available	100% Net SGST for 10 years	100% for 6 years to 16 years
PLI Top Up	Not available	Not available	30% top up on Central Government PLI incentives
Land Subsidy	<ul style="list-style-type: none"> 15 to 25% rebate on land cost 10% of land cost included in FCI for capital subsidy purposes 	75% to 80% rebate on land cost	Land cost included in FCI for capital subsidy purposes
Overall ceiling on incentives	INR 100 crores and 100% of FCI	100% of FCI	100% to 300% of FCI

Overall, FDI Policy could yield maximum incentives for a manufacturing project involving FDI of at least INR 100 Crores

Note 1: Capital subsidy % varies based on location of the project and investment size

Note 2: Net SGST represents the amount of SGST deposited in cash (after utilizing the available input tax credit) on supplies made within Uttar Pradesh. The eligibility period varies depending upon location and investment size

State Incentives Benchmarking




Textile And Garmenting Policy

Scheme		Uttar Pradesh	Gujarat	Tamil Nadu	Maharashtra	Karnataka
Transactional Charges	Stamp Duty Exemptions	100% (75% in GB Nagar district)	Developers: 100% Individual: 50%	A,B districts: 50% C district: 100%	100% for Class A & B cities only to IT,BT manufacturing units in IT,BT parks	Zone 1: 100% Zone 2: 75% Zone 3: Nil
	Electricity tax/duty	Duty exemption @100% to new units for 10 years	INR 1/unit in the billed amount of utility for a period of 5 years from the date of commercial production	100% exemption for 5 years purchased from TANGEDCO	100% for EO/IT/BT Units for seven years	Reimbursement of cost of power paid is between INR 1.0 to INR 2.5 for a period of 5 years
Investment promotion subsidy	SGST/VAT refund			Incentive of 100% of SGST per annum for 15years	OR	50% of gross SGST for the first sale within the state and billed and delivered to same entity
	Fixed Capital Subsidy	Capital Investment Subsidy @25% for plant and machinery based on investment. Additional 10% to units in Poorvanchal and Bundelkand	MSME: 25% of eligible loan amount upto 35lakhs Large industries: 12% of fixed Capital investment	A district: 10% EFA for 10years B district: 12% EFA for 12 years C district: 15% EFA for 12 years	OR	Exclusive for R&D centers and direct digital manufacturing through industry association: 50% subsidy on equipment limited to 500 Lakhs
	Flexible Capital Subsidy			Standard subsidy of 5% EFA	OR	
	Turnover based Subsidy			A: 1.5% for >2000 & 1.75% for >4000jobs B: 1.75% for >2000 & 1.8% for >4000jobs C: 1.8% for >2000 & 2% for >4000jobs	OR	
	Land cost incentives (concessional rates)	Land Subsidy @25% of land cost (15% for GB Nagar district) on land purchase from State Agencies		A,B districts: 10% up to 20% EFA C district: 50% up to 20% EFA		
Interest subsidy	Upto 60% of Annual Interest amount paid on loan to P&M	5% per annum with a maximum ceiling of 7.5Cr for a period of 5 years 1% additional interest subsidy to young entrepreneurs below the age of 35 years	Not applicable for Mega projects		Subsidy @5% per annum up to maximum value of electricity consumed and bills paid that year	
Green industry incentive	<ul style="list-style-type: none"> 50% of project cost for developing self use infra-amenities road, drainage, power supply (Limit 3 crore) 50% for ETP and DG sets (Limit 5 crore) 			25% subsidy on the cost of setting environment friendly infrastructure up to Rs.1cr		One-time capital subsidy up to 50% of the cost of Effluent Treatment Plants (ETPs), subject to a ceiling of INR 250 Lakh for all zones
Training subsidy				Rs.4000/worker/month for 6months for TN residents Rs.6000/worker/month for 6months for SC/ST/women/transgender/disabled persons		Additional training courses will be designed by the industrial training institutes (ITIs) to cater for the needs of the textile industry



Incentives under UP Textile and Garmenting Policy 2022

Benefits available under UP Textile and Garmenting Policy 2022






Capital Subsidy	25% to 35% of P&M (capped at INR 100 crores and 100% of FCI)		
Interest Subsidy	60% of the interest paid for 7 years capped at INR 1.5 crores p.a.		
Land subsidy	15% to 25% of cost based on regions (capped at 10% of total project cost)		
Stamp duty	75% to 100% exemption based on region		
Electricity duty	100% exemption for 10 years		
Employment generation subsidy	Reimbursement upto INR 3200 p.m. per worker for 5 years (only for Mega and Super Mega units)		
Other benefits →	 Infrastructure subsidy	 Freight subsidy on export	 Expansion of units
	<ul style="list-style-type: none"> • 50% for ETP upto INR 5 crores • 50% for infrastructural amenities upto INR 3 crores • 25% for worker's hostel etc. upto INR 5 crores 	<p>Reimbursement upto 25% to 75% of the freight cost from unit to port for 5 years</p>	<p>Capital subsidy to expansion units are available at par with new units subject to minimum additional investment of 25% and 25% increase in installed capacity</p>

Support from Government: Key Policy Benefits for Apparels & Textile Projects

Uttar Pradesh Textile & Garmenting Policy 2022



Key Policy Highlights

-  **Land cost subsidy:** Reimbursement of 25% of land cost on purchase of land in industrial areas developed by Development Authorities., except in GB Nagar where subsidy is 15%
-  **Stamp Duty Exemption** @75% to units setting up in GB Nagar and 100% in remaining areas
-  **Capital Subsidy:** 25% on purchase of plant, machinery and generating employment to minimum 50 persons
-  **Infrastructure Subsidy:** 50% of project cost for developing self-use infrastructural amenities; 50% of project cost for establishing ETP and DG sets; 25% of project cost for developing in house training facility, QC lab and R&D center
-  **Incentives for energy:** 100% exemption from electricity duty. Power tariff subsidy of INR 2 per unit for 5 years for units in PM MITRA Park

Private Textile Park: Financial assistance of 50% or maximum INR 50 Cr. of project cost in min area of 25 acres

Employment generation subsidy: INR 3,200 per worker per month to mega and super mega garmenting units, except in GB Nagar and Ghaziabad

New export house: 75% of registration fee and cost of infrastructure upto INR 20 Lakh per company

Freight subsidy on export: 25% to 75% reimbursement of the cost.

Starting new employment in Design: 75% of project cost to set up design studio, max upto INR 30 Lakh per entrepreneur.

Interest subsidy: 60% of the actual interest paid capped at INR 0.75 Cr. to INR 1.5 Cr. p.a.

Silk Industry: 15% capital subsidy for rearing chaaki worm, koya production, reeling and spinning in sericulture on investment upto INR 1 Cr.; 20% capital subsidy to silk reeling units with investments more than INR 1 Cr.

Source: Uttar Pradesh Textile & Garmenting Policy 2022



Incentives under UP Industrial Investment & Employment Promotion Policy 2022

UP Industrial Investment & Employment promotion policy (IIEPP) 2022: Project categories

Eligible units and investment criteria

Type of unit	Eligible capital investment (ECI)*	Eligible Investment Period
Large scale industrial unit	Above INR 50 Cr but below INR 200 Cr	Earlier of commencement of commercial production or 4 years
Mega scale industrial unit	INR 200 Cr or above but below INR 500 Cr	Earlier of commencement of commercial production or 5 years
Super Mega scale industrial unit	INR 500 Cr or above but below INR 3000 Cr	Earlier of commencement of commercial production or 7 years
Ultra Mega scale industrial unit	INR 3,000 Cr or above	Earlier of commencement of commercial production or 9 years

3 options for Industrial Undertakings to apply for Investment Promotion Subsidy ('IPS')



* Investment thresholds for various categories may be considered for revision by the UP Government

IPS* Option – 1 Capital Subsidy available along with additional booster subsidy

Base capital subsidy				
District/ Region	Gautam Buddha Nagar & Ghaziabad	Madhyanchal & Paschimanchal	Bundelkhand & Poorvanchal	Annual capping
Large units	10% of ECI over 10 years	12% of ECI over 10 years	15% of ECI over 10 years	INR 5 crores
Mega units	18% of ECI over 12 years	20% of ECI over 12 years	22% of ECI over 12 years	INR 10 crores
Super Mega units	20% of ECI over 15 years	22% of ECI over 15 years	25% of ECI over 15 years	INR 50 crores
Ultra – Mega units	22% of ECI over 20 years	25% of ECI over 20 years	30% of ECI over 20 years	INR 150 crores

+

Employment booster						
Minimum employment →	Category – I	Subsidy	Category – II	Subsidy	Category – III	Subsidy
Mega units	At least 300 (225 for women employee)	2% of ECI	> 600 (450 for women employee)	3% of ECI	> 900 (675 for women employee)	4% of ECI
Super Mega units	At least 600 (450 for women employee)		> 1200 (900 for women employee)		> 1800 (1200 for women employee)	
Ultra –Mega units	At least 1500 (1125 for women employee)		> 3000 (2250 for women employee)		> 4500 (3375 for women employee)	

*IPS – Investment Promotion Subsidy

Note: Capital subsidy shall be computed based on Gross Capacity Utilization Multiple (GCM)

IPS* Option – 1 Capital Subsidy available along with additional booster subsidy

+

Export booster

% production of input →	Category - I	Subsidy	Category – II	Subsidy	Category – III	Subsidy
Mega units	≥ 25% production for export	2% of ECI	≥ 50% production for export	3% of ECI	≥ 75% production for export	4% of ECI
Super Mega units						
Ultra – Mega units						

+

Ecosystem booster for procuring raw material / input from a manufacturing unit within UP

% production of input →	Category - I	Subsidy	Category – II	Subsidy	Category – III	Subsidy
Mega units	≥ 40% but less than 60%	2% of ECI	≥ 60% but less than 75%	3% of ECI	≥ 75%	4% of ECI
Super Mega units						
Ultra – Mega units						

Note – Annual ceiling along with booster subsidy shall be capped at INR 15 Cr for mega, INR 75 Cr for super mega and INR 210 Cr ultra mega units

IIEPP Option – 2 and 3 : Net SGST reimbursement or PLI Top Up

Option – 2 Net SGST reimbursement

Particulars		Large	Mega	Super mega	Ultra mega
Annual reimbursement %		100% up to 6 years	100% up to 12 years	100% up to 14 years	100% up to 16 years
Annual ceiling	Gautam Buddh Nagar & Ghaziabad	16% of ECI	7% of ECI	6% of ECI	5% of ECI
	Madhyanchal & Paschimanchal	18% of ECI	17% of ECI	14% of ECI	13% of ECI
	Bundelkhand & Poorvanchal	20% of ECI	25% of ECI	21% of ECI	19% of ECI
Overall ceiling	Gautam Buddh Nagar & Ghaziabad	80% of ECI	80% of ECI	80% of ECI	80% of ECI
	Madhyanchal & Paschimanchal	90% of ECI	200% of ECI	200% of ECI	200% of ECI
	Bundelkhand & Poorvanchal	100% of ECI	300% of ECI	300% of ECI	300% of ECI

Option – 3 Incentive linked with Production Linked (PLI) scheme of GoI

Units	% Incentive on PLI of GoI	Overall Capping
Large, Mega, Super mega and Ultra mega	30%	100% of ECI



FDI, Fortune Global 500 & Fortune India 500 Companies Investment Promotion Policy 2023

UP FDI and Fortune 500 Policy 2023 – Fiscal Incentives

Eligibility

- ✓ Projects with Foreign Direct Investment (FDI) Capital Investment of above ₹100 crores.
- ✓ Projects with Capital Investment of more than ₹100 crores by companies included in the list of Fortune Global-500 and Fortune India-500, subject to Negative list.
- ✓ **Ineligible:** Warehousing & logistics and private industrial park, Purification of petroleum products, and others as per policy document

Major benefits

Capital subsidy

- 25% of *ECI (excluding land cost) in Gautam Buddha Nagar and Ghaziabad regions
- **30% of ECI (excluding land cost) in Paschimanchal and Madhyanchal regions (Lucknow)**
- 35% of ECI (excluding land cost) in Bundelkhand and Purvanchal regions (**Ayodhya**)

Capital Subsidy will be provided in 7 equal annual instalments with annual capping of INR 100 crores

SGST reimbursement/ refund

- **Option A - Net SGST reimbursement on sales:**
 - 100% of net SGST paid for 10 years
 - Annual capping: Upto 10% of ECI, Overall capping: Upto 100% of ECI (excluding land cost and capital subsidy)
- **Option B - Input SGST refund on capital goods:** 100% SGST refund in 5 annual instalment (Applicable only in case of inverted duty structure)

Note: Option to choose any one out of A and B is available

Other fiscal benefits

- **Land Subsidy**
- **Upto 75%** in Paschimanchal and Madhyanchal region
- **Upto 80%** in Bundelkhand and Purvanchal region

- **Stamp Duty & Registration Fees:** 50% - 100% exemption/ reimbursement
- **Electricity Duty:** 100% exemption from for 5 years
- **Skill development subsidy:** Upto INR 5,000 p.m. per person for 5 years (max. 500 persons)

- **R&D incentives:** Reimbursement upto 25% of the cost of standalone R&D centre capped at INR 10 crores (with minimum capital investment of INR 20 crores)
- **Centers of Excellence (CoE):** Grant upto 50% of the project cost capped at INR 10 crores per project
Note: Option to choose any one out of above is available

- **Logistics Subsidy:** Reimbursement upto 50% of the transportation cost on import capped at INR 12 crores per unit (in case of shifting of existing plant from international or domestic locations to UP)
- **Industrial Housing Incentives:** Reimbursement upto 10% of the cost of development of workers' housing or dormitory for 7 years overall capped at INR 10 crores

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