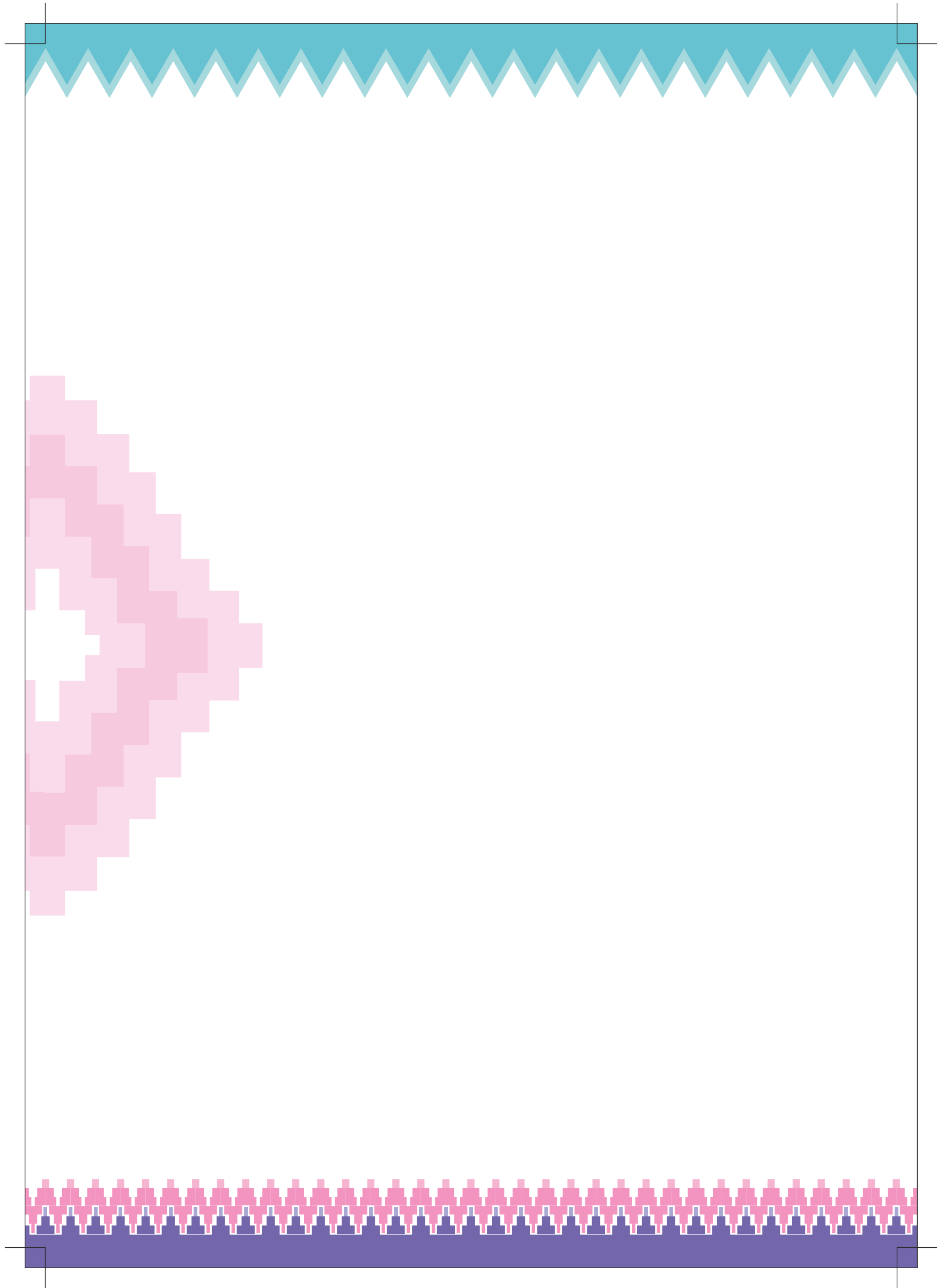




**TELANGANA**  
**TEXTILES & APPAREL POLICY**  
**(T-TAP)**

..... **2017-18** .....



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**K. CHANDRASHEKAR RAO**  
**Chief Minister**  
Telangana State



Hyderabad

### MESSAGE

Telangana, the 29th and newest state of India, came into being on 2nd June, 2014. The new state is the result of decades of long struggle of people protesting against discrimination and injustice. While other states have progressed on various fronts in these years, the new State of Telangana has risen up to the challenge to fulfil the ambitions of its people within the shortest period of time.

I am aware that industrialisation holds the key for fostering rapid economic growth, creating employment and ushering in prosperity to the people. We have thoroughly evaluated the industrial sectors where Telangana can derive strongest competitive advantage, and have narrowed down to apparel and textiles sector among others.

Telangana is known for its production of long staple cotton, with an annual production of about 60 lakh bales. The state has about 49,000 power looms and 17,000 handlooms and produces world famous artistic weaves such as Pochampally Ikat, Gadwal Sarees and Warangal Durries. People of Telangana are employed in heavy numbers in the existing textile hubs of the country, due to lack of sufficient opportunities within the state.

With this in mind, Telangana has geared up to offer a strong value proposition to the apparel and textiles industry. The state is investing in high quality infrastructure by creating new textile and apparel parks including the Kakatiya Integrated Mega Textile Park at Warangal. Telangana is also offering well trained manpower and an attractive package of incentives under the present Telangana Textile and Apparel Policy (T-TAP). The state will follow an integrated and comprehensive approach towards the entire value chain right from ginning and spinning to weaving, dyeing and garmenting. Similarly, we will encourage both cotton and synthetic fibres, besides industrial and technical textiles.

It is my determination that the State of Telangana should emerge as the favourite destination for domestic and international investments in apparel and textiles. I invite the textile and apparel industry to be a part of the limitless growth opportunities in the state. I can promise you that Telangana will far exceed the expectations you can have from a new Textiles Hub.

(K. CHANDRASHEKAR RAO)



**K. T. RAMA RAO**

Minister for Industries & Commerce, IT, Municipal Administration & Urban Development, Public Enterprises, Sugar, Mines & Geology, NRI Affairs, Handlooms & Textiles



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**MESSAGE**

The new industrial policy brought out by Government of Telangana in November 2014 has been treated as the new benchmark not just in the country but also globally. The unique provision of Telangana State Industrial Project Approval and Self Certification System (TS-iPASS) has brought in lots of appreciation to the state. Universally, people have praised the boldness of the vision of our honourable Chief Minister who is the main architect of this path-breaking policy.

In our industrial policy, we have identified 14 thrust sectors based on the potential available in the state and also the broader macro level trends. Apparel and Textile is a sector that has the potential of doing the best in the state of Telangana.

We are aware that the textile industry has taken firm roots in a few notable clusters in our country that are in the states of Gujarat, Maharashtra, Tamil Nadu, Punjab, Rajasthan and a few others. I myself, along with my key officials, have visited some of these states and have also interacted with key industry leaders to get their feedback on their business activities in the existing clusters. The universal feeling has been that the industry is looking at a new destination which can offer the best of infrastructure, manpower, connectivity and policy support. We are now ready to ensure that Telangana offers all these and much more to the potential investors having an interest in the textile and apparel sector.

With the T-TAP policy in hand, I would urge upon the industry to test us on our merits and bring their new units to this state. We will be continuously reviewing the implementation of this policy and would incorporate any practical feedback that comes down the line.

(K. T. RAMA RAO)

## PREAMBLE

After becoming the newest state in the country in June 2014, Telangana has brought out its new Industrial Policy, which has been hailed as one of the most innovative and path-breaking policies. With its unique features like TS-iPASS, T-IDEA and T-PRIDE, the policy is considered extremely progressive and business-friendly. The policy has also seen the state pitchfork to the topmost rank in the Ease of Doing Business rankings in India. The new state has been successful in attracting significant international and domestic investments from marquee names, within the short period of the policy's implementation.


Through an elaborate exercise mapping the state's core strengths and advantages, and also aligning them with the overall macro-level business and investment trends, the Industrial Policy has identified 14 sectors that will be accorded priority in the state of Telangana. The Industrial Policy has mandated development of sector-specific policies for these identified 14 sectors. Textiles and apparels is one of these priority sectors.

Indian textiles and apparel industry is the second largest in the world contributing approximately 5% to India's Gross Domestic Product (GDP) and 14% to the overall Index of Industrial Production (IIP) of the country. The sector continues to be one of the key contributors to the country's export basket with 11% of export earnings coming from Textiles and Apparels. Textiles and Apparels are the second largest employment generator next to agriculture sector providing over 100 million direct and indirect jobs. The country has emerged as one of the key sourcing destinations for apparels in the global markets given the abundant availability of raw materials such as cotton, silk, wool, jute etc. With rising domestic as well as export demand for apparels, the sector in India is poised to reach USD 223 billion by 2021 from the currently estimated market size of USD 108 billion.

In addition to conventional textiles, the segment of technical textiles is also emerging as a high growth area with newer applications being developed. The market for technical textiles is expanding as the products are being applied in various industries such as agriculture, clothing, construction, healthcare, transportation, packaging, sports, environmental protection, protective wear, and more. The segment is expected to grow from Rs. 73,688 crore in 2013-14 to Rs. 1,16,000 crore by 2017-18.

The consumption of man-made fibre in textiles is steadily growing and increasingly, a higher proportion of fibre consumption is expected to move towards man-made fibres. This is also driven by more user friendly applications in garments. Further, the global market witnesses higher proportion of consumption of man-made fibres than cotton, unlike in India.

Telangana state is known for its production of long staple cotton, with an annual production of about 60 lakh bales. The quality of the Telangana cotton is highly regarded. Particularly, the 2nd picking of the crop from here is considered to be the best in the country. However, processing and value addition to cotton in the State is largely limited to ginning and pressing. Roughly 10 lakh bales are utilized by the 35 Spinning Mills having a capacity of 9.3 lakh spindles located within the state. Primary processed cotton from Telangana is being exported to states like Gujarat, Maharashtra, Tamil Nadu and Andhra Pradesh for further value addition.



Limited weaving activities take place in the state through both power looms and handlooms. As per the detailed census conducted by the government in 2017, there are 49,000 power looms and about 17,000 handlooms in the state. 36,000 of the total 49,000 power looms are concentrated in the town of Sircilla. The handlooms are found in clusters, with the prominent clusters located at Pochampally, Gadwal, Narayanpet, and Siddipet. World-famous artistic weaves like Pochampally Ikat, Gadwal sarees and Warangal durries are produced by the weavers. However, outdated weaving technologies, lack of backward and forward linkages, shortage of credit support, dependence on middlemen, absence of product diversification, are some of the common problems plaguing both the power loom and handloom sectors. The small and tiny home-based weaving units are unable to compete with the large and automated textile units. Thus, in the national scenario, Telangana remains a fringe state in the textiles and handloom sector. Ironically, lakhs of textile workers employed in well-established clusters in the country like Surat, Bhiwandi, Sholapur and Ichalkaranji are natives of Telangana, and have 3-4 decades of experience of working in this sector.

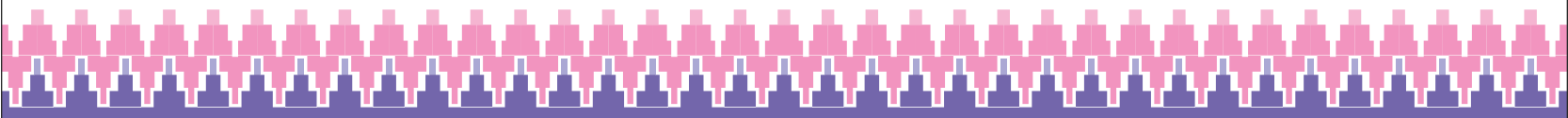
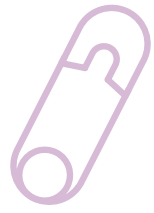
Given the availability of high-quality raw material (cotton) and a large pool of workers having deep experience, and the presence of a domestic industry of reasonable scale, Textiles and Apparel present a rich opportunity to help the sector grow manifold through a sector-focused comprehensive policy framework for the industry. The proposed policy, hereinafter referred to as Telangana Textiles and Apparel Policy (T-TAP), aims at creating an enabling environment in order to encourage investments in downstream processing activities, majorly focusing on spinning, weaving, knitting, processing and garment manufacturing including made-ups within the State. In addition to encouraging new units across the value chain, the policy also supports the existing units for their modernization, expansion, and for marketing and promotion activities. The policy brings to the table a slew of capital and operational incentives to benefit the sector.

In addition to the existing provisions under the State Industrial Policy, T-TAP would address specific nuances of the textile and garment industry such as creation of common infrastructure for organizing SMEs, capacity building and skill development support to the industry etc. The policy is all encompassing in nature addressing the entire gamut of issues of the textile industry with a potential for additional employment opportunities. Detailed operational guidelines to amplify the policy provisions, wherever required, will be issued separately.

Considering the growth potential of technical textiles, and increasing proportion of manmade fibres in overall fibre consumption, the Government proposes to take a proactive approach in encouraging these segments in the State



# OBJECTIVES OF THE POLICY





## OBJECTIVES OF THE POLICY



Major objective of the policy is to build upon the State's strong textile base through an integrated value chain approach. Specific objectives of the policy are:

- ◆ Emerge as one of the key investment destinations for textile and apparel sector both domestically and globally
- ◆ Encourage investments across the value chain including spinning, weaving, processing and garmenting
- ◆ Utilize entire cotton produced in the state by developing backward and forward linkages from fiber to finished products
- ◆ Making textile sector more productive and remunerative to the existing weavers by technology and skill upgradation
- ◆ Enable additional employment opportunities in the sector, and to facilitate homecoming of all Telangana-origin workforce back to the state
- ◆ Support creation of a pool of skilled workforce for the industry
- ◆ Support and encourage industry that provides a fair and decent livelihood to the workers and passes on the benefits given by the State to the employees
- ◆ Make the artistic weaves from the state highly valued in the world for their designs and quality
- ◆ Create a market-conducive environment for the sector, thereby contributing substantially to the state's GSDP

**Given the existing scale of the industry, and the national and global trends likely to prevail over the next few decades, the state will strive to achieve the following targets within the next 5 years through the operation of the policy.**

- ◆ Creation of 5 new Textile/Apparel Parks
- ◆ Attract at least 5 new international and 50 domestic investments in the sector
- ◆ Generate additional employment opportunity for 3 lakh persons, of which at least 60% will be women
- ◆ Ensure that every handloom weaver increases his monthly earnings by 50%
- ◆ Ensure that every power loom in the state is modernized, and the income of each power loom worker increases by 30%
- ◆ Achieve textile and clothing exports from the state equivalent to at least 20% of the total value of textile and clothing produced within the state



# SCOPE & COVERAGE



## SCOPE AND COVERAGE



The policy shall be operative for a period of 5 years from the date of notification. The policy covers all the new and existing units. Nature of units and activities that are intended to be covered under the policy are detailed as follows:

### NEW ENTERPRISES

New Enterprise are the enterprises that commence commercial production/service during the operative period of this policy and also obtained acknowledgement of filing **Udyog Aadhar Registration (UAR)** with the concerned **District Industries Center (DIC)** or **Industrial Entrepreneur's Memorandum (IEM)** with the Government of India.

### EXISTING ENTERPRISES

Existing Enterprise means the enterprise which has filed UAR / EM with the concerned DIC or IEM with Gol and is undertaking expansion/ diversification/modernization operations in an existing project.

### EXPANSION OR DIVERSIFICATION

Existing enterprise taking up expansion and / or diversification with or without forward and backward integration, with investment more than 25% of its existing gross fixed capital investment as on date of initiating expansion / diversification and commencing production during the operative period of the scheme shall be treated as Expansion.

### MODERNIZATION

Existing enterprises investing more than 15% in the cost of its existing plant & machinery to upgrade technology by way of adopting new technology, production process shall be categorized as Modernization.

### GROSS FIXED CAPITAL INVESTMENT

Gross fixed capital investment means investment in Land, Plant & Machinery before a unit commences expansion / diversification/ modernization and / or it obtains sanction of financial assistance from Banks / Financial Institutions.

### Technical Textiles

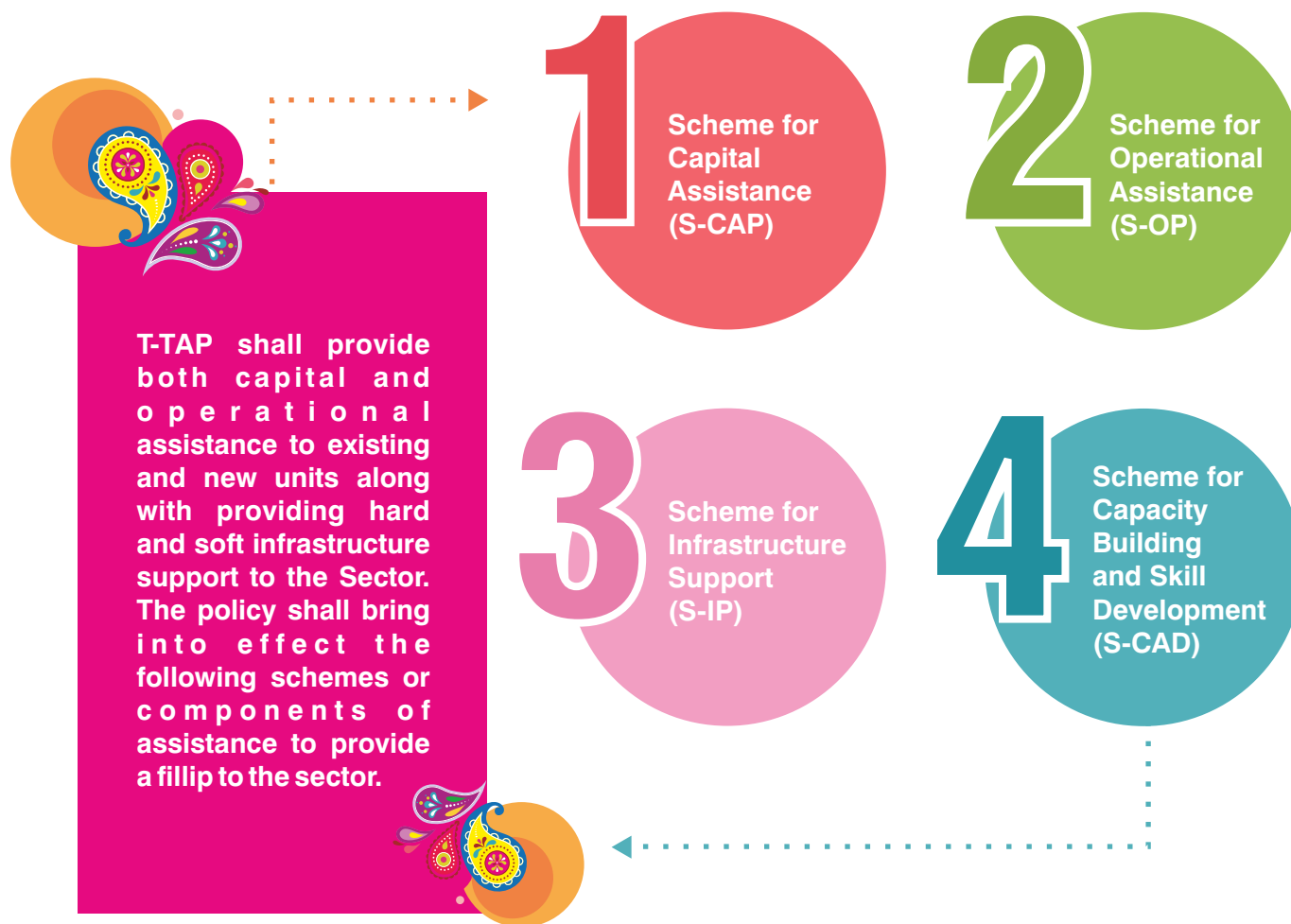
Technical textiles, for the purpose of this policy, are defined as textile materials and products used primarily for their technical performance and functional properties rather than for aesthetics or decorative characteristics, where function is the primary criterion. Technical Textiles include textiles for automotive applications, Medical textiles, Geotextiles, Agrotextiles, Protective Clothing, Pack Tech etc.

While the Government is keen to encourage industry with the primary objective of attracting investments and generating employment opportunities for the local population, it is hereby clarified that it expects the industry to provide a fair and decent wage to the workforce. If it is brought to the notice of Government that the workers are not being adequately compensated, or are exploited, then it shall have the right to terminate the approvals granted and recover the monetary value of the incentives accorded till then.

# MAJOR PROVISIONS & AREAS OF SUPPORT



## MAJOR PROVISIONS AND AREAS OF SUPPORT



The schemes will be operational during the policy period and the details of which are mentioned below. The Government will follow a segmented approach for providing benefits, depending upon the size of investment and/or employment created. Each investment will be quantified into one of the following 5 categories. The 5th category, namely, units having investment above Rs. 200 Cr and/or providing employment to above 1000 persons, will be treated as Mega Projects, and can be considered for special tailor-made incentives if needed. The same benefit can also be extended to any other investment of a strategically important nature for the state.

Category	Investment (in Rs. Crore)	And/Or	Minimum employment (number)
A1	<10	And/Or	50
A2	10-50	And/Or	200
A3	50-100	And/Or	300
A4	100-200	And/Or	500
A5	>200	And/Or	1000

## SCHEME FOR CAPITAL ASSISTANCE

Capital assistance shall be available for new units as well as existing units that are into ginning & pressing, spinning, weaving, knitting, processing, garment manufacturing, technical textiles and manufacturers of textile machinery. Existing units can avail subsidy on plant and machinery for modernization or expansion of operations while the new units are eligible for assistance for technical civil works, quality testing labs, plant and machinery, utilities and other miscellaneous fixed assets. Pattern of financial assistance for capital assistance is summarized as below.



### NEW UNITS

Eligible project cost for capital subsidy shall include the cost of technical civil works including factory sheds and buildings, plant and machinery, laboratories for research and quality testing, laboratory equipments, utilities for power, fuel and water supply and other miscellaneous fixed assets. Costs of land, land development, pre-operative preliminary expenditure, margin for working capital, Interest During Construction (IDC) and non technical civil works such as roads, office infrastructure etc. are excluded from the Eligible Project Cost. Quantum of financial assistance across various scales of investments is illustrated in the Table.

Category	Capital subsidy (for conventional textiles)	Capital subsidy (for technical textiles)
A1	25% (cap of Rs. 1 Cr)	35% (cap of Rs. 2 Cr)
A2	25% (cap of Rs. 3 Cr)	35% (cap of Rs. 5 Cr)
A3	25% (cap of Rs. 5 Cr)	35% (cap of Rs. 10 Cr)
A4	25% (cap of Rs. 10 Cr)	35% (cap of Rs. 20 Cr)
A5	25% (cap of Rs. 20 Cr)	35% (cap of Rs. 40 Cr)

Units promoted by SC / ST entrepreneurs or persons with disability (PWD) shall get an additional capital subsidy of 5% subject to the above caps (also increased by 5%).



### **EXISTING UNITS**

Existing units are eligible for capital subsidy of 20% of the cost of plant and machinery subject to a ceiling of Rs. 5 Cr per unit. The assistance will be restricted towards procurement of plant and machinery for modernization, adoption of advanced technologies in textile processing, enhancement of capacities or diversification. The assistance does not include the costs of technical civil works and other utilities.

### **CREATION OF ENERGY, WATER AND ENVIRONMENTAL CONSERVATION INFRASTRUCTURE**

T-TAP will support creation of energy and water conservation infrastructure both at the individual unit level and cluster level. Both new and existing units are eligible for support. Specific support extended include:

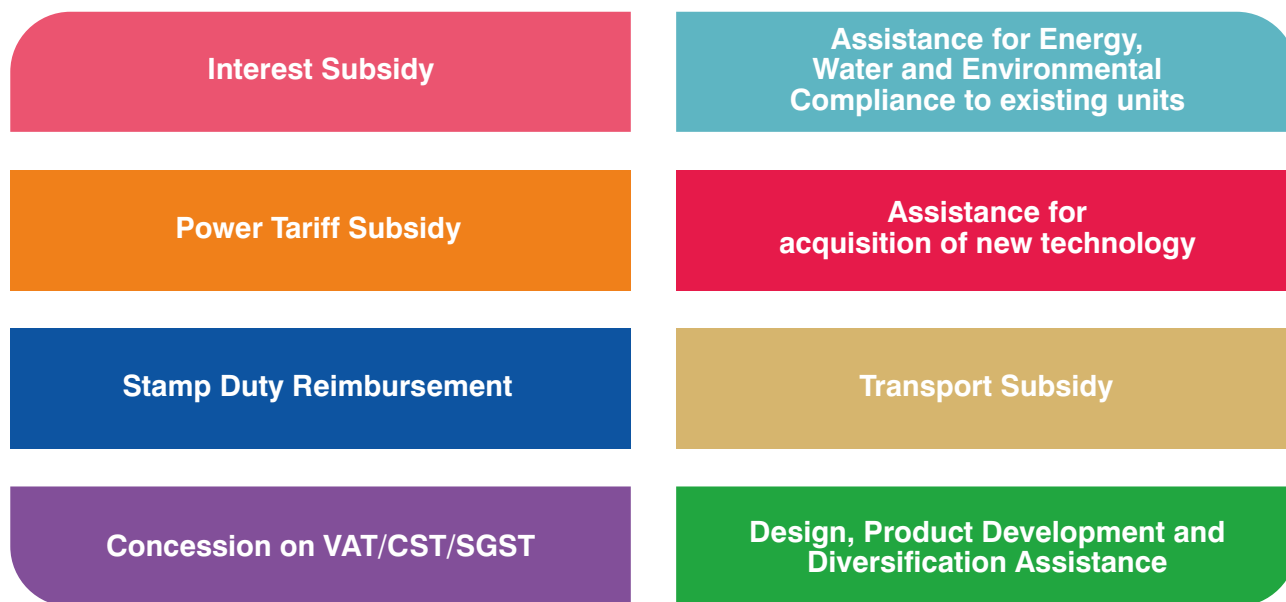
- ◆ Assistance of up to 40% of cost of equipments with a ceiling limit of Rs. 50 lakhs which will be applicable for energy, water and environmental conservation infrastructure separately under each category of energy, water and environment
- ◆ In case of Common Effluent Treatment Plants (CETPs) at the cluster level or at industrial parks, 50% of the project cost or Rs. 10 Crores whichever is lesser will be provided as credit linked backend subsidy. In case of handloom clusters, assistance to a maximum of 70% subject to a ceiling of Rs. 2 Crores will be available

Assistance under the component will be available only once during the operational period of T-TAP.

Units adopting environmental protection measures like water & energy conservation measures, will be given a rebate in the local body taxes like property tax, IALA levies, etc, in line with the facility provided in urban areas.

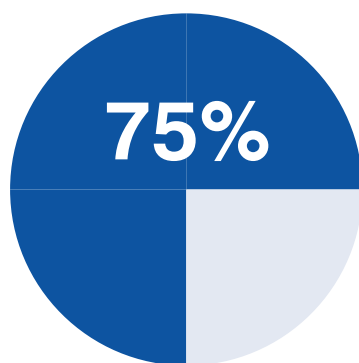
## SCHEME FOR OPERATIONAL ASSISTANCE

Operational assistance shall be available for new units as well as existing units that are into modern ginning & pressing, spinning, weaving, knitting, processing, value addition units (slub, twisting, doubling, mercerizing, gassing), garment manufacturing, technical textiles, manmade fibres based units, and manufacturers of textile machinery.



### INTEREST SUBSIDY

Interest subsidy shall be available for new and existing units (for expansion or diversification/modernisation). The subsidy shall be availed only on investments in new or modern plant and machinery. A new unit applying within one year of disbursement of loan for procurement of plant and machinery (for expansion and diversification in case of existing projects) and regular in repayments is eligible for interest subsidy under T-TAP. Financial assistance is as summarized below:



The extent of assistance shall be limited to 75% of the interest rate applicable on the loans availed by a unit, subject to a cap of 8% per annum, for modern spinning, weaving (with or without preparatory) dyeing & processing, knitting, garment / made-ups / post cocoon activity machine carpeting, machine embroidery, technical textiles and any other activities/process like crimping, texturizing, twisting, winding, sizing etc. within the Textile value chain. The total Interest subsidy including any similar benefit availed under any other scheme of Central / State government should not exceed the rate of interest levied by financial institutions on the sanctioned and disbursed term loan to the unit.

The assistance shall be provided for a period of 8 years (including a construction / moratorium period of 2 years) or the period of repayment of the loan whichever is lesser.



### POWER TARIFF SUBSIDY

Despite being a state which became power deficit upon bifurcation, Telangana Government has taken pride in providing quality and uninterrupted power supply to the industries. The same assurance is being given for the units in the textile and Apparel sector also. Besides, new units and expansion or diversification of existing units are eligible for Power Tariff Subsidy. Tariff subsidy @ Rs. 1 per unit will be provided for ginning and pressing mills. For all other units including spinning, weaving, knitting, processing, garment manufacturing, and manufacturers of textile machinery, the power tariff subsidy will be as per following scheme. The subsidy will be valid for a period of 5 years from the date of commencement of commercial production.

Category	Power tariff subsidy (Rs. / unit)
A1, A2	1.00
A3	1.50
A4	1.75
A5	2.00

Technical textiles units will get an extra Rs. 0.5 per unit benefit across all the above categories



### STAMP DUTY REIMBURSEMENT

To reduce the transaction cost with respect to procurement/ leasing of land, T-TAP shall extend support through "Reimbursement of Stamp duty and transfer duty" paid by the industry. 100% of the stamp duty/transfer duty paid during purchase of land meant for industrial use, lease in of land/shed/ buildings shall be reimbursed under the policy. The reimbursement is also applicable for registration of mortgages and hypothecations.

### CONCESSION ON VAT/CST/SGST

All units across the value chain of textiles and apparel are eligible for VAT / CST / SGST reimbursements including the technical textile units and units based on manmade fibres.

VAT / CST / SGST reimbursement is available for tax collected on end product / intermediate product within the entire value chain (from cotton to Garment and made ups) to the extent of 100% of VAT / CST / SGST for a period of 7 years from the date of commencement of commercial production, or up to realization of 100% fixed capital investment, whichever is earlier. The reimbursement shall only be provided to those units that report their quarterly production, sales, power consumption and other details to the Competent Authority on a quarterly basis.

Refund will not be available for purchases of intermediate product / raw material for certain goods and transactions which are not eligible for tax credit under the VAT Act – 2005, Government of Telangana.

Existing units which undergo expansion / modernization / diversification will be entitled to get similar benefits under this clause. However, they have to maintain separate records of production, investment details and VAT paid / payable after such expansion / modernization / diversification.

### ASSISTANCE FOR ENERGY, WATER AND ENVIRONMENTAL COMPLIANCE TO EXISTING UNITS

T-TAP will support the existing units to comply with Energy, Water and Environmental regulations. Major provisions under the component are:

Assistance of up to 50%, subject to a maximum amount of Rs. 50,000 for Energy Audit/Water Audit /Environmental Compliance, applicable to each category separately.

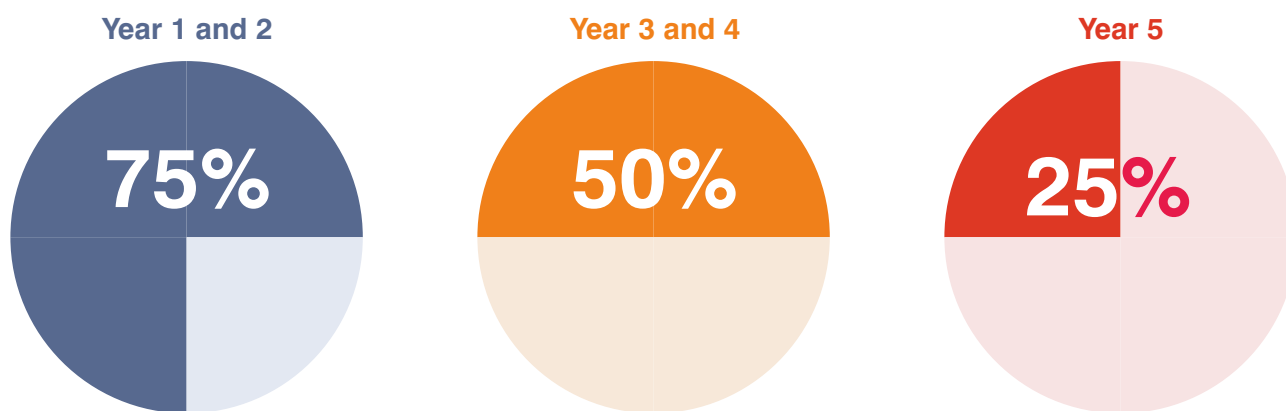
The assistance shall be available for all the existing units that have installed Energy, Water and Environmental Conservation Infrastructure and are into commercial production for a minimum period of 3 years.

### ASSISTANCE FOR ACQUISITION OF NEW TECHNOLOGY

Any specialized or new technology that has been developed by the firm is eligible for assistance. Enterprises developing new technology will be provided financial assistance of up to 50% of the investment in technology development, subject to a maximum amount of Rs. 10 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 Government will not be eligible to get benefits under this scheme. Individual or Collaborative efforts towards technology development through R&D institutions or engaging experts and consulting firms are eligible for assistance. Any effort towards import of technology and further development for adaptation to local conditions shall also be considered as "Technology development" and in such cases; procurement of technology including the license fee and associated duties is eligible for assistance. Mere import of Technology or Machinery will not be categorized as "Technology Development"

### TRANSPORT SUBSIDY TO EXPORT-INTENSIVE TEXTILE/APPAREL UNITS

Telangana has become a land-locked state after its bifurcation. Textile units having a significant import and export component will have to rely on the nearest port on the East and West coasts that are roughly within a distance of about 400 km. To offset this disadvantage, Telangana government will offer a transportation subsidy in the form of reimbursement of freight charges towards import of raw materials and export of finished products either by rail/road, from the project location to the port/dry port in the following scale:



Further, the Government will provide transport subsidy at above rates for 5 years, for "Deemed Exports", i.e. supply of goods from within the state to other textile and apparel units within or outside the state provided the goods supplied are ultimately exported after value addition.

## DESIGN, PRODUCT DEVELOPMENT AND DIVERSIFICATION ASSISTANCE

Lack of product diversification due to limited investment in designing capability has a direct impact on competitiveness of MSMEs in textiles and garment manufacturing. This component of assistance is specific to textile and garment manufacturing units in the MSME category for meeting their expenditure towards design, product diversification and quality improvement. 20% of the annual expenditure spent on design and product development expenditure limited to Rs. 2 lakhs per year shall be available as subsidy. A unit can avail the assistance twice during the operative period of the scheme. This assistance is however not available for processing units with generic products as output with no scope for design and diversification.

## SCHEME FOR INFRASTRUCTURE SUPPORT

Industrial units in ginning, spinning, weaving, knitting, processing, garment manufacturing, technical textiles, units based on manmade fibres and manufacturing of textile machinery are eligible for assistance. Land, Industrial water and support infrastructure including roads are covered under infrastructure support for the plots in the Industrial parks. Specific support is indicated as below:

### LAND

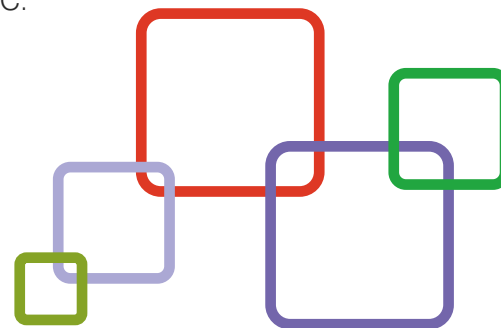
The State intends to create an industrial land bank and earmark significant portion of land for development of Textiles and Apparel industry proximal to traditional processing regions. Details of all land parcels that form part of the land bank will be made available on the website of Telangana State Industrial Infrastructure Corporation (TSIIC) and the Department of Handlooms and Textiles, Government of Telangana. All required information like distance of the Industrial Park from the nearest highway/railway station/airport/town, size of individual plots, photographs of the lands, Google maps, etc. will be made available on the website. Land allotment will be carried out across three categories.

- ◆ Industrial plots in the Integrated Textile Parks developed by TSIIC
  - ◆ These plots will have common facilities including ETP, infrastructure and R&D facilities etc. The plots can either be purchased or leased in by the industrial units
- ◆ Individual plots on standalone basis that are away from the industrial park developed by TSIIC
- ◆ Land for development of industrial park/textile park/cluster projects developed through privately owned or PPP modes of investments will be made available. Land allotment for the purpose shall follow stipulated guidelines issued by TSIIC

Government will extend a rebate on the basic land cost to textile and apparel units. In every new Textile / Apparel park, the anchor client(s), and first movers will be extended rebate of 50% of the cost, with an upper limit of rebate being Rs. 20 lakhs per acre. In case of Technical Textiles units, an additional rebate of 25% with a cap of Rs. 10 lakhs per acre will be extended. The rebate will be calculated on the published rate of TSIIC.

### BUILT-UP SPACE

In the new Textiles/Apparel Parks developed by the Government, the Government will also create built-up space to be used mainly by the MSME units. A rental subsidy of 25% for first 5 years of operations will be provided.



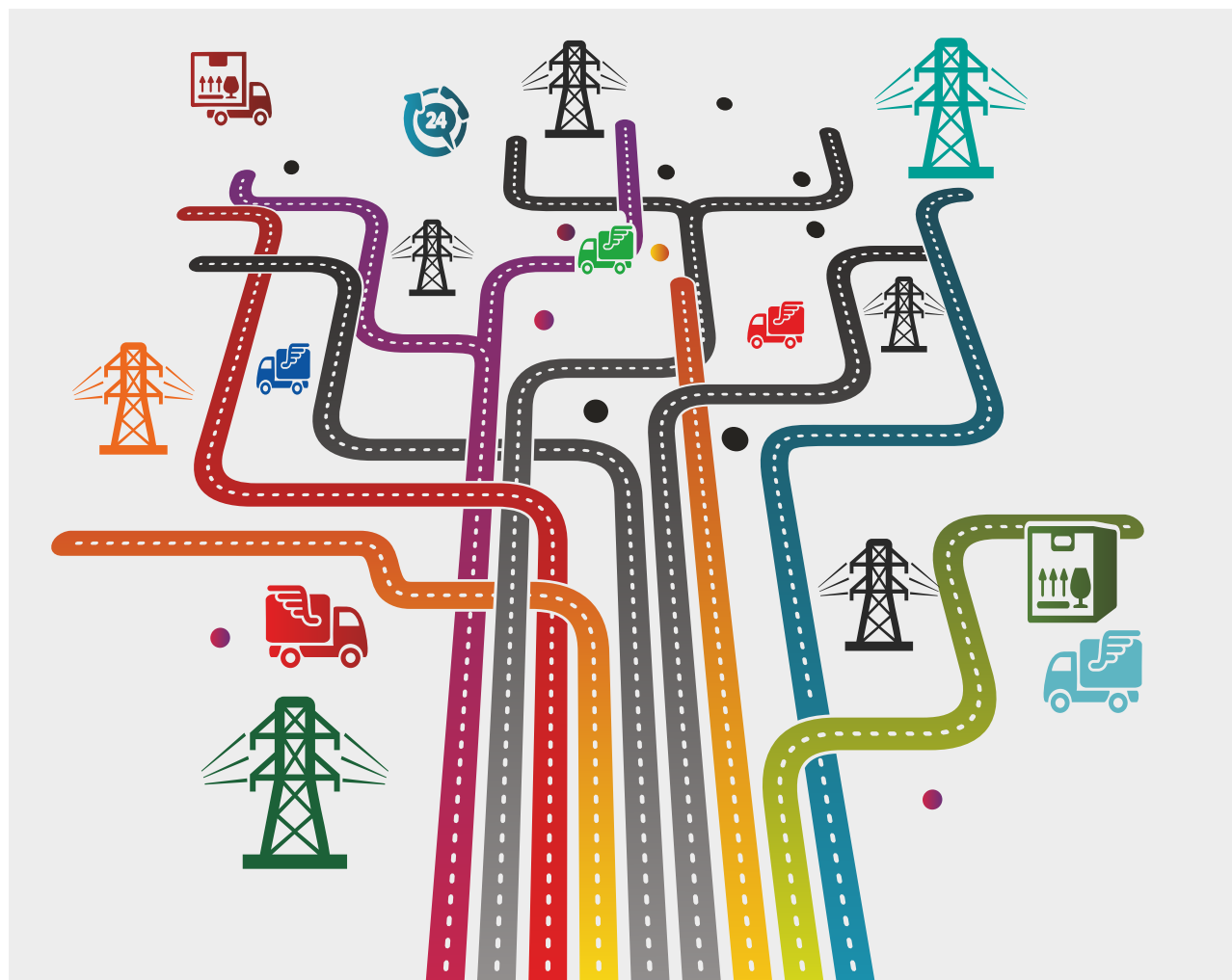
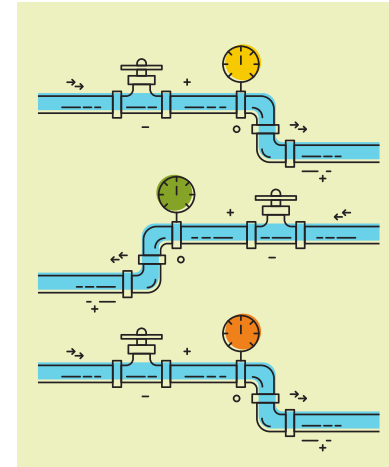
## INDUSTRIAL WATER

Government of Telangana is earmarking 10% water from all existing and new irrigation sources for industrial utilization. Water pipelines will be laid as a part of infrastructure creation for each industrial park by TSIC. TSIC will coordinate with the appropriate department that is responsible for creation of the Telangana Water Grid so that industrial water for local units is made available on priority.



## OTHER INFRASTRUCTURE

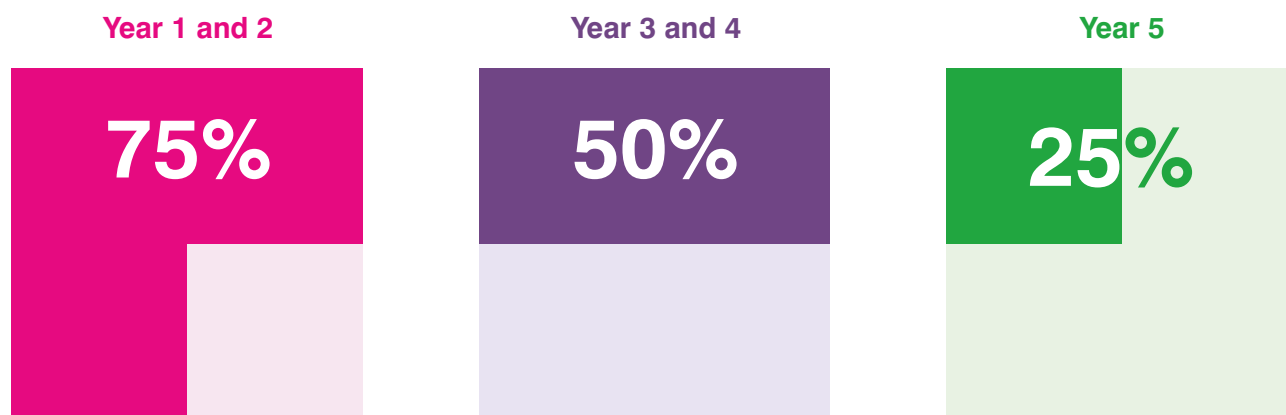
- ◆ Support infrastructure like roads, power and water will be provided at door step of the industry for standalone units by contributing 50% of the cost of infrastructure from IIDF with a ceiling of Rs.1 Crore, subject to:
  - ◆ The location is beyond 10 km from the existing Industrial Estates / IDA's having vacant land/shed for allotment
  - ◆ Cost of the support infrastructure is limited to 15% of the eligible fixed capital investment made in the industry
- ◆ Budgetary allocations will be made for promotion of quality infrastructure like roads, power, water, waste management etc. under Industrial Infrastructure Development Fund (IIDF) Scheme



## ENVIRONMENTAL INFRASTRUCTURE

In the Textile / Apparel Parks developed by the Government, the Government will take complete responsibility for providing a Common Effluent Treatment Plant (CETP) which will be developed in a PPP mode by engaging experienced and reputed firms. The individual units located in that Park will be required to take their effluents discharge to the CETP on pay-per-use basis. Where a unit develops its own ETP or waste treatment plant or water recycling plant, the Government will provide a capital subsidy of 50% of the project cost with a cap of Rs. 10 Cr

For a CETP or an ETP, Government will also provide a rebate in the O&M charges according to the following scale:



## ASSISTANCE FOR DEVELOPMENT OF WORKER HOUSING / DORMITORIES

It is usually seen that to supplement the local manpower, companies also recruit a large number of workers from other locations, and arranging for the housing requirements for such workers becomes a major challenge. Ideally, the housing facilities for such workers should be available in the vicinity of the workplace to minimize costs and bring efficiencies. Accordingly, Government will ensure that in all the proposed Textile / Apparel parks, enough land is made available for housing purposes. Further, to facilitate the companies to take up construction of housing / dormitories by themselves for their workers, a rebate on 60% of the land cost and land conversion charges (upper limit being Rs. 30 lakhs per acre for land cost and conversion charges) will be provided.



## SCHEME FOR CAPACITY BUILDING AND SKILL DEVELOPMENT

Due to lack of skilled manpower, need for improvement of skills and development of specialized skills in the Textiles and Apparel Sector in the State, emphasis on capacity building and skill development activities is required.

Textiles and Apparels will be an important focus of the Telangana State Skills Development Mission. The Mission will utilize best professional expertise available in the market to design and implement skill-building courses as required by the industry. Since the requirement will be huge, the Government will facilitate reputed institutions involved in Textiles-related training programmes to set up their permanent centres in the state



**TRAINING SUBSIDY** The Government will provide a training subsidy of Rs. 3000 per employee to the companies to reimburse the cost incurred in skill upgradation and training the local manpower. The subsidy shall be Rs. 5000 per employee for units employing more than 1000 persons. The trained employee should remain in continuous employment for at least 1 year, for this benefit to be passed on. Companies are free to avail training benefits under other Gol schemes also to dovetail with the present scheme.



### **ASSISTANCE TOWARDS TRAINING INFRASTRUCTURE IN APPAREL DESIGN & DEVELOPMENT**

- ◆ Any autonomous institution promoted by government/public sector undertakings or private sector will be provided a maximum of up to 75% assistance, subject to a maximum amount of Rs. 1 Cr towards infrastructure creation. An institution with substantial background in Textile and Apparel design development will be supported under the scheme. Eligible components for subsidy are buildings, plant and machinery for demonstration purposes including the cost of installation, electrification, furniture, training aids like projectors etc. Cost of land and recurring expenditure for training will not be covered under the scheme
- ◆ New or existing training centres that intend to upgrade their facilities in order to provide apparel training will be given 50% of their investment towards infrastructure creation subject to a maximum amount of Rs. 20 lakh per centre. Eligible components for subsidy are buildings, plant and machinery for demonstration purposes including the cost of installation, electrification furniture, training aids like projectors etc. Cost of land and recurring expenditure for training will not be covered under the scheme.

### **Fibre to Fabric Incentive**

Any entity that establishes a production chain that starts with production of Textile Fibre to the Fabric as an integrated family will be eligible for an additional 5% subsidy on items like capital investment and power tariff than what is provided in the policy.



Cotton Fibre



Ginning & Pressing



Apparel



# TEXTILE VALUE CHAIN

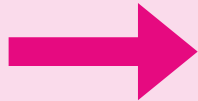
Garmenting



Finished fabric







Spinning



Weaving



Dyeing & Processing



# SUPPORT PROVISION FOR EXISTING HANDLOOMS & POWER LOOMS SECTOR



## SUPPORT PROVISION FOR EXISTING HANDLOOMS & POWER LOOMS SECTOR



Though not very large as compared to some other states, Telangana has a rich tradition of handlooms and power looms. With respect to Handloom Industry, the State of Telangana has a number of internationally recognized traditional forms such as Pochampally Ikat, Gadwal Sarees and Warangal Carpets. A number of artisans and craft-persons continue to live on the production of these handloom products, but their income levels are not substantial. To improve the productivity and net income to the weavers in this sector, the Government of Telangana intends to take proactive steps. The focus will be on making the required raw material available, diversifying the product mix to meet the ever changing customer requirements by leveraging the traditional strengths through provision of appropriate technology, design and market inputs.

### SPECIAL PROVISIONS FOR THE HANDLOOMS SECTOR UNDER T-TAP INCLUDE:

- ◆ Establishment of a “Handloom Training Institute” with focus on advanced degree and diploma courses in textile designing and fashion engineering will be supported under the policy.
- ◆ Scheme of Pavala Vaddi will be extended to handloom weavers during the policy period.
- ◆ Yarn subsidy of 40% in addition to 10% GoI subsidy extended by NHDC will be provided for purchase of yarn from Government depots
- ◆ Similar subsidy as for yarn for chemicals and dyes
- ◆ Cash-credit scheme for weavers
- ◆ Thrift Fund matching contribution @ 16% from the wages from the earning of Rs.10,000 per month of 30,000 weavers including ancillary workers
- ◆ Loan waiver to individual handloom weavers (The cut-off date being 31st March, 2017)
- ◆ Buy-back scheme by the government



### SPECIAL PROVISIONS FOR THE POWER LOOM SECTOR UNDER T-TAP INCLUDE:

- ◆ Up-gradation of plain power looms to semi-automatic and Rapier looms
- ◆ Replacement of old shutter looms with modern shutterless looms
- ◆ Yarn subsidy of 20% will be provided for all Government procurement orders
- ◆ 50% power subsidy to power loom units up to 100 HP
- ◆ Organizing procurement/supply of cloth to Government Departments and for Government purposes
- ◆ Strengthening of power loom skills development and training institutions

## PROMOTION, MARKETING AND BUSINESS DEVELOPMENT FOR ARTISTIC WEAVES



The artistic weaves produced in the handloom clusters in the state since more than a century (eg, Pochampally Ikat, Gadwal sarees, Warangal carpets) have mesmerized their patrons due to their sheer beauty and artistry. The potential to take these handloom crafts far and wide, thereby earning higher returns plus name and fame to the weavers, the state and to the nation as a whole is immense. Government will make special efforts to achieve greater visibility and marketability of such artistic weaves through a number of focused strategies, like:

- ◆ Identifying well-known celebrities to act as Brand Ambassadors for Telangana Handlooms
- ◆ To develop a strong “Brand” for Telangana handlooms and engage in sustained promotion activities under the identified Brand
- ◆ To introduce contemporary designs and products to the weavers through a tie-up with well established fashion designers and design houses
- ◆ To run a Signature store, and also ensure marketing tie-up with prominent retail stores
- ◆ Modernizing the existing Government showrooms and converting them into state-of-the-art boutiques
- ◆ To have a strong online presence with the collaboration of leading e-commerce retail firms
- ◆ To organize frequent events like Trade fairs, handloom melas, Fashion Shows at appropriate platforms
- ◆ Strengthening of procurement godown infrastructure
- ◆ To make use of best available professional expertise for brand building, marketing and promotion
- ◆ To encourage use of handloom clothing among the large Government workforce



IT Minister K T Rama Rao presenting a Pochampally shawl and a saree to Tollywood actress Samantha Ruth Prabhu, the brand ambassador of Telangana Handlooms, in Hyderabad.



### **ENCOURAGEMENT TO MIGRATED POWER LOOM WORKERS**

It is estimated that over 2.5 lakhs power loom workers in Gujarat and Maharashtra are of Telangana nativity. By working in this industry for 3-4 decades, they have developed very good expertise and skills. They are potentially an asset to the Telangana state. Government will motivate as many workers as possible to relocate back to their state, and provide opportunities for them to continue their weaving jobs locally.



### **RETURNING MIGRANTS' INCENTIVE SCHEME**

In order to encourage the Return of Weavers who had left Telangana for other States, the Government will provide 50% of the capital investment required to be borne by the weaver group to develop Textile Parks as per the scheme guidelines of SITP, Government of India as well as MSME Cluster Development Incentive / Scheme of Government of India. Only those groups will be eligible for such subsidy support that has at least 60% of members as weavers who have migrated to other States. The capital investment subsidy will be limited to Rs. 2 Cr or 50% of the required beneficiary group contribution, whichever is lower.

### **DEVELOPMENT OF DECENTRALIZED CLUSTERS**

The Government will establish decentralized Textile centres for returning migrant workers close to their villages. These centres will be enabled with basic infrastructure facilities like road, water and electricity, to enable the weavers to set their own enterprises. Wherever feasible, these decentralized clusters will be integrated with the larger textile units being set up in Government-promoted Textiles/Apparel Parks as a part of their supply chain.

# SPECIAL PROJECTS



## SPECIAL PROJECTS

### KAKATIYA INTEGRATED MEGA TEXTILE PARK



Warangal, the nerve center of Textile industry in the State, and conveniently located about 120 km from Hyderabad with excellent connectivity, has an abundant availability of raw material and presence of skilled workforce, but an absence of Industries across the textile value chain has forced it to remain in the shadows of other major textile centers of Maharashtra, Gujarat. Recognizing the potential of Warangal, it is proposed to establish Kakatiya Integrated Textile Mega Park in Warangal spread over an extent of close to 2,000 acres to be developed in phases, with about 1200 acres to be developed in the first phase. The Mega Park will have the following features :

- (i) The Mega Park will be developed by preparing a detailed and scientific master plan which will comprehensively provide for processing areas, common amenities, social infrastructure, etc.
- (ii) Best quality infrastructure including uninterrupted 24X7 power supply, and assured water supply will be made.
- (iii) The Mega Park will attract all domestic / international investors in spinning, weaving, processing, machinery manufacturing and fashion designing sectors to set up their units.
- (iv) The Mega Park will have both low end SME units in Weaving and Apparel Sectors as well as high end processing / weaving / apparel /Technical Textiles/manmade fibres based/Textile Machinery Manufacturing units.
- (v) Limited built-up space will also be offered to SMEs in the Mega Park.
- (vi) The Mega Park will be seen as a sourcing hub catering to the entire industry requirements.
- (vii) The Mega Park will have common facilities such as pre-loom and post-loom processing units, yarn depots, skill development centre, exclusive marketing centre and housing/dormitories for workers.
- (viii) Government will provide for a CETP of required load capacity on a PPP mode. The Mega Park will comply with the highest environmental standards and will be pollution-free.
- (ix) The Mega Park will have a Training Institute to cater to the requirements of the entire range of industries.
- (x) The Mega Park will have adequate provision to handle the logistics and transportation requirements of all the units.

# KAKATIYA INTEGRATED MEGA TEXTILE PARK







- Garmenting / Apparel Units, Printing, Embroidery Units etc.
- Madeups / Home Textiles Units etc.
- Weaving Units
- Spinning Units
- Composite Units
- Processing Units
- Common Utilities**  
Value-adding infrastructure (Admin, Training Centre, Convention Centre, Hostel, Truck Parking, etc.)
- Water & Environmental Infrastructure**  
(Water works, STP, CETP, Temporary landfill, etc.)
- Open / Green Space
- Residential & Social Infrastructure
- Nallah
- Site Boundary (Mega Textile Park)



- (xi) Industrial workers in the catchment areas of the Mega Park will be mapped and objectively tagged on to respective units. This will prevent unhealthy practices like poaching, offering abnormal wages, etc.
- (xii) Government will organize bus routes to cover all catchment villages to suit the transport requirements of the workers.
- (xiii) The Mega Park will be given the status of an Industrial Area Local Authority (IALA), and will have a dedicated Park management.
- (xiv) The Mega Park management will organize regular interaction and exchange of ideas through conduct of seminars, exhibitions, fashion weeks, workshops, interactive sessions, etc.
- (xv) The Mega Park will showcase Handloom, Handicraft and the traditional designs of the state, and will be promoted as a tourist destination.
- (xvi) The Mega Park will have an Incubation Centre to inculcate the spirit of entrepreneurship and engrain the creative culture in the entrepreneurs so that their ideas get transformed into new products or services capable of being marketed and sold.
- (xvii) The Mega Park will have a Centre for Excellence in Textiles. The Centre will be established with Government of Telangana as the lead partner duly supported by leading technical institutes such as SIMA, SITRA, BITRA, NIFT or federations/associations of the sector. The Centre will focus on Research and Development, Human Resource Development, Testing and Evaluation of Textiles, Consultancy, Incubation support and Instrumentation.



### **SIRCILLA TEXTILE & APPAREL PARK**

Of the 49,000 power looms in the state, 36,000 are located in the town of Sircilla itself. More than 8,000 people are employed in the power loom industry in Sircilla. Besides home-based units, Sircilla also has a modern Textile park spread over 75 acres in which 1600 Rapier looms are available. A Common Facilities Centre will be established in the Textile Park, which will look after the entire range of pre-loom and post-loom activities like warping, sizing, dyeing, and processing.

Despite having a strong base in terms of loomage and skilled workforce, Sircilla is not enjoying the fruits of a progressive textile-driven economy. Most of the power loom units are producing intermediate products and selling them in the open market with no value addition and minimum margins. Besides the support measures outlined, one significant intervention the Government proposes to make is to develop an Apparel park in Sircilla.

The Sircilla Apparel Park will be spread over about 100 acres. The Apparel park will provide immediate value addition to the fabric produced by the power looms in Sircilla. The Apparel Park will be developed by the Telangana State Industrial Infrastructure Corporation (TSIIC) and will have all the required infrastructure and amenities. Since garment making is seen to provide large-scale employment, particularly to women, the Government will take the responsibility of skilling enough number of women from the catchment villages and make them industry-ready.



### **PRIVATE TEXTILE/APPAREL PARKS**

Any Industry Association/Industrial House/Co-operative society/Institution registered under the Societies Act, Partnership Act or the Companies Act or any private Corporate organization shall be eligible as developer to avail assistance under the scheme. The Park must create industrial plots/sheds for co-locating minimum 10 manufacturing/ service enterprises and create common facilities required for the tenant enterprises.

Developer shall make provision for common internal infrastructure facilities such as internal roads, power lines, communication facilities, water distribution line and water augmentation facilities, sewage and drainage lines, effluent treatment and disposal facilities, storage facilities, common facility centre like training centre, display centre etc. and other facilities as may be required in the Industrial Park.

Government of Telangana will provide financial assistance of up to Rs.15 Cr (Rs. 30 Cr for composite/integrated park) limited to 10% of the total project cost (excluding cost of land). The developer is eligible to dovetail the present assistance with any other schemes of the Govt. of India (eg, SITP) or State Government. Enterprises coming up in the park shall be eligible to avail incentives under schemes of the State Government outlined in the present policy. The assistance is available for new textile/apparel parks only.

The assistance shall be provided only at group / park / cluster level and shall be subject to the beneficiary group / park / cluster obtaining necessary environmental and other clearances.

## POLICY ADMINISTRATION

The policy shall be implemented with concerted and coordinated efforts from the Department of Handlooms and Textiles supported by the Department of Industries and Commerce. A State Level Approval Committee (SLAC) shall be constituted to oversee the policy administration. All proposals for financial assistance shall be submitted to the respective District Industries Centre (DIC). On scrutiny by the DIC, the proposals shall be recommended for assistance to the office of Director, Department of Handlooms and Textiles who will in turn place the proposals to SLAC for approval. A detailed operational guideline will be issued regarding the process flow and sequence for scrutiny and acceptance of proposals for financial assistance.



## STATE LEVEL APPROVAL COMMITTEE

A Committee consisting of the following members shall be constituted for sanction of assistance of proposals received under the scheme components highlighted above.

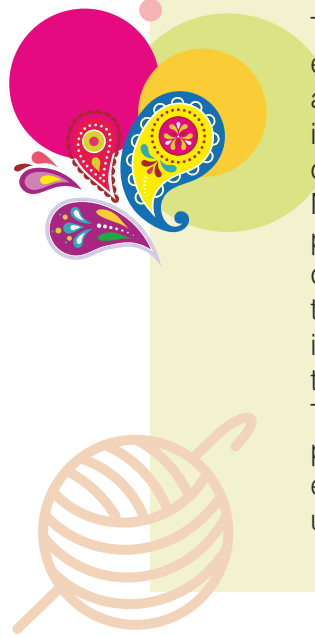
1	Principal Secretary, Industries and Commerce	Chairman
2	Commissioner, Industries	Member
3	Commissioner/Director, Department of Handlooms and Textiles	Member / Convener
4	Managing Director, TSIIC	Member
5	Technical Experts as nominated by the Chairman, SLAC	Member

In addition, 3 members representing the local industry representing 1 each from ginning, spinning and processing, and handlooms sector will be co-opted into the SLAC.

# APPROVALS UNDER TS-iPASS



## APPROVALS UNDER TS-iPASS

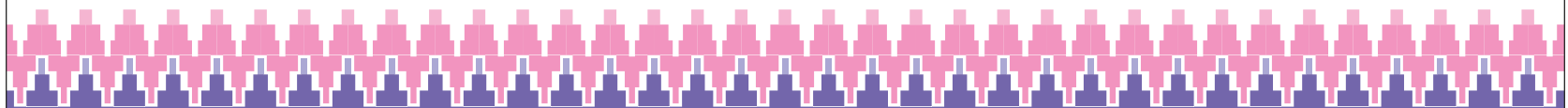


The Industrial Policy of the state has a unique and radical provision for ensuring hassle-free and timely system of according all statutory approvals and clearances, called TS- iPASS. Under TS-iPASS, any unit can commence its civil works based on self-certification. Before it reaches the stage of commercial production, it can apply for the clearances online. In case of a Mega project, all state-level approvals will be accorded within a maximum period of 15 days, and for all other projects, a maximum of 30 days. The 15-days compliance will be monitored by a special unit attached to the office of the Chief Minister (called “Chasing Cell”). In case, for some reasons, the unit is not able to get clearances within 15/30 days, it will be deemed to have got the clearances after the expiry of the maximum stipulated period. Further, TS-iPASS provides for a redress mechanism in cases of delay, by identifying person(s) responsible for the delay, and levying a fine of Rs. 1,000 per day for every day of delay caused. All the Textile and Apparel units being set up under the auspices of T-TAP will receive the benefits of TS- iPASS.





# CONCLUSION





## CONCLUSION



Through a long history dating to the British period, states like Maharashtra, Gujarat and Tamil Nadu have become prominent in the domestic market through high product quality and competitive pricing. Over the years, they have succeeded in developing the entire value chain for the sector. The challenge for a new state to position itself as a premier textile and apparel hub of the country therefore is quite formidable. Nevertheless, given the prominence of Telangana in cotton production, and the large workforce deployed across the country in this sector hailing from the state, a strategic policy like T-TAP and its guaranteed implementation both in letter and spirit, is bound to make Telangana a force to reckon with in this sector.



# INDEX

GDP	Gross Domestic Product
IIP	Index of Industrial Production
T-TAP	Telangana Textiles and Apparel Policy
UAR	Udyog Aadhar Registration
DIC	District Industries Center
IEM	Industrial Entrepreneur's Memorandum
S-CAP	Scheme for Capital Assistance
S-OP	Scheme for Operational Assistance
S-IP	Scheme for Infrastructure Support
S-CAD	Scheme for Capacity Building and Skill Development
IDC	Interest During Construction
CETP	Common Effluent Treatment Plants
TSIIC	Telangana State Industrial Infrastructure Corporation
IIDF	Industrial Infrastructure Development Fund Scheme
IALA	Industrial Area Local Authority
SITP	Scheme of Integrated Textile Park
SLAC	State Level Approval Committee
DIC	District Industries Centre (DIC)
H&T	Handloom and Textile



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