

FICCI Submits West Bengal's Textiles Policy-2022 to the Chief Minister - A 20 Point Agenda for Reviving Textiles in the State

Aims at Increasing the Size of Textiles Industry in the State from \$2.9 billion to \$21.5 billion

Targets 10 million jobs through the policy by 2022-23

19 December 2012, New Delhi: FICCI has recently submitted its suggestions for reviving the textiles industry base in the State of West Bengal to Ms Mamta Banerjee, Hon'ble Chief Minister of the State. The suggestions in the form of Vision 2022-23 outline a ten year roadmap for redeveloping textiles sector in the State and to ensure balanced and inclusive growth.

FICCI stated that the Vision 2022-23 talks about doubling the share of West Bengal in India's textiles industry from the current 5.24% to 10% by 2022-23 and increasing the size of the textiles industry in the State from the current \$2.9 billion to \$21.5 billion during the period. The expected and required rate of growth to achieve the above targeted share would be 17.2% per annum during the period. Subject to certain assumptions, this could provide employment to at least 10 million people by 2022-23. Out of this at least 75% would be in the unskilled and semi-skilled level if one goes by national yardstick.

FICCI noted that while the State has a Textiles Policy 2007-2012 but it was not adequate for realizing its true potential in textiles. Keeping this in mind, FICCI realized the need for an ambitious long term textiles policy for the State namely 'West Bengal's Textiles Policy 2022-23'.

West Bengal has a long history and tradition in textiles. However, the State's textiles sector is now lagging behind other States like Karnataka, Gujarat, Tamil Nadu, Haryana, Maharashtra and Rajasthan. The State has the potential to revive its textiles industry and be a major part of global value chain in this sector. Traditionally, Handlooms, Powerlooms, Hosiery, Jute and Silk are the major segments of West Bengal's textiles industry. Though late, but readymade garment segment has also got some base in the State. It is estimated that more than 1.5 million people are employed by textiles industry in West Bengal.

States like Maharashtra, Gujarat and Tamil Nadu have recently announced new policy and major incentives for the textiles sector in their State. In this context, FICCI noted that West Bengal government would have to come out with a really attractive package to attract large number of investors.

Following twenty point agenda is being suggested by FICCI for strengthening and reviving textiles sector base in West Bengal:

1. The State could provide power subsidy of Rs 1.5 per Kwh to encourage investments in textiles. The units which want to set up captive power plants will be given assured supply of fuel/coal linkages for the period of seven years.

2. Land availability-
 - State Government to relax the provision which prevents industry from holding maximum 24 acres of land.
 - In order to ensure balanced development, the State government would reimburse 25% of the cost of land including acquisition charges if the industry unit is set-up in designated zones earmarked for balanced growth or additional 10% capital subsidy than that given under TUFSS (Technology Upgradation Fund Scheme) and proposed Credit Linked Capital Subsidy under this policy.
 - To reduce the transaction cost, 50% reimbursement with respect to Stamp Duty for execution of lease, sale deeds, lease-cum-sale deeds etc.
 - State Government should allocate land for setting up of the textiles zone/park in the State wherever a group of more than ten industry units wants to set-up Greenfield textile park.
3. Common Infrastructure for Greenfield Clusters- The State Government will provide additional support to the textiles park under Centre's SITP (Scheme for Integrated Textiles Park) scheme for external infrastructure like roads, power, water supply etc and also for common amenities like testing labs, warehousing facility, dormitories etc- Rupees 15 crore for each cluster/park in addition to Centre's support. In particular, West Bengal has the potential to develop a leading knitwear and hosiery cluster. West Bengal was once a knitwear and hosiery centre originally and then many companies migrated to Tamil Nadu because of labour issues and strikes. However, now the knitwear industry in Tamil Nadu is looking for relocation because of problems related to pollution, labour and power.
4. State is a net importer of many raw materials. In order to ensure price competitive supply of such products, State will exempt entry tax on plant and machinery and capital goods, on procurement of fibres and yarns in the State for sale of fabrics in India and abroad.
5. Skill Development- Support, through a mix of viability gap funding and direct assistance by State Government for setting up institutes by private sector.
6. Scheme for Energy Conservation, Water Conservation and Environmental Compliance to existing units
7. Common Effluent Treatment Plant (CETP)- The State government will provide 50% of the project cost or Rs 5 crore whichever is less for setting up a CETP in new or existing textile parks/clusters. The operating cost of running the CETP to be borne by units.
8. Funding support for Standards and compliance to units.
9. Credit Linked Capital Subsidy- This support would be in addition to the support given for technology upgradation scheme of the Centre. The State government shall give the following:
 - i. 5% capital subsidy or maximum of Rupees 1 crores whichever is less and
 - ii. 6% interest subsidy

10. Support for Market Development, Branding and Design
11. The State government will also come out with a separate package for handloom sector.
12. The State government shall ensure faster clearances for textile units in textile parks and designated clusters
13. Assurance from the State Government for an effective institutional mechanism for labour relations to guard against any disruption in the production in textile parks and clusters.
14. In addition, there is a need to revisit various labour laws at State level for designated clusters/parks which hamper the growth of this sector. These changes could be considered at cluster/textile park level to begin with.
15. Establishment of Centre of Excellence for Product and Design Development
16. To promote Jute and Silk, support shall be given for Common Facility Centres on PPP mode.
17. The State Government shall also try to set-up R&D Centre for textiles in collaboration with the industry and international institute to encourage state of the art research in textiles.
18. The State will also consider providing freight subsidy to units located in far away designated backward regions for supplies meant for exports.
19. The State government shall also strengthen its textiles department to look into the implementation of this policy and other issues.
20. The State would also organize with FICCI and other industry bodies road shows in India and abroad to attract investments in textiles sector.

Note: Link of FICCI's Suggestions for West Bengal's Textile Policy-2022 is:

<http://ficci.com/SEDocument/20216/ficci-policy-for-west-bengal-textile.pdf>