



FICCI's Suggestions for West Bengal's Textiles Policy-2022

December 2012



FICCI's Suggestions on West Bengal's Textiles Policy - 2022

December 2012

CONTENTS	PAGE
Textiles Industry in West Bengal	3
State Government's Initiatives for the Sector	5
Advantages in West Bengal	5
Challenges and Current Issues for Textiles Industry in West Bengal	5
Vision for the State's Textiles Industry	5
Comparative Analysis of Textile Policies of Major States	8
Way Forward for Textiles Industry in West Bengal	14

A. Textiles Industry in West Bengal

West Bengal has a long history and tradition in textiles. The sector still provides employment, both directly and indirectly to a large number of people in the State. However, individual units apart, the State's textiles sector is now lagging behind other States like Karnataka, Gujarat, Tamil Nadu, Haryana, Maharashtra and Rajasthan. This is not to say that the State has lost the potential. The State has the potential to revive its textiles industry and be a major part of global value chain in this sector where global exports were worth \$706 billion and registered a growth of 17% in 2011, with Bangladesh registering a highest growth of 27%. Besides, developed countries have lost competitiveness in textiles industry and are trying to relocate their activities in developing countries like India which has large domestic market also.

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. This is just the direct employment and there would be another half a million people dependent on this sector indirectly. Given below is the current status of West Bengal Textiles industry (2009-10).

Segment	Number of Units	Production	Employment
Handlooms	3,07,829	893.76 Million Mtrs.	6,65,006
Powerlooms	10,050	120.6 Million Mtrs.	2,21,100
Hosiery	17900	176 Million Kg	1,10,000
Jute	64 (Composite Mills)	7225 thousand Bales (180 Kg/bale)	2,60,000
Silk	NA	NA	1,00,000
Readymade Garments	21251	490 Million Pieces	2,00,000

Source: Government of West Bengal

Cotton Textile Industry

- The State has traditional industrial base
- Production of cotton yarn increased by 5.68% to 289.36 lakh kg. in 2009-10
- Production of cotton cloth increased by 8.66% to 40.25 lakh metres in 2009-10
- 3,07,829 handlooms employing 6,65,006 persons produced 893.76 M. Mts in 2009-10
- 10,050 powerlooms employing about 2,21,100 persons produced 120.60 million sq. mtr of cloth in 2009-10

Hosiery Industry

- West Bengal is the birth place of hosiery industry in India
- 1st hosiery factory established at Kidderpore more than a century ago
- Mainly located in Kolkata, Howrah, South 24 Parganas
- Maintained its position as the hub of hosiery goods manufacturing & trade
- Has 17900 hosiery units, employs around 1.1 lakh persons and produced 176 million Kg of hosiery cloth in 2009-10

Readymade Garments sector

- The sector with 21251 units employed around 2 lakh persons with a production of 490 million pcs. in 2009-10
- Clusters for readymade garments in Jaldhaka and Paharpur in Jalpaiguri district employed about 312 and 401 artisans respectively in 2009-10

Sericulture

- The State has unique distinction of producing all 4 commercially exploited varieties of silk – Mulberry, Tasar, Eri and Muga
- Provides employment to more than 1 lakh families in rural and semi-urban areas
- Under Cluster Promotion Programme, the Central Silk Board in close co-ordination with DOSs assist 3 pre-cocoon and 1 post-cocoon sericulture clusters in the State

Jute Industry

- West Bengal is the leading manufacturer of Jute textiles
- The state is the largest in India in 2009-10 in terms of -
 - Area of production (499.6 thousand hect)
 - Production (7225 thousand bales of 180kg/bale)
 - Productivity (14.46 qtl/hect.)
- 64 among 83 composite existing jute mills in India are located in West Bengal – mostly on the banks of river Hooghly near Kolkata
- Export of jute products during 2009-10 was 110.5 th MT valued at Rs. 844.70 crore
- State Jute industry provides direct employment to 0.26 million workers and supports the livelihood of around 4 million farm families

Technical Textiles

- West Bengal has number of players in industrial garment segment and it has the potential to scale it up. Similarly, the State has potential in coated fabrics for various applications (For instance, large quantity of umbrellas are manufactured in the State which require coated fabrics). Technical textiles industry in India is today growing at the rate of over 11% per annum.

B. State Government's Initiatives for the Sector

- The State has a Directorate of Textiles, which is implementing a number of developmental and welfare schemes of the State and Central Government.
- The State also has a Textiles Policy 2007-2012 to fulfill the twin objectives of (i) taking the sectoral contribution to the State GDP to 10% and (ii) creating additional direct and indirect sustainable employment of 1 million people by the year 2012.

C. Advantages in West Bengal

- Substantial producer of chemicals, local dyes
- Availability of power
- Availability of cheap labour
- Large pool of workers traditionally trained in jute cultivation
- Easy export facility due to presence of port and airport
- Huge market, not only in India but different parts of the world especially Bangladesh and South East Asia due to trade agreements with these countries/regions.

D. Challenges and Current Issues for Textiles Industry in West Bengal

- Technological backwardness of units
- Sub-optimal and low volumes of operations
- Disconnect with large emerging markets within and outside the country
- Low labour productivity
- Archaic labour laws
- Limited raw material and intermediate product base within the State (like cotton, yarn etc)
- Lack of training and skill development institutes

E. Vision for the State's Textiles Industry

- There is a need for an ambitious long term textiles policy for West Bengal. Currently, the State has Textiles Policy 2007-12 which is not adequate for realizing true potential of textiles in the State.
- In terms of size, as per Annual Survey of Industries, the total production size of textiles industry in West Bengal is around \$2.9 billion which is 5.24% of total size of Indian textiles industry's output in 2009-10. Looking at other States, Tamil Nadu is leading with 21.5% share, Maharashtra with 12.7% and Gujarat with 12.5% share.

Table: Size of Textiles Industry in India and States- 2009-10

	India	West Bengal	Gujarat	Tamil Nadu	Maharashtra
Total Rs Lakh	26141580	1371773	3284045	5645961	3336039
Total (\$bn)	55.15	2.89	6.92	11.90	7.03
Share (%)		5.24	12.55	21.58	12.74

Source: Annual Survey of Industries

- According to Annual Survey of Industries, in 2000-01 the size of West Bengal Textiles industry was \$ 1.2 billion. Implying that in a period of ten year i.e. from 2000-01 to 2009-10 the West Bengal's textiles industry grew by CAGR of 9.2%. Government of India has set the growth target of around CAGR of 11.5% for twelfth five year plan for textiles. In view of the past growth trends in the State and target for 12th Five Year Plan, following targets are being suggested for the West Bengal's Textiles Policy 2022-23:
 - Doubling the share of West Bengal's textiles industry from the current 5.2% to at least 10% in next ten years i.e. by 2022-23 in India's textiles industry
 - The expected and required rate of growth to achieve the above targeted share would be 17.2% assuming that Indian textiles industry grow at the rate of 11.5% for next eleven years. This would mean doubling the growth also of the sector in the State from the current levels.

Table: Size of Textiles Industry (\$ billion)

	India	West Bengal Textiles Industry Size @9.24% CAGR	West Bengal Textiles Industry's Targeted Size @ 17.2% CAGR
2012-13	72.66	3.77	4.65
2013-14	81.01	4.12	5.45
2014-25	90.33	4.50	6.39
2015-16	100.72	4.91	7.49
2016-17	112.30	5.36	8.78
2017-18	125.21	5.86	10.29
2018-19	139.61	6.40	12.06
2019-20	155.67	6.99	14.13
2020-21	173.57	7.64	16.56
2021-22	193.53	8.35	19.41
2022-23	215.79	9.12	21.58

Source: FICCI Calculation based on ASI data

- Looking at the number of people employed in the State in the sector, there are almost fifty people employed for every Rs 100000/- of output. Assuming the proportion of output to labour employment remains same in the State in textiles sector, then by 2022-23 i.e. in next ten years if the State is able to increase its industry size as targeted above, then it would provide employment to at least 10 million people. Out of this at least 75% would be in the unskilled and semi-skilled level if one goes by national yardstick. This means that the sector has a huge potential in the State to provide employment to large number of people. This is to some extent also mentioned in the NSDC (National Skill Development Corporation) Report on Textiles and Clothing, which says that the major centers in India which will drive employment generation in textiles are Tamil Nadu, West Bengal, Karnataka, Maharashtra, and Gujarat in next ten to twelve years. The state of West Bengal will account for around 11% of the employment in the textile sector.

F: Comparative Analysis of Textile Policies of Major States

State/ Measure	Gujarat	Karnataka	Tamil Nadu	Maharashtra	West Bengal
Policy	Gujarat Textile Policy 2012	Suvaran Vastra Neethi 2008-2013	Policy Note 2012-13, Handlooms and Textiles	Textiles Policy of Maharashtra 2011-17	Textiles Policy 2007-12
Capital Subsidy	<p>Gujarat Textiles Policy provides for interest subsidy and also for technology acquisition and upgradation.</p> <p>The interest subsidy will be in addition to that provided by GOI. Maximum interest subsidy will be at the rate of 5% per annum (7% for spinning unit and garment/made-up units and 6% for technical textiles). This subsidy is for investment in new and modern plant and machinery as specified in TUF scheme of GOI. The interest subsidy is for period of five years or for the period of repayment whichever is earlier.</p> <p>For technology acquisition, financial assistance of upto 50% of the investment with maximum of Rs 25 lakhs per process/product once during operative period of the scheme</p>	<p>Karnataka provides credit linked capital subsidy on the basis of designated zones. Higher subsidies for more backward regions. Given below is the maximum subsidy provision.</p> <p>a) General 20% on the value of fixed assets or Rs.20.00 lakhs, whichever is less</p> <p>b) Additional subsidy (i) Units within Designated Textile Parks 5% on the value of fixed assets or Rs.5.00 lakhs, whichever is less. (ii) SC/ST/Persons with disabilities/Minority/Exservicemen/Women 5% on the value of fixed assets or Rs.5.00 lakhs, whichever is less.</p>	<p>No such scheme except 4% interest subsidy for primary weavers' cooperative societies on the rates charged by District Central Cooperative Banks.</p>	<p>Equity support in the specified ratio for cooperative spinning mills and projects of cooperative societies in powerlooms, weaving, warping, sizing, Dyeing, Printing, Garmenting, Knitting etc.</p> <p>10% capital subsidy for new textile projects in Vidarbha, Marathwada and North Maharashtra.</p> <p>Also, interest subsidy for new textile project on long term loan linked to centrally sponsored TUFs.</p> <p>For modernization of powerloom units of Scheduled Castes, Scheduled Tribes and Minorities, sanctioned by Bank's a scheme to give 10% capital subsidy of the capital investment [i.e. 10% of the permissible investment for the purpose of interest subsidy for projects which are approved in TUFs] on machinery, besides the concessions received from other sources,</p>	<p>No such scheme of State Government in the policy.</p>

State/ Measure	Gujarat	Karnataka	Tamil Nadu	Maharashtra	West Bengal
Power Subsidy	Power tariff subsidy @ Rs 1 per unit for a period of five years for cotton spinning and weaving units. This is only for units purchasing electricity from the State electricity/power distribution licensee.	Reimbursement of cost of power paid @ Rs.1.00 per unit for: (i) Readymade garment units (ii) Hi-tech Powerloom units with power connection above 20 HP (iii) Spinning units	Handloom weavers are being provided 100 units bi-monthly at free of cost. Free power supply upto 500 units for powerloom shed on bi-monthly basis	No such subsidy in the policy	No such subsidy in the policy
Land Acquisition	No such subsidy in the policy	Reimbursement of 25% of the cost of land including acquisition charges, if any, as charged by KIADB / KSSIDC or Rs.25.00 lakhs, whichever is less for Zone 1 for balanced regional development	No such subsidy in the policy	No such subsidy in the policy	No such subsidy in the policy
Stamp Duty Reimbursement	The developer of textiles park and enterprises in the park will be eligible for exemption of stamp duty on purchase of land required for the new park as approved by SLAC	Maximum of full reimbursement with respect to : (i) Execution of Lease, Lease-cum-sale and Sale deeds in respect of industrial land / plots allotted. (ii) Execution of Lease Deeds in case of industrial sheds / plots taken on Lease. (iii) Loan and credit deeds, including security documents such as mortgage deed, pledge deed etc., executed for availing long term funds from banks / FIs and other agencies of GoK/Gol. (iv) Use-on Stamp Duty paid on Imports	No such subsidy in the policy	No such subsidy in the policy	No such subsidy in the policy

State/ Measure	Gujarat	Karnataka	Tamil Nadu	Maharashtra	West Bengal
VAT/Entry Tax Reimbursement	Refund of VAT paid by the unit on purchases of intermediate product/ raw material except for certain goods and certain transactions which are not eligible for tax credit under The Gujarat VAT Act, 2003 and remission of tax collected on end product /intermediate product within entire value chain from cotton to Garment and made ups to the extent of 100% the eligible fixed capital investments in plant and machinery made within one year (two years in case of investment more than 500 crores) from the date of production or during the operative period of the scheme whichever is earlier. This concession will be available within 8 years from the date of the production.	Maximum of full reimbursement on Plant & Machinery and Capital Goods including equipments for captive power generation and for Common Effluent Treatment and waste disposal facilities.	No such subsidy in the policy	No such subsidy in the policy	No such subsidy in the policy
Common Effluent Treatment Plant and other environment related schemes	For common effluent treatment plant, subsidy is available under cluster/ textiles park development scheme In addition, Gujarat has a scheme known as assistance for Energy Conservation, Water Conservation and Environmental Compliance to existing units having in operation for more than three years. 7.1.2 Quantum of Assistance (i) Assistance up to 50%, Max Rs. 50,000 for Energy Audit/Water Audit! Environmental Compliance which will be applicable in each case separately. (ii) Assistance up to 20% of cost of equipments, Max Rs. 20 lakhs which will be applicable in each case separately. (iii) The enterprises will be eligible for the above benefit once in 2 years of operating period of the scheme	(a) 50% of the project cost or Rs.5.00 crores, whichever is less. (b) In case of projects funded under any Gol scheme –20% of project cost or Rs.2.00 crores, whichever is less.	18 Common Effluent Treatment Plants have been established at a cost of Rs.742.93 crore, to treat the effluents being let out by the dyeing units in Tiruppur area. The State Government acceded to the request of the Tiruppur dye house owners for extending a helping hand to those who had set up Common Effluent Treatment Plants at a huge cost. With an aim of reducing the loan burden, the Government had announced a sum of Rs.320 crore during the year 2009-2010 as financial assistance. On this the Central Government share is Rs.200 crore and the State Government share is Rs.120 crore.	No such measure in the policy	Government aimed at setting up three jute parks in the State under the policy to principally emerge as focal points for diversified activities. The parks were to be set up in public-private partnership mode with a special purpose vehicle driven by entrepreneurs at the helm. Jute parks would house large, medium and small-scale units and provide world-class physical infrastructure including developed industrial plots, road network, common effluent plant etc.

State/ Measure	Gujarat	Karnataka	Tamil Nadu	Maharashtra	West Bengal
Common Infrastructure/ Textile Park/Cluster Development	<p>The park will be provided financial assistance of up to 50%, with maximum limit of Rs. 10 crore (Rs.30 crores for Spinning park) of total project cost for establishing common infrastructure facilities, excluding land cost.</p>	<p>Common infrastructure for Greenfield Textile Parks- 40% of the project cost or Rs.12.00 crores, whichever is less.</p> <p>For SITP approved Projects 9% of the project cost or Rs.5.00 crores, whichever is less.</p>	<p>The Cluster development Programme approach focuses on formation of weavers' as a group to enable them achieve self sustainability. Under this scheme to develop the handloom clusters possessing 300 to 500 looms, financial assistance up to Rs.60 lakh is being provided for each cluster over a period of 3 years. Financial assistance under this scheme is provided for various components, such as Skill Upgradation, Purchase of New looms and accessories, setting up of dyeing units, Common Facility Centres, opening of showrooms, conducting exhibitions / fairs, publicity, providing of design inputs etc.</p>	<p>Interest subsidy for Textile Park</p>	<ul style="list-style-type: none"> • In case of handlooms, textile parks and clusters shall be provided with testing facilities on need basis. • the Government shall facilitate setting up of three powerloom parks in public-private partnership with comprehensive common support infrastructure, including common facilities for fabric dyeing, processing and finishing. • Government will set up 20 integrated textile/ apparel/ hosiery parks in public private partnership at suitable locations in the State, facilitate, establishment of world -class common infrastructure therein. • Government aimed at setting up three jute parks in the State during the next five years. The parks to be set up in public -private partnership mode and provide world -class physical infrastructure

State/ Measure	Gujarat	Karnataka	Tamil Nadu	Maharashtra	West Bengal
Skill Development/ Training	<p>Setting up of Training Institution</p> <p>(i) Under the scheme, any autonomous institutions promoted by government/ public sector undertakings or private sector with a background of textile and apparel industries or skilled manpower development, will be provided assistance upto 85%, with ceiling of maximum of Rs 3 crore, of the project cost covering fixed capital investment in building, equipments and machinery (including installation cost), electrification, furniture and other miscellaneous investment required for setting up training facilities, excluding land cost. Maximum 25% cost of Machineries and Training Equipments will be eligible to consider for Infrastructure including Building.</p> <p>(ii) The recurring expenditure for running the training institution has to be borne by the promoter institution.</p> <p>In Gujarat, there are large numbers of Training Centers in the form of tailoring schools, which provide training in sewing and other tailoring related activities. Such training centers, which come forward to upgrade their facilities in order to make them viable apparel training centers will be provided assistance at 50%, subject to a limit of Rs. 20 lacs per center, of their investment towards purchase of equipment and machinery (including installation cost), electrification and necessary furniture. Establishment of new training centers will also be eligible for financial assistance under the scheme.</p>	<p>Strengthening of Existing Training Institutes- The assistance will be limited to Rs.1.00 crore for each institution during the policy period. The assistance will be limited to the items of capital expenditure covering plant & machinery, testing lab, CAD/CAM centre, teaching aids, content development, etc. that are directly related to conducting the textile education related courses.</p>	<p>Financial assistance under Cluster development scheme is provided for various components, such as Skill Upgradation</p>	<p>The Skill Development Programme with the help of the Higher and Technical Education Department to be implemented under the policy.</p>	<p>The State under the policy aimed at training 50,000 educated unemployed youth of the State in textile related activities during the next 5 years in active handholding with Government of India, ITIs, Textile Colleges, private sector players, universities and colleges and other related outfits. In this regard, the State Government shall facilitate setting up of an Institute of Apparel Management by the Apparel Export Promotion Council in or around Kolkata.</p>

State/ Measure	Gujarat	Karnataka	Tamil Nadu	Maharashtra	West Bengal
<p>Market Development and Capacity Building Support</p>	<p>No such subsidy in the policy</p>	<p>Market Development and Branding: The funding support will be provided for this initiative would be 50% of the project cost or Rs.50.00 lakhs, whichever is less,</p> <p>Design Development and Product Diversification: The funding support will be provided for this initiative would be 50% of the Project cost or Rs.25 lakhs, whichever is less</p> <p>Standards and Compliances : The funding support will be provided to an individual unit to the extent of 50% of the cost or Rs.2.00 lakhs, whichever is less</p>	<p>Marketing incentive is granted on the sale of handloom products to maintain price competitiveness in the market.</p> <p>To promote marketing of handloom goods, District Level Exhibitions, Special Handloom Expo and National Handloom Expo are being conducted with the financial assistance of Government of India.</p>	<p>No such subsidy in the policy</p>	<p>In order to achieve the sectoral vision of handloom, the State Government to further strengthen its efforts to develop handloom clusters and set up 50 additional clusters by 2012 and provide common infrastructural, access to superior process and design technology, logistical and marketing support facilities.</p> <p>Apex Handloom organizations are eligible for 10% of the average sales turnover of the last three years</p>

G. Way Forward for Textiles Industry in West Bengal

- Given the fact that the State is already lagging behind other States in textiles and also States like Maharashtra, Gujarat and Tamil Nadu have recently announced new policy and major incentives for the textiles sector in their State, West Bengal government would have to come out with a really attractive package in addition to what is already being provided by Central Government for this sector to get investments. Since this sector is one of the largest employers after agriculture, developing this sector in the State would be in the overall interest and balanced economic development of the State.
- With India having free trade agreements with Bangladesh and ASEAN countries, West Bengal is strategically located also to become a leading exporting state in certain textiles segments.
- The State government's incentive and policies have to be more than that provided by the Centre and also by other leading States. FICCI suggests a twenty point agenda namely 'West Bengal's Textiles Policy- 2022' for the consideration of the State government. Following measures are suggested for strengthening and reviving textiles sector base in West Bengal:
 1. Competitive cost of power and uninterrupted supply of power is critical for textiles and garment industry. Cost of power is a crucial factor for increasing cost competitiveness of industry. It is estimated (2011 - ICRA Report for CITI) that in a Knitwear cluster in West Bengal power tariff for industrial consumers was around Rs 5 per Kwh (reportedly the tariffs since then have increased to Rs 7 per unit). If one compares it with Bangladesh, the cost of power will not be more than Rs 2 or 3 in that country. Hence, our competing countries enjoy significant cost advantage in power tariff. In order to compensate the industry for this high cost, various States have given subsidy on power in their textiles policy. For instance, Gujarat government's Textiles Policy 2012 provides power tariff subsidy @ Rs 1 per unit for cotton spinning and weaving industries.

However, given the fact that West Bengal does not have a strong base in many segments of textiles the State could provide subsidy of Rs 1.5 per Kwh to encourage investments in textiles. The units which purchase electricity from the state electricity/power distribution licensee will be eligible for this benefit.

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. The State shall also ensure gas linkages for the

generation of captive power in the State. The State government will also ensure faster clearances for the power plant like environment, land etc. so as to ensure timely financial closure of the project. Any excess power in captive plant could be supplied to Grid as per the norms fixed by State Electricity Regulatory Commission. In case fuel linkage is not provided then captive generation could also be considered for support on case to case basis.

2. Land availability- Following steps need to be taken up for providing land to the industry:
 - To encourage setting up of large textile units and parks, the State Government should relax the provision which prevents industry from holding maximum 24 acres of land.
 - Currently, the Southern part of the State is more developed than other parts. 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 TUFs 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 in case of industrial land and plots allotted or industrial sheds taken on lease. Also, the State will provide Stamp duty reimbursement to the extent of 50% on loan and credit deeds executed for taking long term loans from financial institutions. This support is again for designated zones mentioned in point above.
 - 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 would pursue Cluster based strategy for textiles and garment industry. The State Government will provide additional support to the textiles park under Centre's SITP scheme for external infrastructure like roads, ports, power, water supply etc and also for common amenities like testing labs, warehousing facility, dormitories etc. The support in this regard would be Rupees 15 crore for each cluster/park in addition to Centre's support. If the park is situated in designated zones for balanced growth then the amount of support would be Rs 25 crore in addition to Centre's support.

In particular, CITI's study found out that West Bengal has the potential to develop a leading knitwear cluster. The State enjoys availability of power, water and labour and the study estimates that cost disadvantage in West Bengal vis-à-vis Tirupur is less if one compares a knitwear cluster in Bangladesh. 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. This offers an opportunity to West Bengal to regain investments in knitwear sector and place itself on the global knitwear map alongside neighbouring Bangladesh.

The State can also look at developing product or sector specific parks with huge potential. These could be in the following areas:

- Garment, Knitwear, Hosiery
- Weaving & Processing
- Technical Textiles

The assistance for the same may be higher than the general assistance mentioned above. This would be on case to case basis depending on project's potential in terms of employment, output, exports etc.

4. Skill Development- Efforts of private sector companies/institutions, directly or through their non-profit arms, on skill upgradation, will be scaled-up with appropriate incentives and infrastructural support, through a mix of viability gap funding and direct assistance by State Government.
 - The State Government will facilitate Viability Gap Funding from the Centre for setting up of these ITIs/Polytechnics etc on PPP basis for covering the capital cost as per the VGF guidelines of the Ministry of Finance. In addition, the State will also provide its share of viability gap funding (which is another 20%) for such institutes. Since the Centre already provides 150% weighted deduction on skill development expenses this should make skill development attractive in the State for the industry on PPP basis. State Government will also explore opportunities for tie-up with organizations like ATDC, ILFS for the same.
 - Further, in order to strengthen the existing training institutes in the State which are in existence for the last five years at least and are conducting academic programmes in textile education offering certificates, diploma, and degrees they shall be provided technical assistance of Rupees three crore each under the policy provided they scale-up their capacities and upgrade courses in partnership with industry and as per industry requirements of the day. This assistance will not be for land or building but for other capital expenditure on machinery, tools, teaching aids, content development etc.
 - Training Centres to encourage workers in the unorganized handloom and decentralised powerloom or silk sector to upgrade their skills for modernized spinning, hosiery and

garment units shall be provided support. Training Centres which come forward to upgrade their facilities for this purpose would be provided financial assistance of Rupees 30 lakhs per centre along with partial reimbursement of stipend by the State government.

- State Government can also launch industry specific (e.g. garment, hosiery, jute etc.) skill development program involving third party for both training new workers and improving skill level of existing workers. Payment to third parties may be restricted with a upper cap of Rs. 12000 per trainee. Govt. of West Bengal may contribute 25% of the fund requirement and balance 75% may be taken from existing central Govt. schemes.

The above support measures will be 100% for designated zones and could be 50% in other zones of the State.

5. As mentioned earlier, the State is a net importer of many raw materials and intermediate products for textiles value chain. In order to ensure price competitive supply of such products to the State, the State government should provide the following:

- Exemption from entry tax on plant and machinery and capital goods including equipments for captive power generation and for waste disposal facilities.
- Exemption from Entry Tax on procurement of fibres and yarns in the State for sale of fabrics in India and abroad. This will help the industry to create weaving capacities in the State and thereby increasing employment also.
- CST refund to units on purchase of intermediate or raw material product in textiles value chain upto garment stage. This concession will be available for five years from the date of commencement of operations or till the time GST is implemented. If GST is implemented in between then an alternate scheme will be introduced in consultation with stakeholders.

6. Scheme for Energy Conservation, Water Conservation and Environmental Compliance to existing units (more than 2 years old)-

- Annual assistance up to 50%, Max Rs. 75,000 for Energy Audit/Water Audit Environmental Compliance which will be applicable in each case separately.
- Annual assistance up to 20% of cost of equipments, Max Rs. 20 lakhs which will be applicable in each case separately.

7. Common Effluent Treatment Plant- 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: In order to ensure that textiles industry in the State meets minimum expectations of global buyers, the funding support shall be provided to an individual unit to the extent of 50% of the cost or Rs 2 lakhs whichever is less for obtaining certification/accreditation under recognized and globally accepted international standards like ISO-9000, ISO-140000, ISO-18000, Social Accountability Standards, OEKO-TEX etc.
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 in addition to TUFs for modernization, establishment of new units and expansion of existing units (if expansion is more than 25%):
 - 5% capital subsidy or maximum of Rupees 1 crores whichever is less and
 - 6% interest subsidy

The support under this scheme need not be tied to utilization of TUFs scheme by the unit.

10. Support for Market Development, Branding and Design- This would be meant for a group marketing scheme for handlooms. Reimbursement of 25% of project cost or Rs 25 lakhs whichever is less annually.
11. The State government will also come out with a separate package for handloom sector which would include the following:
 - Working capital loan at very low rates
 - Ensuring raw material availability at cheaper rates for handloom
 - Free power supply up to specified monthly limits for handloom
 - Scheme for housing, health insurance and other welfare schemes in the State with the help of the concerned State Departments and dovetailing these with the schemes being implemented by Centre
12. The State government shall ensure faster clearances for textile units in textile parks and designated clusters in terms of excise, custom, environment, Factories Act etc. and a single window mechanism for granting permissions for textiles sector.

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. Some of these changes may not require amendments also as can be seen in the table below.

Section (Factories Act 1948)/ Subject	Existing Provision	Limit in the Act (Power to exempt is subject to these limits in the Act)	Suggested Amendment	Remarks
Section 54; Daily Hours	9 hours	12 hours (as per Section 65(3i))	10 hours	Change within existing limit
Section 65(3iii); Weekly hours	48 hours	60 hours (as per Section 65(3iii))	70 hours	Amendment seeks increase in existing limits
Spread over; Section 56	Ten & half hour in any day (inclusive of rest intervals)	13 hours (as per Section 65(3ii))	Eleven and a half hour	Change within existing limit
Section 65; Overtime in a quarter	50 hours	75 hours (as per Section 65(3iv))	150 or 156 hours (13 weeks in a quarter multiplied by 2 hours overtime each day)	Amendment seeks increase in existing limits

15. Establishment of Centre of Excellence for Product and Design Development: Product differentiation is the key for the success of the businesses in today's competitive market. This center will support individual entrepreneurs and MSMEs in this direction. This center will have training and sample production facility for textile (including handloom) products. The infrastructure will include Design center, Pilot production center, training facilities, testing facilities, conference room & office building. Industry will be able to take trial runs in controlled environment on payment basis under the able guidance of the faculties / technicians. This will not only help them to come out with new products / designs but will reduce the cost of developing new products. The center might be developed in PPP mode. Fund allocation might be Rs. 25 cr or 80% of the project cost whichever is less.

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.



FICCI, Federation House, Tansen Marg, New Delhi – 110 001

Tel: +91-11-23708065(D), 23738760-70 Extn. 450

Fax: +91-11-23320714, 23721504

E-mail: nisha.goel@ficci.com