

Textile Policies

➤ **Current Business Scenario at Surat:**

Surat, the synthetic capital of India, is the largest textile hub in Western India accounting for nearly 60% of total synthetic fabric production of India. All activities related to Textiles- weaving, sizing, texturising are integrated in the city. There is ready market for sized yarn and grey cloth within the city itself. It commands high prestige in the market developed by sound financial policies and fulfilling commitments of trade-quality and timely delivery.

➤ **Government Policies:**

As this sector is the second largest source of employment and one of the largest Forex earner with huge market potential existing overseas for Indian MMF, the Government of India is also extending full support for the growth and development of this Industry.

- TUF subsidy available on new projects was extended till 31.03.2012
- Increased depreciation up to 50% in the TUF approved project
- Concessional 5% Basic Custom duty available to specified textile machinery (including Embroidery Machineries) restricted only to the new textile machinery.
- (w.e.f. 17.03.2012) Lowest Excise duty incidence on textiles (4%)
- Status of Sunrise Industry by the Union Minister of Textiles.
- Removal of Octroi from Surat/Gujarat.
- Customs Duty on Capital goods Imported under EPCG reduced substantially to 3%
- Abolition of Quota regime has opened the market with unlimited potential
- State having special policy for Textile offering Extra 5% Interest Subsidy on capital investment i.e. 5% TUF + 5% State TUF Total 10% Interest Subsidy.

➤ **Major scheme related to cotton Ginning & Spinning**

- Interest subsidy of 5% without ceiling for the period of 5 years on new plant & Machinery
- Interest subsidy of 7% on new plant & machinery for cotton spinning, as well as for second hand imported cotton spinning machinery with certain condition, without ceiling for the period of 5 years
- Power tariff concession on new investment for cotton spinning at the rate of Rs. 1 per unit for 5 years.
- Minimum 150-acre land, stamp duty exemption to developers and units, and assistance up to 50% with maximum ceiling of Rs. 30 crores for common infrastructure for cotton spinning park with or without weaving
- Stamp duty exemption to developers and units in parks, and assistance up to 50% with maximum ceiling of Rs. 10 crores for common infrastructure in parks and other textiles Activities
- Refund of VAT paid by cotton based units like ginning, spinning and weaving on purchase of cotton/cotton yarn and remission of tax collected on cotton yarn.

(2)

- Some days earlier The Union Textiles Minister Dayanidhi Maran announced to set up 40 textile parks in the country under the public-private partnership model, out of which, seven would be in Gujarat of which five in Surat. He also said "The Central government will give a 40 per cent subsidy in terms of infrastructure. Many villagers would be benefited by the jobs available at their doorsteps. The Centre is also ready with subsidy plans for many more textile projects,"
- South Gujarat Chamber of Commerce and Industry (SGCCI) president Nilesh Mandlewala said the capital investment subsidy on TFOs machines should be increased from 15 per cent to 20 per cent and The SEZ setup in Surat should be denotified and given permission to sell its materials in domestic market.
- With effect from 17/03/2012 Textile Machinery are getting full exemption from basic custom duty on Shuttle less looms, parts/components of shuttle less looms by actual users for manufacture, specified silk machinery viz. Automatic reeling/ dupion reeling machines and their accessories including cocoon assorting machines, cocoon peeling machines, vacuum permeation machine, cocoon cooking machine, reeled silk humidifier, bale press and raw silk testing equipments. The exemption is available only to new machinery
- With effect from 29/02/2009, any person will not get the subsidy on the same project which already got the benefit of the scheme once.

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