

Government of Punjab
Department of Industries & Commerce
(Industries Branch)

NOTIFICATION

No.5/58/2002/5IB/1263

Dated Chandigarh, the 11th July, 2006

In pursuance of Clause 1.3 of "Industrial Policy – 2003" which inter-alia provides for creation of special thrust in the area where Punjab has an advantage in terms of cost & competitiveness, the Governor of Punjab is pleased to notify the Textile Policy 2006 as under to encourage the Textile Industry in the State of Punjab:

1. Preamble

Textile Industry occupies a unique position in India, being one of the earliest to come into existence in the country. In Punjab also this Industry is making significant contribution to the State's economy and to the national foreign exchange earnings. It adds about 19% to the total industrial production in the State and contributes to nearly 38% of the total exports from Punjab. Textile is the only Industry which is self-reliant and complete in value addition i.e. from raw material to the highest value added products - garments / made-ups. Therefore, the growth and development of this Industry has a significant bearing on the overall development of the economy.

The Textile Industry is also one of the largest provider of employment and accounts of almost 60% of industrial employment in the State of Punjab. It has been noted that even with high level of mechanisation, the chances of machine replacing human are minimum in the sector due to essential skill requirement. It provides employment opportunity to semi literates and lower section of the society where the incidents of unemployment is most glaring. Most importantly the Textile Sector is one of the biggest employment providing sectors to women. Hence any boost to Textile Industry will definitely provide and offer opportunity of large number of employment to the youths in the State of Punjab.

The elimination of quota restrictions under Multi Fibre Arrangement (MFA) and the implementation of World Trade Organisation (WTO) Agreement on Textile & Clothing has increased the potential for global trade in textile thus providing

greater export opportunity and at the same time exposing the domestic Industry to higher import penetration. The Industry has to improve its efficiency and productivity to meet emerging global competition.

With the dismantling of the quota regime, the top textile importing countries like U.S.A. and the European Union are looking towards India for meeting their import requirements. India according to several recent studies is going to emerge as an most important source of supply after China.

Given this background, it is most essential that the Govt. of Punjab formulates its specific Textile Policy to facilitate the growth and development of Textile Industry in the State of Punjab.

2. **Objectives:** The objectives of this Policy are following:-

- a). Facilitate the Textile Industry of Punjab to attain and sustain a pre-eminent global standing;
- b). The Industry equips itself to withstand pressure of import penetration and maintains a dominant presence in the domestic market;
- c) Facilitate cluster formulation to promote collective efficiency of textile units by improving their business processes and support systems.

3. **Thrust Areas:** To achieve above objectives, the policy intends to work on following thrust areas :-

- a) Technology up-gradation;
- b) Enhancement of productivity;
- c) Quality consciousness;
- d) Cluster development;
- e) Strengthening of raw-material base;
- f) Integrated human resource development; and
- g) Special benefits to Textile Industry.

4. **Initiatives**

To achieve the above mentioned objectives and to focus on above mentioned thrust areas, the efforts and endeavour will have to be taken both by Industry as well as State Government. Such areas like technology up-gradation, enhancement of productivity, quality coconsciousness and integrated human

resource development are such areas where the industry itself have to make efforts and will have to concentrate to meet the challenges and wherever requisite support and facilitation is required, the State Government will be providing that. However, following are these thrust areas where the State Government will play a major role of facilitator as well as the dominant policy provider to facilitate the direction of the growth of the Textile Industry in the State of Punjab.

(a) **Technology Up-gradation**

Technology Up-gradation Fund Scheme (TUFS) of Government of India aims at making funds available to the domestic Textile Industry for Technology Up-gradation of existing units and for setting up of new units with State-of-the-Art Technology for enhancing their viability and competitiveness in the domestic and international markets. With effect from January, 2005, the capital ceiling for machinery under this scheme has been increased from Rs.60 lac to Rs. 1 crore for decentralised powerloom sector. The rate of credit linked capital subsidy under this scheme has been increased from 12% to 15% for small scale textile industry w.e.f. June, 2005. Coverage of maximum number of units from Punjab under this scheme will be facilitated by the State Government.

Government of India has announced a package for re-structuring of high cost debts of textile units in the organised sector under which the recipient unit pays interest @ 8% to 9%. This scheme is available upto the end of 2006. State Government will facilitate maximum investment through this scheme for spinning, weaving and processing industries which are capital intensive and have high employment generation potential.

(b) **Cluster Development**

The State Government has already taken up the issue with Government of India for a Textile Cluster at Ludhiana alongwith a project of waste disposal under Industrial Infrastructure Up-gradation Scheme of Government of India. The environment project has already been sanctioned to Nimbua Green Field Company and the Textile cluster has been principally agreed upon by the Govt. of India and will shortly be sanctioned. In addition, the Punjab Small Industries & Export Corporation with the Association of Textile Industry is already establishing Punjab

APPAREL Park called M/s Punjab APPAREL Park Ltd. at Doraha, in Distt. Ludhiana. This is going to be developed as integrated textile park with all requisite facilities at one place for the Textile Industry and is likely to give a major boost to Textile Industry in the State of Punjab. On the same line, it is also proposed that Punjab Small Industries & Export Corporation will further develop another Textile Industrial Park in the Sate after due demand survey. Similarly, Punjab State Industrial Development Corporation may also take up development of Integrated Textile Parks under the new Policy of Ministry of Textiles, Government of India.

The State Government shall provide all facilitation for private participation in development of such industrial parks by private entrepreneurs which are exclusively dedicated to Textile Industry.

(c) **Human Resource Development**

In order to develop and train the manpower for textile industry, an Apparel Training and Design Centre has been set up at Ludhiana. More such centres will be set up at other places in association with Government of India.

Northern India Institute of Fashion Technology (NIIFT) which has been established by the State of Punjab has become a major Centre of imparting highly skilled education and training to the youths in the filed of fashion design, textile design, garment manufacturing technology and knitwear design. This Centre has acquired a reputation of its own. However, as envisaged originally, the State Government shall make efforts and take up the matter with Government of India to get this institute up-graded to the level of National Institute of Fashion Technology.

In addition, the State Government shall also work as a facilitator and a catalyst to allow private participation in bringing up such institutes in the State of Punjab so that quality manpower is created. Participation of private industry in strengthening the Apparel Wing of existing Industrial Training Institutes and Polytechnics will be encouraged.

(d) **Special Benefits to Textile Industry**

The State Government also proposes to provide following concessions to the Textile Industry in the State of Punjab:

PROPOSALS FOR MEGA PROJECTS

- (i) The Empowered Committee has been reducing Electricity Duty on mega projects to half for a period of five years. This incentive will be increased to full waiver of Electricity Duty for a period of seven years for mega Textile projects in districts of Patiala, Sangrur, Mansa, Bathinda, Faridkot, Moga, Muktsar and Ferozepur. This will provide necessary boost to investment in Punjab's cotton growing belt.
- (ii) The ground water in most of the cotton growing area in Punjab is unfit for industrial use. It is, therefore, necessary for the industry to take canal water. However, it usually requests for waiver of departmental charges. It is, therefore, proposed that for mega projects in the textile industry, departmental charges on such work will be waived off as a general policy.
- (iii) Government has been helping promoters of mega projects in land acquisition. Normally, the promoters are expected to acquire a substantial part of the land themselves and the left out packets are acquired by the Government. For textile industry in the districts mentioned in clause (a) above, this policy will be changed to full acquisition of land if requested by the promoter at the promoters cost.
- (iv) To the extent, it is within the power of the State Government a liberalized labour law regime would be offered for the Mega projects, including those in Textile Sector.

MEASURES FOR SMALL & MEDIUM INDUSTRY

- i) Many textile projects have been taken up under different schemes of Government of India including an Apparel Park at Doraha in district Ludhiana, an Integrated Textile Park in Ludhiana, Textile Cluster under the Industrial Infrastructure Upgradation Scheme for Ludhiana. There are, however, many problems in implementation of these schemes. It is, therefore, proposed that a Monitoring Committee headed by Finance Minister will be set up, which should review the projects on monthly basis followed by interaction at the level of the concerned Union Minister to sort out these problems.

- ii) Additional incentive mentioned above for mega projects will be made available to textile parks anywhere in Punjab provided the total investment qualifies as a mega project.
- iii) One of the most cost-effective interventions to improve the productivity of any industry is to improve the quality of human resources available to it. Government will take up one or two Polytechnics and four-five Industrial Training Institutes close to major textile centres for up-gradation in public-Private Sector Partnership mode.

It is expected that the proposed policy will give reasonable boost to Textile Industry in the State of Punjab and create employment opportunity to large number of youths in the State.

Chandigarh
7th July, 2006

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Principal Secretary to Government, Punjab
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