

# Scheme for Additional Grant for Apparel Manufacturing Units under SITP

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**In news :** Recently, the Union Minister of Textiles mentioned that the Scheme for Additional Grant for Apparel Manufacturing Units is one of the policy initiatives of the government to boost the textile Industry in India

## **Scheme for Additional Grant for Apparel Manufacturing Units under Scheme for Integrated Textile Park (SITP)**

### **Objective**

The main objective of Scheme is to create an integrated workspace and linkages\_based entrepreneurial ecosystem for start-ups that is operationally and financially viable and increases the chance of success of start-ups that is operationally and financially viable and increases the chance of success of start ups and decreases the time and costs required to establish and grow a new business. The outcomes envisaged include:

- Promote entrepreneurship in apparel manufacturing
- Create additional manufacturing capacity
- Generate additional employment opportunities

### **Eligibility criteria for Assistance under the scheme**

To set up Apparel Manufacturing units in SITPs the following eligibility criteria is laid down:

- The assistance would be available to the Special Purpose Vehicle (SPV) companies of the approved textile parks under SITP which have operationalised 25% of the approved units till 31st March, 2013.

- This grant shall be available for setting up of only additional infrastructure required for apparel and ancillary units, as permissible under the current guidelines of SITP (except for procurement of land) in the Park. The eligible components of the project include
  - Factory Buildings for apparel manufacturing units
  - Common facilities like crèches, Working women hostel, canteen etc. Common Infrastructure for only the additional facilities created would be sanctioned.
- The SPVs should leverage the common infrastructure already created in the park and the grant shall be available for setting up additional manufacturing units which would capitalize on the existing infrastructure.
- SPVs would be encouraged to build some extra area under production for providing plug and play infrastructure to be given on rental/hire purchase model to be approved by PAC on a case to case basis.
- The SPVs should set up a minimum of 3 apparel manufacturing units including ancillary units in the Park. The proposed apparel manufacturing units may be set up within the existing park and /or by way of acquiring additional land in contiguity with the existing park.
- The assistance of GoI would be limited to 40% of the proposed project cost, not exceeding Rs 10 crores for each park. Thus SPVs intending to avail Rs 10 crores of grant assistance, would need to invest Rs 15 crores (through equity/loans/other sources) in the ratio of 40:60. SPVs to upfront bring in 10% of their proposed contribution in escrow account.
- The eligible SPVs wishing to avail this additional grant, are required to submit project proposals through empanelled PMCs, for consideration by the Ministry of Textiles. Such proposals should provide the following details:

- Details of proposed apparel manufacturing unit(s): area, capacity, product type etc
- Details of support infrastructure like power, water, workers' hostel & factory building etc. additionally required for new facilities.
- Estimated project cost and proposed funding
- Estimated impact in terms of employment and investment
- Proposed timelines for implementation of the project
- The proposals shall be scrutinized by Project Scrutiny Committee and approved by Project Approval Committee of the SITP
  - The additional grant is proposed for factory building and Support Infrastructure/ Facilities and is for creating additionality in these components, wherever required and is over the above the 'factory building' and 'support infrastructure' that has been approved in the DPR of the existing Parks

### **Do you know?**

The textile industry is the second largest employer in the country and plays a pivotal role in economic growth and development of the country. The industry contributes to 14% of million the total manufacturing output contributing to 10.570.of export earnings and employs 35 workers. The size of the Indian apparel market is estimated to be \$45 billion and it is expected to grow up to \$200 billion by 2025

### **The Scheme for Integrated Textile Parks (SITP)**

It was launched in 2005 to provide the industry with State of the art world-class infrastructure facilities for setting up their textile units.

Primary objective of the SITP is to provide the industry with

world class state of the art infrastructure facilities for setting up their textile units.

The scheme would facilitate textile units to meet international environmental and social standards