GUIDELINES OF THE SCHEME FOR INTEGRATED TEXTILE PARKS DURING THE 11TH FIVE YEAR PLAN

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1. Objectives of the Scheme:

1.1 The 'Scheme for Integrated Textile Parks (SITP)' was launched by merging two schemes, namely, Apparel Parks for Exports Scheme (APES) and the Textiles Centre Infrastructure Development Scheme (TCIDS).

1.2 Primary objective of the SITP is to provide the industry with world-class infrastructure facilities for setting up their textile units. The scheme would facilitate textile units to meet international environmental and social standards.

1.3 SITP would create new textile parks of international standards at potential growth centres. This scheme envisages engaging of a panel of professional agencies for project identification and execution.

1.4 Each Integrated Textile Park (ITP) would normally have 50 units. The number of entrepreneurs and the resultant investments in each ITP could vary from project to project. However, aggregate investment in land, factory buildings and Plant & Machinery by the entrepreneurs in a Park shall be at least twice the cost of common infrastructure proposed for the Park.

1.5 The ITPs may also be set up in the Special Economic Zones (SEZs), in which case the special provisions of SEZs would be applicable for them. In case these are set up outside SEZs, proposal may be pursued with the Ministry of Commerce & Industry to declare the ITP as SEZ, if it is so desired.

1.6 The Scheme is co-terminus with the 11th Plan period (2007-12).

2. Scope of the Scheme:

2.1 The scheme targets industrial clusters/locations with high growth potential, which require strategic interventions by way of providing world-class infrastructure support. The project cost will cover common infrastructure and buildings for production/support activities (including textiles engineering, accessories. packaging), depending on the needs of the ITP. There will be flexibility in setting up ITPs to suit the local requirements.

2.2 An ITP will have the following components:

(a) **Group A** - Land.

(b) **Group B** – Common Infrastructure like compound wall, roads, drainage, water supply, electricity supply including captive power plant, effluent treatment, telecommunication lines etc.

(c) **Group C** – Buildings for common facilities like testing laboratory (including equipments), design center (including equipments), training center(including equipments), trade center/display center, ware housing facility/ raw material depot, one packaging unit, crèche, canteen, workers hostel, offices of service providers, labour rest and recreation facilities, marketing support system (backward / forward linkages) etc.

(d) **Group D** – Factory buildings for production purposes.

(e) **Group E**- Plant & machinery.

2.3 The items covered under each of the above Groups are illustrative only, and every ITP may be developed to suit the specific production and business requirements of members of ITP. The Project Approval Committee (PAC) will decide on merit the inclusion or otherwise of a component in the project cost on case to case basis.

2.4 The total Project Cost for the purpose of this Scheme includes the cost on account of components of ITP, as listed under Groups A, B, C and D above, provided the ownership of the factory buildings vests with the SPV.

2.5 The SPV will, however, have the option of seeking financial support from Government of India for components under Groups B and C only, if factory buildings are individually owned.

3. Implementation Structure:

3.1 Industry Associations/Groups of Entrepreneurs would be the main promoters of the ITPs. At each ITP, there would be a separate Special Purpose Vehicle (SPV) formed with the representatives of local Industry, Financial Institutions, State and Central Government. SPV shall invariably be a Corporate Body registered under the Companies Act. Any different structure for the SPV requires the approval of the Project Approval Committee. The SPVs shall have operational autonomy so that they do not become surrogate Public Sector Enterprises or be controlled by Central/State Governments.

3.2 MOT shall appoint a panel of professional agencies**,** which have considerable experience and expertise in the area of infrastructure development, as Project Management Consultants (PMCs) for implementing the Scheme.

3.3 The PMCs will be responsible for the speedy implementation of the Projects in a transparent and professional manner so as to achieve high degree of quality at a low cost acceptable to the members of the SPV for which fee will be paid to the PMCs by the Ministry of Textiles.

3.4 The PMCs will report to Ministry of Textiles, which shall directly supervise the implementation of projects under the superintendence and control of Secretary (Textiles).

3.5 A PMC will discharge the following functions:

i) Identifying the locations for setting up the ITPs based on a scientific assessment of the demand and potential of the area.

ii) Facilitating formation of SPV at each project level with the participation of local industry.

iii) Preparation of Project Plan including the setting of standards for infrastructure.

iv) Structure and appraise the projects and submit the same for consideration of Project Approval Committee (PAC).

v) Assist the SPVs in selection of agencies for preparation of bid documents, construction, operation and maintenance of the facilities in the Project.

vi) Assist the SPV in achieving financial closure.

vii) Monitor the implementation and submit periodical progress reports to the MOT.

viii) To liaise with the State Governments to resolve state-related problems.

ix) Ensure timely completion of project(s) as fixed by the PAC.

3.6 These SPVs would be the focal points for implementation of the Scheme, playing the following role:

i) The SPV would conceptualize, formulate, achieve financial closure, implement and manage the infrastructure.

ii) The SPV would procure land, cost of which could be built into the project cost.

iii) After developing the infrastructure, SPV would allocate sites to Industry for setting up units.

iv) SPV would also facilitate securing bank finance required for setting up units in ITP.

v) SPV would be responsible for maintaining the utilities and infrastructure created for ITP by collecting service and user charges.

vi) The SPV has to be so structured as to be self-sustaining with a positive revenue stream.

vii) SPV would appoint contractors/consultants in a fair and transparent manner. In order to ensure timely completion of the project, SPV will obtain appropriate performance guarantee from consultants/contractors.

3.7 The ongoing projects sanctioned under the TCIDS/APES will continue to be provided Government assistance, as per the provisions of the respective scheme, out of the budget provision for SITP.

4. Role of State Government:

4.1 The role of the State Government is envisaged in the following areas:

i) Providing all the requisite clearances, wherever needed, for setting up the ITP and providing the necessary assistance for Power, Water and other utilities to the ITP.
ii) Assist in identification and procurement of suitable land.
iii) The State Government agencies like Infrastructure/Industry Development Corporations may also participate in the projects by way of subscribing to the equity of SPV or by providing grants.
iv) Providing flexible and conducive labour environment and consider special facilities like exemption of stamp duty etc. for the units located in the ITP.
v) Dovetailing of other related schemes for overall effectiveness and efficiency of the project.

4.2 In order to facilitate proper coordination, State Governments would be requested to participate in the SPV.

5. Funding Pattern:

5.1 The total project cost, as indicated in para 2.4, shall be funded through a mix of Equity/Grant – from the Ministry of Textiles, State Government, State Industrial Development Corporation, Industry, Project Management Consultant and Loan – from Banks/ Financial Institutions.

5.2 The Government of India's (GOI) support under the Scheme by way of Grant or Equity will be limited to 40% of the project cost subject to a ceiling of Rs. 40 crore. GOI support under the Scheme will be generally in the form of grant to the SPV unless specifically decided to be equity. However, the combined equity stake of GOI/State Government/State Industrial Development Corporation, if any, should not exceed 49%.

5.3 However, GOI support will be provided @90% of the project cost subject to a ceiling of Rs. 40 crore for first two projects in the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim and Jammu & Kashmir.

5.4 **Release of Funds:** The following schedule will be adopted for release of GOI assistance to the SPV:

i) 1st instalment of 30% of the total Government of India (GOI) share will be released in two parts.

- 1st part of 1st instalment representing 10% of the total GOI share will be paid to the SPV subject to fulfilment of following criteria:-

a) Establishment of SPV.
b) Inclusion of one representative of Government of India and one representative of the PMC on the Board of Directors.
c) Land to be in the possession of SPV.
d) Issuance of shares by SPV to members in proportion of area allocable to them.
e) Execution of share holders' agreement.
f) Establishment of escrow account in a nationalized bank.
g) Recommendation of PMC confirming the above points (a) to (f).
h) DPR duly validated by PMC and approved by the PAC.

- 2nd part of 1st instalment representing 20% of the total GOI share will be paid to the SPV subject to fulfilment of following criteria:-

a) Utilisation Certificate for the 1st part of the 1st Installment.
b) Details of equity contribution.
c) Sanction Letter for loan Component, in case SPV is taking term loans.

d) Award of contracts worth at least equivalent to 30% of the total project cost excluding the land cost.

ii) 30% of the total GOI share after the utilisation of the 1st instalment and after the proportionate expenditure (i.e. 1.5 times of the GOI share released) has been incurred by the SPV. Utilisation Certificate (UC) of the 1st Instalment shall be submitted by the SPV at the time of making claim for the 2nd Instalment.

iii) 30% of the total GOI share after the utilisation of the 2nd instalment and after the proportionate expenditure (i.e. 1.5 times of the GOI share released) has been incurred by the SPV. Utilisation Certificate (UC) of the 2nd Instalment shall be submitted by the SPV at the time of making claim for the 3rd Instalment.

iv) 10% of the total GOI share will be released after successful completion of the project and after 25% of the units in ITP start their production. The UC of the 3rd Instalment shall also be submitted by the SPV at the time of making claim for the final Instalment.

5.5 The SPVs would forward their claims to the MOT after verification by PMC supported by documents such as Utilisation Certificate in the format of GFR 19A, Pre-Receipt Bill, Surety Bond etc., as required under the relevant rules.

5.6 Separate accounts shall be kept by SPV for the funds released by GOI, which shall be subject to audit by the Comptroller & Auditor General of India.

5.7 In the event of an SPV withdrawing from executing a project before utilizing the Government assistance, then the SPV should immediately return the Government assistance togetger with the interest accrued thereon, if any. Payment of penal interest by the SPV shall be decided by the Project Approval Committee (PAC) on case to case basis.

5.8 User charges would be fixed for various facilities and services by SPV. There shall be full recovery of Operational & Maintenance (O&M) costs through user charges.

5.9 The recovery by way of lease rentals shall accrue to the SPV for plough back for future expansion.

5.10 Budget provision of not exceeding Rs.1 Crore per annum shall be made for administrative expenditure, evaluation, studies, research & seminars, information dissemination, publicity, and for putting in an IT enabled monitoring mechanism, etc

6. Purchase of land:

6.1 Land for Textile Parks shall be purchased / arranged by the SPV. The registered value of land would be taken as part of the Industry's equity/share in the project. The GOI grant shall not be used for procurement of land.

7. Project Formulation:

7.1 The project proposal shall be formulated by a PMC after conducting a diagnostic study of the requirements of common facility and infrastructure in the specific location and based on demand and potentiality.

7.2 The broad aspects, which may be covered in the Project Report, are given at **Annex-A**. These are intended to be indicative and not exhaustive.

8. Project Approval Committee:

The project proposals shall be considered and sanctioned by a Project Approval Committee (PAC) headed by Secretary (Textiles). The other members of the Committee shall be as follows:

(i) Advisor (Industry), Planning Commission

(ii) Additional Secretary & Financial Advisor, Ministry of Textiles.

(iii) Textile Commissioner, Mumbai

(iv) Joint Secretary (PF-II), Department of Expenditure

(v) Joint Secretary (Infrastructure), Department of Commerce

(vi) Joint Secretary (IIUS), Department of Industrial Policy & Promotion

(vii) Economic Advisor, Ministry of Textiles

(viii) Joint Secretary (SITP), Ministry of Textiles

(ix) Director (SITP), Ministry of Textiles – Member Secretary

9. Project Monitoring and Evaluation:

The Ministry of Textiles (MOT) will periodically review the progress of the projects under the scheme. The PMC would devise a suitable monitoring and evaluation system and shall furnish monthly reports/returns to the MOT.

10. In so far as interpretation of any of the provisions of these guidelines, the decision of the Project Approval Committee (PAC) shall be final.

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