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**HANDLOOMS, TEXTILES & HANDICRAFTS DEPARTMENT**  
**RESOLUTION**

The 29th November, 2016

**SUBJECT: Odisha Apparel Policy, 2016.**

The Apparel industry holds promise for Odisha on two counts, that globally it is a fast expanding and growing market and that it has an incomparable employment potential.

Odisha complements the requirements of the Apparel sector with its capacity for skilled workforce, predominantly women; and its thrust on creating an investor-friendly industrial environment.

The Industrial Policy Resolution (IPR), 2015 delineates Textile and Apparel as a Priority Sector and lays down a number of incentives. These benefits may be availed in addition to this Policy. However, benefits under no other Sectoral/ MSME Policy of Govt. of Odisha will be applicable if benefits under this Policy are availed. There will be no bar to avail benefits under any Govt. of India Policy.

In addition, to further enhance opportunities while at the same time encouraging responsible, green-field, quality conscious, preferably export oriented growth, the Odisha Apparel Policy, 2016 has been formulated in a condensed yet industry-suitable manner.

In its logic and derivation, it takes into account all the broad requirements of the Apparel industry. However, while offering benefits/incentives, it lays down just three clauses to ensure smooth interface between industry and Government.

All processing under this policy including transfer of incentives will be done transparently through online systems. Evaluation and monitoring processes are laid down in the Standard Operating Procedures (SOP).

## The Odisha Apparel Policy, 2016:

### 1. Incentives Offered:

SL. NO.	PARTICULARS	Description
1	<b>APPAREL UNITS</b>	<ul style="list-style-type: none"> <li>For Apparel units where employment is minimum 200 workers at any given time in a year after commencement of commercial production :</li> <li>A Unit will receive an incentive of Rs 1000/- per worker per month on actual employment by the unit, on financial year basis. This facility will be available to a Unit for a period of 36 months where minimum employment conditions are met.</li> <li>90% workers (unskilled, semi skilled, skilled) must be domicile of Odisha.</li> </ul>
2	<b>APPAREL PARK</b>	<p>a) Capital grant of 20% of project cost of the park excluding cost of land, limited to maximum Rs. 20 cr. towards development of common infrastructure, common facilities and factory buildings if owned by SPV. (This incentive may be availed either from IPR,2015 or from this policy.)</p> <p>b) Interest free loan up to 10% (subject to maximum limit of Rs. 10 cr.) of project cost excluding cost of land. After a moratorium period of 2 years from date of disbursement of loan, SPV shall repay within five years @ minimum 20% per year, with an option to prepay the loan.</p>

For Apparel Units, this policy will be applicable to new units which are approved by Competent Authority and commence commercial production before 31st December, 2020.

### 2. Definitions:

- i. **Garment/Apparel/Made ups:** Wearable or non wearable stitched fabrics of which at least two sides of the fabrics are stitched using sewing machinery.
- ii. **SPV:** Special Purpose Vehicle formed as a corporate body registered under Companies Act.

### **3. Implementation:**

For Apparel Park, the nodal agency shall be SPINFED (Odisha State Cooperative Spinning Mills Federation Ltd.) which shall receive, process proposals and submit through Director, Textiles to Govt. in Handlooms, Textiles & Handicrafts Department for approval.

For Units with investment per unit up to Rs.50 cr., SPINFED will receive Application with DPR, evaluate and give a Techno-Financial Feasibility approval. This will be sent to respective DICs (District Industries Centre) for further processing as per The Odisha Industries (Facilitation) Act, 2004 and Rules there under.

For Units with investment per unit above Rs.50 cr., Investors shall apply in Combined Application Form (CAF) in ebiz.gov.in which will be processed by IPICOL (Industrial Promotion and Investment Corporation of Odisha Limited) through a web-based system facilitating time bound clearances to investment proposals, including facility for e-filing of Combined Application Form (CAF), e-payment of processing fees and virtual single window interface between investors and different clearance authorities.

SPINFED will monitor and facilitate the benefits under this Policy, ensuring release of admissible incentives within the stipulated time period as specified in Standard Operating Procedure (SOP) of the policy.

All disbursements will be made online through Banks.

### **4. Standard Operating Procedure for release of incentives under this Policy:**

#### **A. Apparel unit:**

##### **a. General Conditions:**

On achievement of commercial production [certified by (a) Director Industries or (b) Director of Textiles through SPINFED] with recruitment and enrolment of minimum 200 workforce, the unit shall produce the following documents on yearly basis within 3 months from end of each financial year.

- i.* List of workers with full address and self certified domicile Certificates.
- ii.* Self certified copy of Aadhar Card.
- iii.* Pay Roll duly certified by the employer as proof of wage paid month wise online into individual workers' Bank Accounts.
- iv.* Copy of the online documents (Electronic Challan *cum* Return ECR) of EPFO reflecting amount deposited against the individual worker in the prescribed format of the EPFO.
- v.* Universal Account Number (UAN) which is the unique account number issued by EPFO to employees. This number Aadhar seeded and verified should be reflected.

- vi. Online bank receipt towards payment of monthly provident fund received at EPFO.
- vii. Undertaking that the wages under different categories as prescribed by Labour & Employment Department, Govt. of Odisha have been paid to the workers.

**b. Release of funds:**

- i. After receipt of above documents from the units, SPINFED will scrutinise and verify the same and recommend to the Director of Textiles, Odisha within two months. The Director of Textiles, Odisha shall disburse the claim online through Banks.
- ii. All utilization certificates should be duly audited & certified by chartered accountant firms.

**B. Apparel Park:**

**a. General Conditions:**

- i. Shall be run through an SPV.
- ii. An SPV promoter/ anchor may be
  - a) A Company with minimum net worth of Rs. 100 cr., or
  - b) A reputed Industry Association in Apparel clusters which has operated for not less than 10 years.
- iii. The park (other than individual member units) should have minimum investment of Rs. 50 cr.
- iv. The SPV shall independently arrange the land either through (a) freehold purchase from market or (b) leasehold from IDCO/State Govt. which must be registered in the name of SPV.
- v. The Apparel Park in all its processes and functions must adhere to environment related compliances such as rain water harvesting; hazardous waste treatment; storage and disposal facilities; clean emissions; pollution control devices; health and safety standards; water and energy conservation.
- vi. The SPV shall put in place an interactive online application software/ database relevant for accessing benefits under this Policy.
- vii. Common infrastructure includes ZLD/ CETP, internal drainage, water supply, internal roads, power supply, compound wall, telecommunications etc.

- viii.* Common facilities include testing labs, design centre, training centre, trade/display centre, warehousing facilities, packaging unit, crèche, canteen, workers' hostel, office for service providers, labour rest and recreation facilities, marketing support etc.

**b. Release of Capital Grant:**

- i.* First instalment **(10%)** of the grant will be released to the SPV subject to SPV furnishing a bank guarantee of equal amount to the State Government and with following conditions:—
  - ✓ Certificate of Establishment of SPV
  - ✓ Inclusion of one representative of Handlooms, Textiles & Handicrafts Deptt., Govt. of Odisha and MD SPINFED on the board of Directors.
  - ✓ Land in possession of the SPV
  - ✓ Opening of escrow account in a Nationalised Bank.
  - ✓ Submission and acceptance of Detailed Project Report (DPR)
  - ✓ Consent of financial institution / Bank for funding the project
  - ✓ Furnishing the Credentials of all stake holders of SPV.
- ii.* Second instalment **(15%)** of the grant will be released to the SPV with following conditions:—
  - ✓ Utilization Certificate for 1st Instalment
  - ✓ Details of equity contribution
  - ✓ Sanction Letter for loan component, in case SPV is taking term loans
  - ✓ Award of contracts worth equivalent to at least 30% of the total project cost excluding the land cost.
  - ✓ Availability of all statutory clearances necessary for commencement of the project, including water and electricity.
  - ✓ The Bank guarantee given by the SPV will be returned upon sanction of second instalment of grant.
- iii.* Third instalment of **25%** of the grant shall be released after the utilization of the 2nd instalment and after proportionate expenditure (i.e. 25% of the total SPV share from all sources) has been incurred by the SPV. Utilization Certificate (UC) of the 2nd instalment shall be submitted by the SPV at the time of making claim for the 3rd instalment.
- iv.* Fourth instalment of **25%** of the grant shall be released after the utilization of the 3rd instalments and after proportionate expenditure (i.e. 50% of the total SPV share from all sources) has been incurred by the SPV. Utilization Certificate (UC) of the 3rd instalment shall be submitted by the SPV at the time of making claim for the 4th instalment.

- v. Fifth instalment of **25%** of the grant shall be released after the successful completion of the project and after 50% of the units in Apparel Park start their commercial production. Utilization Certificate (UC) of the 4th instalment shall be submitted by the SPV at the time of making claim for the final instalment.
- vi. All utilization Certificates should be duly audited & certified by chartered accountant firms.
- vii. All interest earned on account of grant should be spent for the purpose for which the grant has been sanctioned, else it should be returned.

**c. Release of Interest free Loan:**

- i. On application by SPV, 50% of interest free loan may be considered for release upon fulfilment of conditions for 1st instalment of capital grant.
- ii. On application by SPV, balance 50% of interest free loan may be considered for release upon fulfilment of conditions for 3rd instalment of capital grant.

SPINFED will aid, advise, supervise and monitor the SPV from the beginning till grounding of the Park/Unit.

**Miscellaneous:**

(a) This policy shall remain in force until substituted by another policy. The State Government may at any time amend any provision of this policy.

(b) Doubts relating to interpretation of any term and/ or dispute relating to the operation of any provision under this policy shall be referred to the concerned Administration Department, Government of Odisha for clarification/ resolution and the decision of Government in this regard shall be final and binding on all concerned.

(c) Implementation of various provisions covering the incentives, concessions etc. will be subject to the issue of detailed guidelines/ statutory notifications, whenever necessary, in respect of each item by the concerned Administrative Department.

**ORDER**

Ordered that the Resolution be published in the next issue of *Odisha Gazette*.

By Order of the Governor

CHITHRA ARUMUGAM

Commissioner-cum-Secretary to Government