



Government of Maharashtra



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POLICY FOR INDUSTRIAL PARKS COMPRISING OF FLATTED GALAS FOR READYMADE GARMENT MANUFACTURING, GEMS & JEWELRY, MICRO ELECTRONICS AND ENGINEERING UNITS – 2018



सत्यमेव जयते

Government of Maharashtra
Department of Industries



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Policy for Industrial Parks comprising of flattened galas for Readymade Garment manufacturing, Gems & Jewelry, Micro Electronics and Engineering units-2018

1. INTRODUCTION

- A. The turnover of local textile and readymade garment industry in India in the year 2014 was 67 Billion US \$ and this industry is expected to grow upto 141 Billion US \$ by 2021. As per the statistics published by COMTRADE organisation of UNO, in the year 2014, India was globally on 2nd position in export of textiles and garments. In year 2015 with 41% the stake of readymade garment was highest. However, considering only the readymade garments, India was 6th in global exports. In 2012, in exports India's stake of garments was only 5%. However, in case of Bangladesh it was 93%, Sri Lanka, 45% and in case of Pakistan, it was 19 %.
- B. Readymade garment production sector is the last step in the chain of textile price and it is the highest contributor in value addition. This sector is of low capital investment and high labour demand. As per World Bank's report, if there is an increase of 10% in prices of readymade garment production from China, there will be minimum 1.2 million new job creation in readymade garment production industry in India.
- C. In readymade garment production industry, the share of jobs for women in urban, semi-urban and rural areas is more than any other industry. Hence, it will give maximum benefits to women.
- D. The readymade garment production industry sector needs to be given strong backing as it has an extremely high potential for employment creation. This factor is very beneficial for increasing the per capita incomes in the under developed areas of the State. In the cotton producing belt of Marathwada and Vidarbha this sector is beneficial for creation of production based employment.
- E. In India, the demand for readymade garments is received through three major sources-domestic use, sector other than domestic (Institutional, Industrial & Technical sector) and export sector. Maximum portion of the readymade garment is consumed in domestic sector and in India, the readymade (60%) then sector other than domestic (21%) and then export sector (19%) is the sequence. Mumbai is prominently an export centre for high quality and new type of clothes (fashion garment). The contracts received from international quality fashion brands are a major contributor to Mumbai's readymade garment industry business. This business involves high value addition and has extreme development potential. In country's other textile clusters, Tirupur, Ludhiana, Bengaluru, Delhi / Noida / Gurgaon, Kolkata, Jaipur and Indore are included. Tirupur, Ludhiana and Kolkata are prominent centres for garments for domestic use and Bengaluru, Delhi / Noida / Gurgaon, Mumbai, Jaipur and Indore are prominent centres for knitted garments.

- F. The share of gems & jewelry sector in India's GDP is 6.7% and has large contribution in India's foreign exchange earnings. In 2015-2016, by earning revenue of approximately 38.6 Billion US \$ through export, this sector has taken itself to 2nd position in exports after petroleum products. As per research and market estimates, the CAGR of gems & jewelry market in India for 2014-2019 period is expected to be approximately 15.95%. This sector is one of the fastest growing sectors and has large potential for employment generation,hence, this sector has a capacity to provide development opportunity and employment generation on a large scale in Maharashtra.
- G. In Maharashtra, especially Mumbai is the main centre for diamond trade, diamond cutting and polishing,jewelry production and2 export. This sector is largely un-organised in nature and comprises of small manufacturers in large number. These industrial units are primarily located in urban areas and availability of space at reasonable rates is very chronic issue at these locations, because of which we will have to face the challenge in respect of growth of these units.
- H. Country's need for electronics hardware is very large and to fulfill the demand in this sector, increase in productivity is being facilitated. The needs of these sectors are similar as electronics hardware and micro-electronics units area located specially in urban areas and rovide employment to workforce on a large scale. Challenges in this sector for growth is the availability of land in affordable rates for production purpose.

2. Policy Objectives :

- A. To make Maharashtra globally most favored place for production of readymade garments and popular brands. Also, simplification for micro, small and medium enterprises which forms a large portion of this sector to increase and develop them,
- B. Creation of healthy atmosphere for the entire labour sector by considering their major aspects related to availability of land,
- C. Maharashtra is an important centre for gems & jewelry production and creation. Through this policy, simplification to be done for achieving maximum level of growth and employment generation capacity in this sector,
- D. To encourage micro electronics and engineering units by making available flatted galas.

3. Challenges Before Readymade Garment Production, Gems and Jewelry, Micro-electronics and Engineering Units :

Presently, these units are facing following challenges.

- A. Availability of space at reasonable rates in urban areas especially for industrial units producing high end apparels.
- B. This sector being largely unorganized, necessity of enhancing the working conditions of workers in this sector.

- C. Non availability of healthy dwelling space for workers near their work place.
- D. Restrictions in labour related laws in respect of over time, employment, women workers and other aspects.
- E. High cost of capital.

4. Definition of Eligible Units:

- A. The definition of readymade garment production, gems and jewelry, micro electronics and engineering units as per this policy is:

Under this policy, "Unit" means those production units which convert cloth into usable readymade garment, mattresses, carpets, covers, curtains, embroidery cloth etc., this will also include ready cloth for packing and for all intermediate processes. The unit should hold valid Udyog Aadhar Memorandum (UAM) / Industrial Entrepreneurs' Memorandum (IEM).

Similarly, units holding valid Udyog Aadhar Memorandum (UAM) / Industrial Entrepreneurs' Memorandum (IEM), manufacturing jewelry, cutting and polishing of gems, packaging production units will be designated as gems & jewelry units. Similarly, small engineering units and micro electronics units specified in para 9 of Maharashtra Electronic Policy - 2016 and falling under list of units defined in Electronics & ESDM Scheme of Govt. of India, based in flatted gala parks established for the purpose.

- B. For development of flatted gala industrial parks for readymade garment production, gems & jewelry, micro electronics and engineering units policy - 2018, Maharashtra Industrial Development Corporation will be the special planning authority.
- C. Eligibility criteria for development of flatted gala industrial parks for readymade garment production, gems & jewelry, micro electronics and engineering units:
 - Land owner or developer appointed by him or any company having legal entity.
 - Or a lease holder having 30 years of remaining lease period with MIDC will be eligible for erection of flatted gala industrial parks for readymade garment production, gems & jewelry, micro electronics and engineering units.

D. Support services / facilities:

Support services / facilities means services / facilities required for carrying out business of readymade garment production, gems & jewelry, micro electronics and engineering units in flatted gala industrial complexes, which will not include the following activities:

- Malls,
- Cinema Theatres, Public Auditoriums and multiplexes,
- Residential Apartments for sale to common public.

But it will include following activities :

- Small retail shops having area not more than 1000 sq. ft. and the area under this category shall not be more than 5% of the total area for support services,



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- Commercial showrooms, training institutes, common conference room for the units in parks,
- Residential apartments for workers working in above industrial parks, whose area will be within the maximum permissible carpet area decided from time to time for the Slum Rehabilitation Authority (SRA) of State Govt. Housing Department and the permissible area under this category will be within the ceiling of 20% of the total area for support services,
- The Development Commissioner (Industries) will be the competent authority for clarification of any aspects.

5. Industrial Parks :

- A. Industrial building having a minimum built up area of 20,000 sq. ft. can establish Industrial Park. Out of the total built up space, minimum 80% area will have to be used for readymade garment production, gems & jewelry, registered eligible MSME production units under micro electronics sector. Maximum 20% area can be used for support services (as per para 4.4). Registered production unit means (as per para 4.1) eligible unit holding Udyog Aadhar Memorandum (UAM).
- B. For Industrial Parks across the State, upto 200% additional floor space index will be admissible on 1 or basic admissible floor space index which is more depending upon availability of road width. For development of public and private parks approved and registered by Directorate of Industries, 200% additional floor space index will be admissible with or without premium on prevailing ready reckoner rate & depending upon availability of road width as below :

Sr. No.	Location of Park (as defined in PSI-2013)	Premium
1.	No Industry District & Naxalism affected area	Nil
2.	Areas other than Pune, Thane, Greater Mumbai, Kalyan-Dombivali, Mira Bhayander, Panvel, Ulhasnagar, Ambernath, Navi Mumbai, Municipal Corporation Areas, No Industry District & Naxalism affected areas	10%
3.	Pune, Thane, Greater Mumbai, Kalyan-Dombivali, Mira Bhayander, Panvel, Ulhasnagar, Ambernath, Navi Mumbai, Municipal Corporation Areas	15%



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6. Relaxation in Zone Restrictions:

Considering the need for Industrial Complexes comprising of flattened galas for Readymade Garments production, Gems & Jewelry, Micro electronics and Engineering units for agriculture, industry or business sector, this policy will be applicable in all zones of the state. For areas where change of zones is required, excluding agriculture and no development zone or industrial zone, the premium for zone change will be charged at the rate of 15% of the Ready Reckoner rate on the lines of Township Policy.

7. Fiscal Incentives (Only for Garment Projects)

For eligible Micro, Small, Medium & Large Readymade Garments Production Enterprises, incentives at 1 step above will be admissible under package scheme of incentives. (e.g. for units in "B" zone will get incentives admissible for "C" zone.)

Garments projects will be granted Mega and Ultra Mega status on the basis of investment & employment as below :

	A & B Zone		No Industry district & Naxalism affected areas		Other Areas	
	Investment (Rs. In crores)	Employment	Investment (Rs. In crores)	Employment	Investment (Rs. In crores)	Employment
Mega	250	1500	50	250	100	250
Ultra Mega	Rs. 500 Crores investment & 3000 direct employment					

- A. For Mega / Ultra Mega Projects, if the eligibility period is more than 10 years then the annual limit of fiscal incentives will be decided by total amount of incentives divided by the number of years of eligibility period. There will be a provision to carry forward the difference of actual annual sanction and annual limit for incentive disbursement for any year to the next year.
- B. The incentives to Mega projects will be decided as per Govt. resolution no. PSI-2013/C.R.54/Ind-8, dtd. 01/04/2013 of Industry, Energy & Labour Department and Govt. Resolutions or guidelines issued thereafter based on decision of Cabinet Sub-committee or High Power Committee. The admissible investment period for Mega & Ultra Mega units will be 8 years in "A" & "B" zones of the state and 10 years in other parts of the state. The incentive to be given to such units will be as per templates.
- C. If an eligible unit in MIDC area obtains Building Completion Certificate within the admissible development period and starts commercial production, then the unit will be entitled for following concessions for the balance development period from MIDC, in payment of various charges like water charges, service charges, fire fighting cess.

Sr. no.	Building Completion Certificate	Type of Concession
1	Minimum 50% and within 75%	100% exemption in service charges and fire fighting cess + 20% concession in water charges.
2	Minimum 75% and within 100%	100% exemption in service charges and fire fighting cess + 30% concession in water charges.
3	100%	100% exemption in service charges and fire fighting cess + 40% concession in water charges.

Above concessions will be admissible during the balance period of the original development period for the plot. (from the date of commencement of production after obtaining Building Completion Certificate).

- D. The incentives offered by State Government under this policy will be over and above the incentives given by Central Government or any of its organisation or Local Authority.
- E. Stamp Duty Refund :
Stamp duty refund / concession will be admissible to the eligible Garment units as per the Industrial Policy of the State - 2013, during their investment period for purchase of land or gala or; land or gala taken on lease and documents for bank loan.
- F. For MSME & Large units, under the Basket of Incentives, the ceiling of annual amount of grant will be 1/10 th of the total sanctioned incentives. The difference of actual sanctioned incentives and the incentives admissible during that year will be carried forward.

8. Electric Supply at Industrial Rate.

Electric supply will be provided at Industrial rate for such activites except commercial & professional activites under this policy. The approved Industrial Parks and the garment units therein can accept Power Distribution Franchise Model of Maharashtra Electric Distribution Company Ltd.. Also, power generation and distribution using non-conventional energy source and sale of electricity to concerned garment units in Industrial Parks comprising of flatted galas will be permitted. The garment units can source electricity from any other power generating company as per the provisions of MSEDC Act. Also, access approval will be given between sub-station to switching station. Apart from this, LILO of power will be admissible through electric consumer's wires from sub-station to switching station. For garments units in Industrial Park comprising of flatted galas, 24 X 7 continuous power supply will be given through express feeder.



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9. Common Facility Center

For creation of Common Facility Center for industrial complex comprising of flattened galas for Readymade Garment production, Gems & Jewelry, Micro Electronics and Engineering units, MIDC will help by perusing on case to case basis. Also, private industries can construct and run its own Common Facility Center. Common facilities like Training, Testing, Designing etc. will be provided in such center.

- A. Incentives equal to 75% of the expenditure incurred for credit rating, subject to a ceiling of (to be given one time) of Rs. 40,000 will be given to Readymade Garments Production, Gems & Jewelry, Micro Electronics and Engineering units, in all types of classified industrial zones for credit rating from SIDBI / Government Accredited Credit Rating Agency.

10. Penal Action for Mis-use of Premises

Penal action will be taken against private industrial parks which have availed benefits of additional FSI as per the provisions of this policy and later on it is found that the built up space in the industrial park is being used for purpose other than that is admissible.

- A. A penalty equal to 0.3% of the prevailing ready reckoner rate per day will be charged for the built up space which is being used for purpose other than the permissible purpose.
- B. A team of officers from Directorate of Industries and the Planning Authority which has sanctioned the building plan will visit the industrial park and verify the misuse of the built up space.

11. Registration of Industrial Parks :

A Letter of Intent (LOI) and Registration will be issued to all Private and Public Industrial Parks for Readymade Garment, Gems & Jewelry, Micro Electronics and Industrial units on the lines of Information Technology Parks as per procedure adopted in IT/ITeS Policy - 2015. Procedural guidelines for this will be issued separately by the Directorate of Industries.

12. Workforce Welfare Assistance:

As per new Textile Policy of Government of India, the provident fund contribution under Employees Provident Fund Scheme, of employees in new garment industry, having monthly salary less than Rs. 15,000/- will be paid by the Central Government. The entire 12% amount of employees' contribution will be refunded by the Central Government. After the benefit under Central Government Scheme is over, the Government of Maharashtra will refund the above incentives during next 3 years of the operative period of the unit.

13. Training Assistance :

After commencement of operations of unit, Training Assistance of Rs. 3,000/- per year per employee for initial 3 year period will be given by Government of Maharashtra to garment units.



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14. Custom Clearance :

The authorities will be contacted for customs clearance in time bound manner and for relaxation from checking to be given by granting "Star Export House" status. A Liasoning Officer from MAITRI cell will be appointed for this work.

15. Policy Period :

This policy will be in force for five years from the date of approval.



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