PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA


PREAMBLE:

1. Textile and Garment Industry is the backbone of socio economic structure of the Nation and also the State. It is the largest employment provider, next to agriculture, single largest foreign exchange earner accounting for nearly 25% of exports and contributes to almost 16% of industrial production in the country.

2. The Garment industry in Karnataka has achieved rapid growth in the last 10 years by increasing its total turn over from about US$ 3300 million in 1995-96 to over US$ 9600 million in 2005-06. Although, the State enjoys a significant share (32%) of the domestic Apparel market with over 1500 Apparel units, there is considerable scope for expansion of Apparel manufacturing activities in the State.

3. The Textile Policy (2004-09) of the State which was announced vide Govt.Order read at above, aimed at creating infrastructure, upgradation of technology and skills and facilitating policy environment towards a market oriented and demand driven industry. This policy does not, however, compare favorably with the policies in other key States of the Country primarily due to lack of special incentives offered to Textile and Garment Industry.

4. Keeping this in view, the Hon’ble Chief Minister in his budget speech for the year 2008-09 has announced for the framing of A New Textile Policy so as to promote garment manufacturing which has great potential for employment generation.”

5. The Garment and related industry plays an important role in the State economy also in terms of contribution to industrial production, exports and employment. The industry has high growth potential given its ability.

7. Although garmenting activity has been showing significant amount of growth, it is observed that other sub-activities like spinning and weaving have been dwindling over the years. Also processing capacities have been very insignificant which has led to lack of integrated development of the textile sector.
8. The State Government had come out with Textile Policy 2004–09. The policy framework suggested broad contours of development across various sub sectors, but lacked focus on operationalizing the policy. On the other hand, the Industrial policy of Karnataka has announced a slew of incentives for attracting new investments in the State. However, it is found that this is in general for all type of industries and does not address specific nuances of the textile and garment industry such as creation of common infrastructure for organizing SMEs, providing capacity building support to the industry and most importantly organizing quality skill development programs at the middle management and the shop floor level within the sector.

9. The suggestions given by the “Textile sector Experts Advisory Committee”, under the Chairmanship of the Hon’ble Minister for Textiles, Government of Karnataka, and by the Readymade Garment manufacturers and Training Institutes have stressed upon the overall development of the Textile sector with a special thrust/initiative from the State Government.

10. The above facts necessitated framing of a New Textile Policy which is all encompassing in nature i.e. a policy that would address the entire gamut of issues with emphasis on ‘garment industries’. For the purpose of preparing a Draft New Textile Policy, the services of IL & FS CDI were engaged which in turn has submitted a Draft New Textile Policy which was discussed in detail covering all the aspects with the Departments concerned and accordingly, a decision has been taken to adopt a New Textile Policy for the period 2008-2013. Hence, the following order:

GOVT.ORDER NO.CI 47 JAKAIY0 2008, BANGALORE, DATED 1ST OCTOBER, 2008

In the circumstances explained in the preamble, Government is pleased to announce the New Textile Policy-2008-2013 (Suvarna Vastra Neethi-2008-2013) as detailed in the Annexure-A to this order which inter alia contain details about classification of Taluks in Karnataka into Zones for the purpose of administering graded scale of incentives for textile and garment industries.

2. The Salient features of the New Textile Policy 2008-2013, are as follows:

I. OBJECTIVES:

(a) To achieve balanced, higher and sustainable growth in the entire textile value chain from fibre to finished products, with emphasis on balanced regional development.
(b) To increase the income levels of the people dependent on the SMEs within the textile and garment sector thereby creating additional employment opportunities to at least 5 lakh people during the policy period.

(c) To facilitate emerging units in critical areas such as production technology, market research and development, HRD & ITES for exploiting the emerging global and domestic trade opportunities.

II. POLICY TARGETS:

(a) This Policy will be in force for a period of five years (i.e. 2008-13)

(b) This Policy aims at generating 5 lakh employment.

(c) It aims to attract investment to the tune of Rs.10,000 Crores during the policy period.

(d) The State proposes to provide financial support for the effective implementation of this Policy to the tune of Rs.500 Crores during the policy period.

III. SECTORS COVERED:

The Textile and Garment industry to be covered under this policy will include all units, which are engaged in various value chain activities of the industry such as Spinning, Weaving (Power loom and Handloom) including pre loom activities, Knitting, Processing, Garmenting, units engaged in manufacturing Technical textiles and all other supporting ancillary activities including Textile machinery manufacturing.

IV. INCENTIVES OFFERED:

(a) To promote and develop the textile and garment sectors in the State, it is proposed to provide the industry with incentives for investing in the sector and augmenting the State’s overall capacity and contribution of the sector to the economy.

(b) The set of incentives proposed is intended to provide a right balance of hard and soft inputs to the industry so that they can face competition. These incentives will be valid for the policy period i.e. 2008-2013, and as per the specific conditions provided in the following sections.

(c) The scheme of incentives, their objective, eligibility, and components to be funded and funding patterns are detailed in Annexure to this Govt.Order.
V. **ESTABLISHMENT OF FASHION HUB AT BANGALORE:**

Recognizing the potential of Bangalore, which is to-day the IT Capital and fast becoming the Garment Capital of India, the New Textile Policy proposes to establish **THE FASHION HUB** near Bangalore.

3. In view of issuance of this Government Order, the Govt.Order read above 21.02.2004 whereby the Textile Policy 2004-09 was announced, is hereby repealed.

4. The above Textile Policy and the incentives package shall be deemed to have come into effect from 01.04.2008 and will have a span of five years therefrom i.e. upto 31.03.2013.


By order and in the name of the Governor of Karnataka

sd/-

(V. UMESH)

Principal Secretary to Government, Commerce & Industries Department.