

TS-16011/3/2020-TUFS (39406)
Government of India
Ministry of Textiles

Udyog Bhawan, New Delhi
Date: 3rd August , 2022

To,

The Textile Commissioner,
Office of the Textile Commissioner
48, New Marine Lines,
New CGO Building,
Mumbai- 400020

**Subject - Draft concept note of scheme on PLI pattern to replace
ATUFS - reg.**

Madam,

I am directed to forward herewith a draft proposal on incentivizing modernization in textile sector on PLI pattern.

2. O/o TxC is requested to share the draft note among stakeholders of textile manufacturing industry for collating their inputs / views/ suggestions and forward to the Ministry by 15th August, 2022.

3. This issues with the approval of Special Secretary (Textiles).

Encl: as above

Yours faithfully,



(Anil Kumar K.C)

Under Secretary to the Govt. of India

Draft Concept Note on the new scheme proposed to replace Amended Technology Upgradation Fund Scheme (ATUFS)

1. Objective

- To promote indigenous development and manufacturing of Textile Machinery in line with *Atmanirbhar Bharat*
- Incentivizing modernization of various segments and weak links in textile value chain with a focus on **Sustainability, Compliance, Innovation and Job Creation** to improve scale and technology simultaneously

2. Scheme Part-1: Incentivization of indigenous development and manufacture of Textile Machinery

Under formulation in consultation with stakeholders

3. Scheme Part-2: Support for modernization of various segments and weak links in textile value chain

An analysis of segment wise annual turnover for a typical manufacturing unit vis-à-vis the investment to be made is given below:

Unit project cost of typical modern textile manufacturing units under various segments in textile sector for MSME & Non-MSME category investments

Segment	Process	Industry classification	Unit cost (in Rs. crore)			Turnover per annum out of the investment (In Rs. crore)	Employment
			Avg. Total Unit project cost	Cost of civil infrastructure	Cost of plant, Machinery, equipment		
Weaving	Integrated Fabric manufacturing unit for worsted suiting for manufacturing of 16000 meter (approx) per day worsted/polyester/viscos	MSME	34.56	4.56	30	106	121

	e suiting fabric production from rapier looms in full capacity-No. of Machines 46 Nos.						
	Integrated fabric manufacturing Units (Denim Plant for manufacturing of 100000 mtr per day grey fabric production or 87000 mtr finished production from airjet looms in full capacity)-No. of machines-300 Nos.	Non-MSME	170	13.56	156.65	550	605
Processing	Fabric Processing units with all requisite infrastructure including ETP/ Printing Houses/ Digital Printing having installed capacity of stenter 2.83 Lakh meter per day and printing capacity of 2.20 lakh meter per day. No. of machines -80 Nos.	NON MSME	81.62	15.46	66.16	153	280
	Fabric Processing unit having Production capacity of 1800 Kg per day with 11 machines (Soft flow dyeing machine-1, Printing machine -2 , Hetaer-2 and Stenter , washing range, padding compacting , boiler and chimney-1 each)	MSME	39.17	3.5	35.67	47	70
Garmenting	Integrated garment Manufacturing /made ups manufacturing unit manufacturing readymade garments with an annual installed capacity of 4000 units/day of woven product and	MSME	12.39	0.99	11.4	100	700

	8000 units/day of knitted products .No. of Machines-569 Nos.						
Spinning	Integrated Yarn manufacturing unit for 10's Count Cotton (carded Hosiery) Yarn for manufacturing of 55 MT per day grey yarn production from Ring (29MT/day from 16128 spindles) and Rotor (26 MT/day from 2880 Rotors) in full capacity- No. of machines -100 Nos.	NON MSME	99.16	14.90	84.26	500	325
Knitting	96 Circular knitting machine along with 4 Texturizing machine having capacity of 20 MT per day of knitted fabric	MSME	28.84	2.25	26.59	100	100
Technical Textiles	Breathable Polyethelene Films manufacturing with capacity of 11428 meter per day-No. of Machines -3 Lines	NON MSME	98.25	12.30	85.95	105	103

Incentives will be provided to Textile manufacturing units based on the turnover achieved after making a threshold investment in modernization through installation of benchmarked technology relevant to the segment.

The brief details of the proposed incentivization are given below:

a. **Investment Criteria:**

Any person including Company/Firm/LLP/Trust willing to create a separate manufacturing company under Companies Act 2013, or expansion of existing company with investment in Plant and Machinery from **Rs 1 crore upto Rs. 50 crore for MSMEs** and invest above **Rs.50 crore for non MSMEs** (investment in plant and machinery only) shall be eligible.

b. Turnover criteria

MSME

“X” is investment in plant and machinery & “Y” is turnover for which GST Invoice has been generated.

Year	Investment (in Rs crore)	Minimum Turnover to be achieved (MSME) (Amount in Rs crore)	Incentive*
Year 1	X	Gestation Period	-
Year 2		Gestation Period	-
Year 3		Y1= 2X	-
Year 4		Y2=Y1+ 10% of Y1	5% of Y1
Year 5		Y3=Y2 +10% of Y2	5% of Y2
Year 6		Y4=Y3+ 10% of Y3	5% of Y3
Year 7		Y5=Y4+ 10% of Y4	5% of Y4
Year 8			5% of Y5

Incentive per year shall be calculated on minimum required turnover vis-a-vis investment in plant & machinery

There will be a provision of cap of 20% over and above the prescribed minimum incremental turnover growth of 10% for the purpose of calculation of incentives from Year 2 onward. Turnover achieved beyond that cap will not be considered for calculation of incentive.

(Non-MSME)

“X” is investment in plant and machinery & “Y” is turnover for which GST Invoice has been generated.

Year	Investment (in Rs crore)	Minimum Turnover to be achieved (Non-MSME) (Amount in Rs crore)	Incentive*
Year 1	X	Gestation Period	-
Year 2		Gestation Period	-
Year 3		Y1= 2X	-
Year 4		Y2=Y1+ 10% of Y1	5% of Y1
Year 5		Y3=Y2 +10% of Y2	5% of Y2
Year 6		Y4=Y3+ 10% of Y3	5% of Y3
Year 7		Y5=Y4+ 10% of Y4	5% of Y4
Year 8			5% of Y5

Incentive per year shall be calculated on minimum required turnover vis-a-vis investment in plant & machinery

There will be a provision of cap of 20% over and above the prescribed minimum incremental turnover growth of 10% for the purpose of calculation of incentives from Year 2 onward. Turnover achieved beyond that cap will not be taken into account for calculation of incentive.

4. Eligibility and other terms & conditions (For Scheme Part-2):

- The scheme will incentivize investment in all textile segments
- Incentive under the Scheme will accrue on fulfilling conditions of minimum investment and minimum turnover
- Incentives in a particular year will be provided on achieving turnover as prescribed
- Turnover achieved from job work in respect some segments will be accounted for incentives under the Scheme
- Goods/Products manufactured by the registered company under the Scheme shall be eligible for the incentives. In other words, goods/Products manufactured by a company other than registered one, even of same group shall not be accounted for calculation of incremental turnover.
- Textiles Products sold under GST Invoice shall only be taken into account for calculation of turnover
- The Participant shall maintain consumption and inventory register for inputs and use of raw materials for manufacturing Products. The records shall be preserved for five years after availing incentive for each year or till audit is completed by Ministry, whichever is later.
- The Participant shall indicate proper value of the product in the GST invoice on the basis of prevailing market value of the same products. Over-invoicing of products for gaining undue advantage of the Scheme would be viewed seriously and appropriate penalty will be imposed
- In case of fast paced investment when threshold investment is completed in one year and threshold turnover is achieved in the subsequent year (second year), incentive may be payable for second year onwards subject to the condition that the benefits of the Scheme shall be available for total of 5 years only.
- In case, an entity has fails to achieve, the threshold turnover in a particular year, the incentive for that year cannot be claimed. However, incentives for subsequent years in the scheme period can be claimed subject to achieving the desired threshold turnover earmarked for the periods

5. Illustration

“X” is investment in plant and machinery & “Y” is turnover for which GST Invoice has been generated.

Example 1

The below illustration is for an investment of Rs. 5 crore in plant & machinery

X= Rs. 5 crore

Year	Investment (X)	Turnover (Y) in Rs crore		Incentive (in Rs crore)	
Year 1	Rs. 5 crore	Gestation Period		-	0.00
Year 2		Gestation Period		-	0.00
Year 3		Y1= 2X	10		0.00
Year 4		Y2=Y1+ 10% of Y1	11.00	5% of Y1	0.50
Year 5		Y3=Y2 +10% of Y2	12.10	5% of Y2	0.55
Year 6		Y4=Y3+ 10% of Y3	13.31	5% of Y3	0.605
Year 7		Y5=Y4+ 10% of Y4	14.64	5% of Y4	0.665
Year 8				5% of Y5	0.732
Total	Rs. 5 crore				3.052

For an investment of Rs. 5 crore in plant & machinery, the entity will be eligible to get an incentive of Rs.3.052 crore (61.04%).

Example 2

The below illustration is for an investment of Rs. 50 crore in plant & machinery

X= Rs. 50 crore

Year	Investment (X)	Turnover (Y) in Rs crore		Incentive (in Rs crore)	
Year 1	Rs. 50 crore	Gestation Period		-	0.00
Year 2		Gestation Period		-	0.00
Year 3		Y1= 2X	100.00		0.00
Year 4		Y2=Y1+ 10% of Y1	110.00	5% of Y1	5.00
Year 5		Y3=Y2 +10% of Y2	121.00	5% of Y2	5.50
Year 6		Y4=Y3+ 10% of Y3	133.10	5% of Y3	6.05
Year 7		Y5=Y4+ 10% of Y4	146.40	5% of Y4	6.65
Year 8				5% of Y5	7.32
Total	Rs. 50 crore				30.52

For an investment of Rs. 50 crore in plant & machinery, the entity will be eligible to get an incentive of Rs.30.52 crore (61.04%).
