



ABSTRACT

Textiles Industry – Scheme for Mini Textile Park – Guidelines for implementation of the Mini Textile Park Scheme – Orders – Issued.

Handlooms, Handicrafts, Textiles and Khadi (C2) Department

G.O.(Ms) No.195

Dated:14.12.2022

சுபகிருது, கார்த்திகை 28

Thiruvalluvar Aandu 2053

Read:

1. G.O. (Ms) No.195, Handlooms, Handicrafts, Textiles and Khadi (C2) Department, dated 30.12.2015.
2. G.O. (Ms) No.131, Handlooms, Handicrafts, Textiles and Khadi (C2) Department, dated 06.09.2019
3. G.O. (Ms) No.97, Handlooms, Handicrafts, Textiles and Khadi (C2) Department, dated 24.06.2022.
4. From the Commissioner of Textiles letter Rc.No.342/2021/C2, dated 09.09.2022 and 16.09.2022.

ORDER:

In the Government Order first read above, the Government of Tamil Nadu launched Mini Textile Park Scheme to provide financial assistance to a group of entrepreneurs to establish infrastructure facilities in a cluster for setting up their textile units in Textile Park and to enable the growth of the textile industry.

2. In the Government Order second and third read above, amendments were made to the terms and conditions of the scheme and also made in the eligible project components to avail subsidy based on the demands from the stakeholders .

3. In the letter fourth read above, the Commissioner of Textiles has stated that in continuation of the issue of Government order with revised norms, expression of interest has been invited from the stakeholders of the Textile industry all over Tamil Nadu. In order to implement the Mini Textile Park scheme in an ideal way and effective manner and to ensure compliance with regulation, guidelines for implementation of Mini Textile Park are drafted and requested the Government to approve the draft guidelines.

4. The Government after careful examination of the request of the Commissioner of Textiles hereby approve the Guidelines for implementation of Mini Textile Park Scheme as annexed to this order.

(BY ORDER OF THE GOVERNOR)

DHARMENDRA PRATAP YADAV
PRINCIPAL SECRETARY TO GOVERNMENT

To:

The Commissioner of Textiles, Chennai- 600 034.

The Accountant General (A&E), Chennai -600 018.

The Pay and Accounts Officer, Secretariat, Chennai-600 009.

Copy to:

The Chief Minister's Office, Chennai - 600 009.

The Senior Personal Assistant to Hon'ble Minister (Finance & HRM)
Chennai - 600 009.

The Senior Personal Assistant to Hon'ble Minister (Handloom and Textiles)
Chennai - 600 009.

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//Forwarded // by Order//

02/10/22
Section Officer
TA/12/2022

ANNEXURE TO
G.O. (MS) NO.195, HHTK (C2) DEPARTMENT, DATED: 14.12.2022
MINI TEXTILE PARK SCHEME – GUIDELINES

(As per G.O (Ms) No: 195 HHTK Department Dated: 30.12.2015,
G.O. (Ms) No: 131 HHTK Department Dated: 06.09.2019 &
G.O (Ms) No: 97 HHTK Department Dated: 24.06.2022)

1. Background:

Hon'ble Chief Minister of Tamil Nadu made the following Announcement in the Assembly on 01.09.2015 under Section 110.

"To facilitate the entrepreneurs to establish Mini Textile Parks with infrastructure facilities, in Tamil Nadu, financial assistance up to Rs.2.50 crore will be provided by the Government of Tamil Nadu".

Accordingly, the Government of Tamil Nadu launched Mini Textile Park Scheme vide Government Order No. 195, Handlooms, Handicrafts, Textiles and Khadi Department, dated: 30.12.2015.

During the year 2019, amendments were made to the terms and conditions of the Scheme, vide Government Order No. 131, Handlooms, Handicrafts, Textiles and Khadi Department, dated: 06.09.2019.

Further, based on the demands from the stakeholders, amendments were made in the eligible project components to avail subsidy, vide Government Order No. 97, Handlooms, Handicrafts, Textiles and Khadi Department, dated: 24.06.2022.

2. Objective:

The primary objective of the Scheme is to provide financial assistance to entrepreneurs to establish infrastructure facilities in a cluster for setting up their textile units in the Textile Park and to enable the growth of the textile industry by attracting private investments and fresh employment generations.

3. Eligibility:

- 3.1. Industry Associations, Groups of Entrepreneurs and Societies shall be the main promoters of the Mini Textile Park scheme.

- 3.2. At each Mini Textile Park, there would be a Special Purpose Vehicle (SPV) formed by the member units. The SPV shall invariably be a Corporate Body registered under the Companies Act.
- 3.3. The proposed Mini Textile Park must have a minimum of 3 textile manufacturing units to be set up in a minimum area of 2 acres of Land.
- 3.4. This Scheme will come into effect from the date of issue of the latest amended Government Order No. 97, Handlooms, Handicrafts, Textiles and Khadi department dated 24.06.2022

4. Project Components:

A Mini Textile Park (MTP) shall have the following components.

- 4.1. Land– shall have a minimum area of 2 acres of Land
- 4.2. Common Infrastructure like roads, Street Lights, compound walls, Drainage, water supply, electricity supply including captive power plant, Effluent Treatment Plant, Tele communication lines etc.
- 4.3. Common facilities like Testing laboratory, Design Centre, Training centre, Trade Centre, warehousing facility, Raw material depot, Creches, Canteen, Workers hostel, Offices, and others.
- 4.4. Factory buildings for production purposes.
- 4.5. Plant and machinery.
- 4.6. Any other items chosen by the SPV

Eligible Project Cost

The Eligible Project cost shall cover the Common Infrastructure, Buildings for Common facilities and Factory buildings for production purposes (Components 4.2, 4.3, and 4.4) above of the Mini Textile Park.

5. Terms and Conditions

- 5.1. The minimum land requirement under the Scheme for each Mini Textile Park is 2 acres and project cost shall not include the cost of the land.
- 5.2. The total eligible project cost to determine a 50% grant under the Scheme shall include the cost on account of MTP components listed under 4.2, 4.3 and 4.4 of the project components in Para

4 above (or) 2.50 crore whichever is lower shall be provided as grant by the State Government.

- 5.3. The Entrepreneurs should express their willingness in a prescribed format to participate and invest their share in the SPV.
- 5.4. The Promoters of the MTP should register the SPV as a separate entity under the Companies Act.
- 5.5. Each Mini Textile Park (MTP) under the Scheme should have a minimum of 3 manufacturing units. The Manufacturing Units Participating inside the MTP can be a Limited Company, Limited Liability Partnership firm, Partnership firm or Proprietorship concern.
- 5.6. There should be an Escrow Account in the name of the SPV in any scheduled Commercial Bank.
- 5.7. Government subsidy will be released in 3 instalments.
- 5.8. The Proposal for the release of subsidy should have proof of SPV Margin, original proforma invoices for buildings, plant and machinery approved by the respective approved Chartered Engineers and relevant Documents, Vouchers and contract agreements.
- 5.9. Accounting details for Government subsidies should be maintained separately along with a complete plan and estimate, approved by the concerned Planning authorities and Chartered Civil Engineer
- 5.10. The timeframe for implementation is 24 months which commences from the date of approval of the Project by Project Scrutiny and Approval Committee (PSAC). For any extension, if required, prior permission from the Department of Textiles should be obtained.

6. Project Implementation:

6.1. Formulation of Proposals:

The SPV shall formulate the project proposal after a thorough study of the requirements of each SPV member. The format, structure and outline of the project, which may be covered in the Detailed Project Report, are given in Annexure-I. This outline is intended to be indicative and not exhaustive. An 'in-principle' approval from the lending institution should also be

submitted along with the DPR if the DPR is included with the Bank Loan in the means of Finance.

6.2. Submission of Proposals :

Eligible SPVs may submit project proposals either online or offline to the Regional Deputy Directors of the Department of Textiles in the format mentioned above with all the relevant supporting documents. The Proposal will be pre-evaluated by the Regional Deputy Director and recommended to the Commissionerate of Textiles within 30 days.

6.3. Project Evaluation and Approval:

6.3.1. Project Evaluation and Recommendation Committee (PERC):

Project Evaluation and Recommendation Committee consisting of the following members will be constituted to evaluate the proposals for the Mini Textile Park scheme

1	Commissioner of Textiles	Chairman
2	Joint Director (Technical) O/o. Commissioner of Textiles, Chennai	Convenor
3	Financial Advisor/Chief Accounts Officer, O/o. Commissioner of Textiles, Chennai	Member
4	Deputy Director (Technical) O/o. Commissioner of Textiles, Chennai	Member
5	Industries Commissioner or his nominee (not below the rank of Joint Director)	Member

(Sitting fee will be paid to the Expert members)

The above Project Evaluation and recommendation Committee will review and assess the Detailed Project Report (DPR) keeping in view various aspects as below.

- Fulfil the minimum basic eligibility conditions as laid down in Item No. 3 above.
- Project terms and conditions as laid down in Item No. 5 above.
- Technical feasibility
- Financial viability
- Socio-economic viability

➤ Screening and Prioritising of the received proposals

The Projects, after evaluation, will be recommended to the Project Scrutiny and Approval Committee (PSAC).

6.3.2. Project Scrutiny and Approval Committee (PSAC):

The Project Scrutiny and Approval Committee (PSAC) will be convened whenever necessary to peruse and approve the Mini Textile Parks proposals recommended by the PERC. The Project Scrutiny and Approval Committee (PSAC) will consist of the following members.

1	Principal Secretary to Government, Handlooms, Handicraft, Textiles and Khadi Department, Secretariat, Chennai	Chairman
2	Commissioner of Textiles	Convenor
3	Finance Secretary or his nominee	Member
4	Industries Commissioner and Director of Industries and Commerce	Member

Project Scrutiny and Approval Committee (PSAC) will also prescribe grant disbursement schedule matching the SPV contribution i.e., assuming a project cost is Rs.1.00 crore based on the milestones as well as contribution from SPV the grant will be released automatically to the SPV directly through online banking. The Project should be completed within the timeframe approved by the PSAC.

6.4. Project Execution:

The responsibility of executing the project is with the Special Purpose Vehicles (SPVs). The SPVs shall undertake the following activities.

- Conceptualise and formulate the project, achieve financial closure, implement the project and manage the Infrastructure.
- Procure Land, the cost of which shall not be built into the eligible project cost.
- Enter into an agreement with the Department of Textiles for timely completion of the Park and proper utilisation of Government grants.
- SPV should ensure the timely completion of the project.

- Develop the Infrastructure and allocate sites to SPV Members / Industries for setting up units.
- Facilitate Member Units for securing bank finance required for setting up units in the MTP.
- In charge of maintaining the Common Infrastructure and Common facility services built for MTP by obtaining service and user fees.
- Fix user charges for various facilities and services by SPV. Through user charges, operational & Maintenance (O&M) costs shall be fully recovered.

6.5. Project Monitoring:

The Commissioner of Textiles will monitor the progress of the Mini Textile Parks sanctioned. The Progress Reports should be obtained from SPVs and submitted to the Commissioner of Textiles by the Regional Deputy Directors concerned every month until MTP is completed.

7. Funding:

7.1. Funding Pattern:

50% of the eligible project cost or Rs.2.50 crores, whichever is less, shall be provided as grant by the State government.

Explanation Eg.

Sl.No	Total eligible project cost	Eligible Grant
1	Rs. 1.00 crore	Rs.50.00 lakh
2	Rs.3.00 crore	Rs.1.50 crore
3	Rs.5.00 crore	Rs.2.50 crore
4	Above Rs.5.00 crore	Restricted to Rs.2.50 crore

7.2. Release of Funds to the SPV:

The release of financial assistance to the SPV shall be done in 3 (three) instalments in the ratio of 30:30:40. The terms and conditions for the release of funds are detailed in Annexure II.

- The SPVs shall forward their claims to the Department of Textiles through concerned Regional Deputy Directors.

- The first instalment of the Grant shall be released as per the minutes of the PSAC.
- Subsequent instalments shall be released based upon the progress of the project and submission of utilisation certificate for the previous instalment duly certified by the statutory auditor/ Tax auditor/ Chartered Accountant engaged by the Special Purpose Vehicle.
- The SPV shall keep separate accounts for the funds released by the Government, which shall be subject to audit by the Audit Department.

8. Delays in implementation & Misutilisation of funds :

- 8.1 **Withdrawal:** If an SPV withdraws from executing a project before the project is completed, the SPV shall immediately return the entire Government grant released with the accrued interest. If in the opinion of the Commissioner of Textiles, there was no justification for the withdrawal of the project, penal interest @ 10% shall be collected.
- 8.2 **Extension of the project period:** In case of a project implementation delay beyond the time schedule of 24 months, the SPV shall submit request for extension of time atleast three months before the expiry date.
- 8.3 **Delay of the Project:** Delay in completing the project beyond the approved period shall make the SPV liable for cancellation of the project. However, if the delay occurs due to valid reasons beyond the SPV's control, the same shall be condoned by the Commissioner on case-to-case basis.
- 8.4 **Cancellation of the Project:** If any park is cancelled for the reason stated thereon, the SPV shall immediately return the Government grant together with interest accrued thereon. The SPV shall also be liable to pay 10% penal interest in addition to the interest accrued on the Grant.

8.5 Mis-utilization: If it is found that the SPV has utilised the Grant for non-eligible components of the project, the Commissioner of Textiles shall have the right to recover the Grant along with accrued interest thereon and also levy 10% penal interest on the SPV

8.6 Recovery: The dues/penalties recoverable from the SPV because of cancellation or any other reasons can be recovered by the Department of Textiles as arrears of land revenue under the Revenue Recovery Act.

9. Lock-in Period and Transfer of SPV Membership:

Any membership change in the SPV shall intimated to the Commissioner of Textiles.

10. Interpretations:

In so far as interpretation of any of the provisions of these guidelines is concerned, the decision of the PSAC shall be final. Government approval is required for issue of any clarification/ interpretation in the existing guidelines.

Dharmendra Pratap Yadav
Principal Secretary to Government

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Dharmendra Pratap Yadav
Section Officer
14/12/2022

ANNEXURE – I**Chapter to be covered in the Detailed Project Report for Mini Textile Park Scheme****1. Overview:**

- a) Objective and compatibility of the Proposal.
 - b) Techno economic justification for the Proposal including suitability of location and eco system for success of the activity.
 - c) Present Status: Availability of Land & status of acquisitions; Availability of requisite clearances if any; and Identification, agreement/ MOU with beneficiary units.
2. The total cost of the project with break-up of cost for major facilities.
 3. Base date and basis of estimating the cost.
 4. The timeframe for completion of the project
 5. **Mode of funding:** DPR should contain the mode of funding & Phasing of expenditure, i.e., the contribution of various stakeholders (State Government & Other Agencies).
 6. Physical facilities planned (capacities: backward & forward linkages).
 7. Name of the implementing & Managing Agency/ SPV, Brief indication on responsibilities/ obligation (during implementation & future) should be mentioned including collection of maintenance charges from SPV members, enforcement of the same, maintenance standards for common infra etc.
 8. Gestation period, activity chart (PERT/CPM), major milestones/ targets and date of commencement of operation.
 9. Quantification of benefits in terms of increase in production, employment, exports and investments.
 10. Sustainability issues: Projected O&M expenditure & means of meeting them.

11. Financial viability to the extent available: Project annual surplus, if any; Internal Rate of Return (IRR); and Percentage of occupancy to achieve viability.
12. A synopsis of the discussions held with various Stake Holders.
13. All supporting documents are to be attached.

Dharmendra Pratap Yadav
Principal Secretary to Government

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Dharmendra Pratap Yadav
Section Officer

14/12/2022

ANNEXURE – II

Terms and conditions for the release of Grants under the Scheme

The Grant from the Government of Tamil Nadu under the Scheme will be released in three instalments, subject to meeting the requirements and conditions detailed below:–

First Instalment:

The first instalment representing 30% of the total Grant, will be paid to the SPV subject to fulfilling the following eligibility criteria:–

1. Establishment of SPV.
2. Land should be under the possession of the SPV.
3. Availability of necessary statutory clearances for the commencement of the project.
4. Approval of DPR by Project Scrutiny and Approval Committee.
5. Proof for Expenditure incurred towards 30% equity contribution of the SPV under Eligible project cost.
6. Issuance of shares by SPV to members in the proportion of area allocated to them.
7. Share holders' agreement should have been executed
8. Opening of escrow account (Trust and Retention Accounts) in a Nationalised bank to be operated by SPV.

Second Instalment:

The second instalment representing 30% of the total Grant, will be paid to the SPV subject to fulfilling the following eligibility criteria:–

1. Utilisation certificate for the first instalment.
2. SPV should have incurred expenditure as below.

After utilizing the 30% of the Government grant along with SPV's own contribution of 30% of the eligible project cost, the SPV should have incurred another 30% of their own contribution to claim the second instalment of the Government grant (30%).

3. Sanction Letter received from the financial institution concerned, for loan Component, if SPV is taking term loans.

4. Interest, if any, earned on the First instalment will be returned/ adjusted while claiming for the second instalment. A certificate from the Bank shall be submitted along with the claim.
5. Evaluation report by the Regional Deputy Director concerned to be submitted with the claim.

Third Instalment (Part I):

The third instalment (40%) of the Grant will be released in 2 parts. The first part of the 3rd installment representing 30% of the total Grant, shall be released subject to the following conditions:

1. Utilisation certificate for the second instalment.
2. SPV should have made an expenditure of 100% of the SPV share from all the sources.
3. The entire infrastructure should have been completed.
4. Infrastructure and operationalisation of 60% of the committed units and generation of 60% of the promised employment should have been successfully completed.
5. Interest, if any earned on the Government grant, will be returned/ adjusted while claiming the 3rd instalment.
6. Evaluation report by the Regional Deputy Director concerned to be submitted with the claim.

Third Instalment (Part II):

The Second part of the 3rd instalment, i.e., the remaining 10% of the total Grant, shall be released subject to the following conditions:

1. Utilisation certificate for the first part of the third instalment.
2. Infrastructure and operationalisation of 100% of the committed units and the generation of 100% of the promised employment should be successfully completed.
3. 100% of manufacturing units in the Park started functioning.
4. Project completion report by the SPV, recommended by the Regional Deputy Director concerned.

5. The Financial Accounts have been audited and certified by the Commissioner of Textiles.
6. Physical verification of the project completion by a team authorized by the Commissioner of Textiles.

Dharmendra Pratap Yadav
Principal Secretary to Government

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Dharmendra Pratap Yadav
Section Officer
14/12/2022

