

# CABINET APPROVES SCHEME TO SET UP 7 MEGA TEXTILE PARKS

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Investors who set up units in these parks will be entitled to 'a competitiveness incentive'

The Union cabinet on Wednesday cleared a 4,445 crore scheme to build seven mega textile parks over five years seeking to boost manufacturing and jobs. The cabinet also approved bonuses for more than 1.15 million non-gazetted employees of the Indian Railways for the 2020-21 financial year at an expenditure of 1,985 crore.

While the seven textile parks will boost manufacturing and export of textiles, the productivity-linked bonus is expected to improve Indian Railways' performance, the cabinet said.

For setting up the mega textile parks, the central government and partnering states will take on board developers who will bring in other investors to set up production units.

The developers will get long-term lease of the park with real estate development rights but it will be their responsibility to bring in investors to set up the units. The lease would initially be for 25 years, which could be extended by another 25 years. The master developer will develop the park and maintain it during the concession period.

While the developer will receive infrastructure development aid, the investors setting up production facilities will earn "a competitiveness incentive" on a first-come-first-serve basis, textile secretary Upendra Prasad Singh said in an interview after the cabinet announced the decision.

Under the 'Prime Minister's Mega Integrated Textile Region and Apparel' (PM Mitra) scheme, special purpose vehicles (SPVs) will be set up with 49% central government stake and 51% holding by the respective states, Singh said.

The Union government claimed that each of these seven parks is expected to generate approximately 100,000 direct and 200,000 indirect jobs. For greenfield projects, 30% of the infrastructure cost will be available as viability gap funding, subject to a cap of 500 crore, while brownfield projects will get support of 30% of the 'remaining cost' subject to a maximum of 200 crore.

"Besides the development capital support, we will also provide 300 crore per park, which is called a competitiveness incentive support. This will not go to the developer but will go to the units that will come up in the park, to make them competitive. We would provide up to 3% of their turnover as incentive on first-come-first-serve basis till this amount of 300 crore per park is exhausted. The first requirement for the park is that it should have minimum land of 1,000 acres. We have heard from ten states that they have contiguous encumbrance-free land available and that they are interested in having these parks," said Singh.

These states are Tamil Nadu, Punjab, Odisha, Andhra Pradesh, Gujarat, Rajasthan, Assam, Karnataka, Madhya Pradesh and Telangana. For new units in the park that need support for scaling up production and to establish viability, the competitiveness incentive is crucial, the Union cabinet said.

The cabinet's decision to approve productivity-linked bonus (PLB) to Indian Railways employees comes before the Dussehra holidays.

"The Productivity-Linked Bonus is expected to motivate the employees for working towards improving the performance of the Railways," Union information and broadcasting minister Anurag Thakur said.

"The wage calculation ceiling prescribed for payment of PLB to the eligible non-gazetted railway employees is 7000/- p.m. The maximum amount payable per eligible railway employee is 17,951 for 78 days," the Union cabinet said in a separate statement.

The financial outgo this year will be 1,985 crore. Last year, the financial outgo was pegged at 2,081.68 crore.

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