



GOVERNMENT OF TAMIL NADU



TAMIL NADU NEW INTEGRATED TEXTILE POLICY - 2025-26

Handlooms, Handicrafts, Textiles and Khadi Department



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PREAMBLE

Tamil Nadu has emerged as the nation's economic powerhouse due to its thriving and diverse industrial base. Today, the state is amongst the industry leaders in a number of areas, including Information Technology (IT) & Information Technology Enabled Services (ITES), automotive, chemicals, leather goods, textiles, and engineering products. With growth rate of 8.13%, the state's Gross State Domestic Product (GSDP) reached USD 291 billion in the Financial Year 2022-23¹. The state's economy, which makes up 9.03% of the country's Gross Domestic Product (GDP)¹, is the second largest in India.

The State contributes significantly to the nation's economy through export earnings. In the Financial Year 2022-23, it exported goods (Manufacturing exports) valued at almost USD 37 billion. The main exported goods were automobiles, auto components and parts, electric machinery and equipment, textiles and Ready-Made Garments (RMG). According to the Export Preparedness Index (EPI) 2020 study, Tamil Nadu was ranked third in terms of policy, business ecosystem, export ecosystem, and volume of exports.

Tamil Nadu's robust economic ecosystem, abundant talent pool, socio-political stability, proactive administration, innovative policy initiatives, and systematic reforms have made it a sought-after investment destination for entrepreneurs. With four main ports, several smaller ports, six major airports, and extensive road and rail access, Tamil Nadu boasts an excellent industrial infrastructure. Major international transshipment centres like Colombo, Singapore, and Malaysia are easily accessible from it as well. To facilitate

¹ Grant Thornton - Tamil Nadu: Towards a trillion dollar economy by 2030

simple access to rapidly expanding markets, the State has also built export processing zones, industrial parks, and Special Economic Zones.

1.1 TEXTILES AND APPAREL (T&A) SECTOR

1.1.1 India's Textile Industry

Indian Textiles & Apparel (T&A) industry's heritage is over 5,000 years and it plays a key role in ensuring the livelihood to over 105 million people particularly rural women, unemployed youth and marginalized farmers. The current business size of Indian T&A is around USD 162 billion comprising of USD 127 billion domestic business size and USD 35 billion export business size. India ranks fifth in the world in textile and apparel commodity exports. Indian T&A industry is predominantly cotton based due to the availability of domestically grown cotton. The cotton to Man-Made Fibre (MMF) consumption ratio of India is around 60:40 which is opposite to global trend.²

The Ministry of Textiles, Government of India has set a vision of reaching USD 350 billion in textile business by 2030 consisting of USD 250 billion domestic business and USD 100 billion export business. This target envisages the industry to grow at a CAGR of more than 10% to reach the same.

Sustainability and traceability have become an integral part of any manufacturing industry, including T&A. Leading global brands in developed economies are insisting on strict compliance to sustainability metrics. Towards this, the Government of India has set various targets to reduce emissions, integrate renewable energy, etc.

² ITC Trade Map

1.1.2 Tamil Nadu Handlooms, Textiles & Apparel Industry

The Textile industry in Tamil Nadu is a cornerstone of the state's economy and has a rich heritage. The handloom industry in Tamil Nadu occupies a place of eminence in preserving the States' heritage and plays an important role in the economy of the State and also provides employment to the rural masses next only to agriculture. Tamil Nadu is a leading handloom and textile manufacturing hub, contributing significantly to the country's textile production and exports. The state is known for its presence in entire textile value chain, including spinning, handloom weaving, powerloom weaving, processing, knitwear, apparel, garments, and home textiles. Major textile clusters in Tamil Nadu include Tirupur, Coimbatore, Karur, Erode, Salem, Chennai and Madurai regions.

Tamil Nadu contributes the following

- 1/3rd of Country's textile business.
- 70% of Country's cotton knitted garment capacity.
- 60% of Country's yarn export.
- 43% of Country's spindle capacity.
- 20% of Country's Home Textile exports.
- 19% of Country's Powerloom capacity.
- 8% of Country's handloom capacity.

The sector provides employment to around 6 million people directly and indirectly in the State.



The Textile exports of the State are around USD 8.2 billion, during the Financial Year 2024-2025 and the state ranks first in the country. The Textile sector is envisioned to play a key role in achieving the Hon'ble Chief Minister of Tamil Nadu's vision of **"One Trillion dollar economy by 2030"**. Hence, focused policy interventions are required to increase its business size.

2. VISION OF THE NEW INTEGRATED TEXTILE POLICY

2.1 NEED FOR THE POLICY

The erstwhile Tamil Nadu New Integrated Textile Policy 2019 contains broad statements and sector wise interventions for the Textile Industry. However, a lot has changed since the release of that policy. The unprecedented 3-year period following the release of the policy highlighted several major risk issues faced by the state's T&A industry as well as latent market opportunities that can be leveraged.

Also, the 2019 Textile Policy encompassed the financial support provided by the State Government in addition to the financial incentives offered by the Ministry of Textiles, Government of India. With the phasing out of earlier schemes such as SITP, IPDS, PowerTex, ATUF etc., and the introduction of new initiatives like PLI, NTTM etc., by the Ministry of Textiles, Government of India, there is a timely need to consider appropriate policy interventions to address the evolving requirements of the sector. Hence, the Government of Tamil Nadu has taken cognizance of the challenges faced by the Industry and the new opportunities present and decided to bring out a New Integrated Textile Policy.

The New Textile Policy aims to respond to the needs of the Textile industry in the changing economic scenario & technology and offer direction & support for the future growth of the industry.

2.2 VISION OF THE POLICY

To position Tamil Nadu as a global textile sourcing hub, fostering innovation, sustainability, and inclusive growth, while preserving its rich textile heritage, and creating a strong ecosystem that empowers textile industries, generates employment, and contributes to the vision of the Hon'ble Chief Minister to make Tamil Nadu a “One trillion-dollar economy” by 2030.

2.2.1 Short-Term Goals (Next 5 Years)

- a. Ensuring modernisation of the existing manufacturing capacity in all sectors of textile industry.
- b. Enabling the industry to benefit most out of various skill development initiatives of the Government.
- c. To facilitate the availability of raw materials in Tamil Nadu.
- d. To facilitate and encourage the exporters to adopt the ESG Standards and other compliances.

2.2.2 Medium-Term Goals (Next 10 Years)

- a. Creating a “Brand Tamil Nadu” tag and taking necessary steps to get global recognition.
- b. Developing dedicated Textile clusters to support various segments of Textile Value Chain.

2.2.3 Long-Term Goal (Next 15 Years)

- a. Making Tamil Nadu the global hub for manufacturing value-added textile products by encouraging backward and forward integrations and establishing hub and spoke model facilities.

2.3 EXPECTED OUTCOME OF THE POLICY

- i. Around 19 lakhs spindles and 8 lakhs rotors are envisaged to be modernised over a period of 5 years.
- ii. At least 1,000 low-speed ordinary Rapier looms equipped with Electronic Jacquard or Dobby mechanism are projected to be installed over a 5 year period.
- iii. 3000 plain powerlooms are envisaged to be upgraded as shuttleless looms with selvedge mechanism looms over a period of 5 years.
- iv. It is anticipated that ten new dyeing, printing, and finishing units, each equipped with an Integrated Effluent Treatment Plant (IETP), will be established over a period of 5 years.
- v. 50 existing processing units with IETPs are projected to be modernised over a period of 5 years.
- vi. It is projected that 100 brand-new, fully computerized cutting machines equipped with CAD/CAM software will be installed over a period of 5 years.
- vii. It is envisaged that 10 manufacturing units specialising in non-conventional fibres and yarns will be established over a period of 5 years.
- viii. Comprehensive End-to-End Technical Support will be provided to establish/ diversify around 24 Brand-new/ Existing Technical Textile Start-ups over a period of 5 years.
- ix. Around 10 Industry oriented Research and Business Development projects on Technical Textiles and Man Made Fibre/Yarn is expected to be undertaken over a period of 5 years.

3. TAMIL NADU NEW INTEGRATED TEXTILE POLICY 2025-26

The Tamil Nadu New Integrated Textile Policy 2025-26 supports the industry through the following modes:

3.1 FISCAL SUPPORT

The Government extends the following fiscal supports to motivate individuals, business entities, or organizations to take focused actions to achieve the vision and goals of the policy;

- a. Interest Subvention for Upgradation of Spinning units
- b. Handlooms Support Initiatives
- c. Powerloom Modernisation Scheme
- d. Capital Investment Subsidy for the Processing Sector
- e. Capital Investment Subsidy for Cut and Sew Sector
- f. Capital Investment Subsidy for Non-Conventional Fibers / Yarn manufacturing
- g. Resource Efficiency Audits
- h. Compliance and Standard certification
- i. Market Development & Branding
- j. Additional Special Subsidy

3.2 SPECIAL FOCUS ON TECHNICAL TEXTILES

- a. Tamil Nadu Technical Textiles Mission (T³ M)
- b. Research & Development fund for Technical Textiles and Man Made Fibre (MMF)
- c. Fiscal support under other schemes and policies.

3.3 INSTITUTIONAL SUPPORT

It consists of the following interventions that enable strengthening and improving the ecosystem of the Textile Industry.

- a. Textile Trade Facilitation Centre (TTFC)
- b. Technical Advisory Committee (TAC)
- c. Exporters Excellence Awards
- d. Skill Development
- e. Ease of Doing Business
- f. Foreign Direct Investment (FDI)

4. FISCAL SUPPORT

4.1 SPINNING SECTOR

Tamil Nadu is prominent in India's Textile landscape, leading the nation with 55% of the total Spinning Mills, 43% of the installed spindles and 60% of the rotors. Even though, the State is the pioneer of the spinning industry in India, yarn productivity in the State is 18% to 20% lower than the national average due to outdated machinery.

Upgrading and modernizing the technology and replacing the vintage machinery are crucial for preserving Tamil Nadu's dominant position in the spinning industry.

Considering the need for modernisation, the following announcement was made in the Budget for the year 2024-2025 with a budget allocation of Rs.500 crore for the next ten years.

6% Interest Subvention for investment on the spinning sector will be provided for replacement of 15+ year old spindle capacity.

In order to cover all the sub-segments of the spinning sector, a proportionate allocation of funds has been made for Ring spinning, Open end spinning and Air jet spinning as detailed below.

Sl. No.	Machinery Type	Fund allocation
1	Ring Spinning machines	60%
2	Open-end Spinning machine	25%
3	Air-jet spinning	15%

4.2 HANDLOOM SECTOR

Handloom sector is a symbol of Tamil Nadu's glorious cultural heritage and an important source of livelihood in the State. As per the 4th All India Handloom Census 2019-2020, Tamil Nadu has a strong presence in the Handloom sector next to Assam and West Bengal in terms of number of handlooms. Tamil Nadu has 8% of the total handlooms in the country and 7% of the total ancillary workers in the country.



Though the handloom products find traction among global buyers, the same is not the case in domestic market due to high cost of manufacturing. Like other textile products, the cost of raw materials accounts for over 60% in handloom products also. Hence, the Government provides various support to improve the cost of manufacturing in handloom sector and enhance the competitiveness of the sector.

4.2.1 Handloom Support Programme (HSP)

HSP is a scheme implemented by the Department of Handlooms, with an outlay of Rs.40 crore. It has been formulated to provide financial assistance for innovation, diversification of products, market expansion and market infrastructure for the Handloom sector. The stated objectives of the programme are premiumization of handloom products, entrepreneurship development, and design intervention. The State is providing fiscal incentives to the handloom sector for the following components under HSP:

- i) Technological upgradation
- ii) Design development
- iii) Product diversification
- iv) Brand promotion and positioning
- v) Market expansion
- vi) Working capital assistance
- vii) Research and development
- vii) Skill Development

The Government of Tamil Nadu is implementing the Handloom Support Programme to address the market demand in the Handloom industry and ensure fair wages for the weavers. Under this scheme,

Additional corpus fund of Rs.10.00 crore will be provided to the Handloom Weavers Cooperative Societies to give credit for working capital requirements to strengthen their financial base.

4.2.2 Scheme for Mini Handloom Parks (MHP)

To upgrade the standard of Handloom products, use latest technologies and create market linkages, Mini Handloom Parks will be established. The Mini Handloom Parks are envisaged to achieve the following objectives.

- a. Transition the handloom industry from cottage to Industrial mode.
- b. Make weaving an open ended profession.
- c. Ensure product premiumisation and assured market linkage by partnering with prominent retailer/wholesalers in Textile industry by achieving production volume to match domestic/export demand.
- d. Provide continuous employment on job work basis for the weavers throughout the year through retailer / wholesaler/ entrepreneurs / societies / industrial associations / master weavers.
- e. Ensure minimum wages per day to the weavers and wherever possible additional wages will be paid to weavers as incentives.
- f. Ensure pre-loom, weaving and post-loom facilities in one place.
- g. Ensure product diversification.
- h. Provide better working environment to the weavers.
- i. To create direct link between the weavers and the end users / major retail outlets.
- j. The Mini Handloom Park will be setup preferably in silk and cotton handloom weaving clusters.

The state will provide the minimum grant of Rs.2.00 Crore and it can be enhanced upto Rs.5.00 Crore/MHP based on its project Size and potential.

4.2.3 Free supply of Electricity to Handloom weavers

Scheme for free supply of electricity @ 300 units bi-monthly will continue to be provided to Handloom Weavers households.

4.2.4 Interest subsidy

Interest Subsidy at the rate of 6% for Primary Handloom Weavers Cooperative Societies to reduce the financial burden of the societies will continue to be implemented.

4.2.5 Onboarding of Primary Weavers Cooperative Societies on e-commerce platforms

The Government will support the onboarding of Primary Weavers Cooperative Societies (PWCs) on e-commerce platforms for marketing of Handloom products.

Any training and onboarding costs borne by the e-commerce player will be fully reimbursed (100%) subject to a ceiling of Rs.2.00 Lakh/per PWC under HSP.

4.2.6 Facilitating the growth of domestic brands

The State will support local manufacturers in learning brand-building concepts.

The State will engage a marketing / branding agency to provide training and guidance to manufacturers (through webinars / seminars / workshops) on the topic of brand development. A total outlay of Rs.2.00 Crore per year will be allocated for this initiative.

4.3 POWERLOOM SECTOR

The powerloom sector is one of the most significant segments of the textile value chain. Among the different States in the south, Tamil Nadu has got the largest concentration of powerlooms and the growth of this sector has been phenomenal in the past three decades. In Tamil Nadu, Powerlooms are mainly concentrated in the districts of Erode, Coimbatore, Tirupur, Salem, Namakkal, Karur, Tiruvallur, Madurai, Tenkasi, and Virudhunagar. The majority of powerlooms in Tamil Nadu are plain looms and a smaller number of shuttleless looms. This sector requires modernisation and technological upgradation to cope with the severe competition in the domestic and overseas market.

The State has a large powerloom capacity which is in need of upgrading/replacement. These looms primarily produce fabrics required for Government schemes such as Supply of School Uniforms for students and Distribution of Sarees and Dhoties. However, the powerloom industry is facing the following challenges:

- Low productivity due to restricted loom width and speed.
- Excessive noise pollution in workplaces, causing stress for workers.
- Fabric defects due to inconsistent shuttle speed.
- Primitive loom design, limiting production to basic weaves and patterns, making premium fabric production impossible.
- Poor working conditions and low wages, leading to frequent labour disputes demanding higher pay.

To address these issues and to meet international quality standards, there is a constant demand to shift from shuttle looms to advanced shuttleless

looms. Replacing traditional shuttle looms with high-tech shuttleless looms will bring the following advantages:

- i. Reduced production costs, lower pre-weaving processes, and minimized noise pollution.
- ii. High-value, premium-quality fabrics can be produced at lower costs.
- iii. Increased income for powerloom weavers due to increased productivity.
- iv. Improved fabric quality and productivity, enhancing competitiveness in domestic and global markets.
- v. Defect-free fabric production due to advanced technology.
- vi. Easier maintenance and reduced workload for workers.

The Tamil Nadu Government is taking the following proactive steps to revive the declining powerloom industry by transitioning from outdated shuttle looms to advanced shuttleless looms.

4.3.1 Powerloom Modernisation Scheme

To address the evolving technological needs of the powerloom sector, which supports the livelihood of 5 lakhs powerloom weavers, the following financial assistance will be provided:

50% Capital Subsidy, subject to a ceiling of Rs.1.00 lakh per loom, will be provided for the upgradation of old conventional powerlooms to Rapier shuttleless looms with Tuck-in-Device unit, with a maximum of 10 looms per beneficiary. A total of 3,000 looms are envisaged to be upgraded in a phased manner

20% Capital Subsidy, subject to a ceiling of Rs.1.50 lakh per loom, will be provided with a maximum of 5 looms per beneficiary, for the purchase of new Rapier looms or replacement of existing low-speed Rapier looms with Electronic Jacquard. Around 1,000 looms are envisaged to be modernized as shuttleless looms with Electronic Jacquard in a phased manner.

This support is expected to increase the per loom production by 25%, increase the wages to labourers and reduce power cost apart from increasing the export earnings of the State and GST revenue.



4.3.2 Common Facility Centres

To facilitate the establishment of workshops for shuttleless looms in powerloom clusters, which will provide required scale of economy for business operations, to provide improved working condition in terms of more work space, work environment, work efficiency to enhance their competitiveness in the global market, financial assistance will be provided.

Towards setting-up of Common Facility Centres with Warping and Sizing Unit, Design Studio, Testing lab and Sample Production Centre , etc., and post weaving facilities viz. processing, etc., financial assistance will be provided to a Special Purpose Vehicle (SPV), at subsidy of maximum Rs.60.00 lakh per unit.

a) 5% subsidy with a ceiling of Rs.50.00 Lakh for Warping and Sizing, will be provided.

b) 25% subsidy with a ceiling of Rs.5.00 Lakh for Design studio will be provided.

c) 25% subsidy with a ceiling of Rs.2.50 Lakh for Testing Centre will be provided.

d) 25% subsidy with a ceiling of Rs.2.50 Lakh for Sample Production Centre will be provided.

4.3.3 Free supply of Electricity to Powerloom weavers

Scheme for free supply of electricity to powerloom weavers @1,000 units bi-monthly and concessional power tariff will continue to be provided to powerloom sector for consumption above 1000 units.

4.4 PROCESSING SECTOR

The textile processing sector in Tamil Nadu demonstrates a diverse range of technological scales, spanning from traditional hand-operated methods to cutting-edge automatic machine-operated technologies. This technological spectrum is primarily concentrated in districts such as Erode,

Tirupur, Karur, and Salem. Tamil Nadu is the first and foremost state ensuring 100% Zero Liquid Discharge (ZLD) of effluents from the processing units.

Processing sector remains the weakest link in Tamil Nadu's textile value chain, necessitating a specialized focus and targeted interventions to enhance its capacity, reduce reliance on other states for processing, and drive the overall growth of the state's textile industry.

Strengthening this segment is crucial for improving the state's competitiveness in the national and global textile markets, ensuring sustainable growth, and fostering economic development within the region.

The state offers the following financial assistance to encourage establishing new processing units and also for the expansion of the existing processing sector.

- i. 25% Capital Investment Subsidy to set up New Textile Processing units (Dyeing, Printing and Finishing) and IETPs subject to a ceiling of Rs. 5.00 Crore per unit**
- ii. 25% Capital Investment Subsidy for Expansion / Modernisation / Upgradation of existing Textile Processing Units and IETPs subject to a ceiling of Rs.4.00 Crore per unit**

4.5 CUT AND SEW SECTOR

Cut and Sew segment is identified as one of the champion sectors for export promotion in the State. This sector is an essential contributor to India's economy in terms of export earnings and employment generation. Although

India is among the top exporters in the world, there is a growing realisation that the full potential of this Industry is yet to be realized.

Presently, 85% of the exporting units involved in cut and sew operations (Garmenting and Home textiles) use only manual cutting techniques. Computer Aided Design (CAD) has been a boon for designing and manufacturing industry allowing efficiency and productivity which a normal pen-paper design can never compare with. The CAD system and its tools have become an essential component for fast fashions, designers and even traditional fashion manufacturers. Availability of skilled labour to carry out cutting operation has also become scarce.

To promote modernisation and technological advancements in garment manufacturing sectors, the following announcement was made in the Budget for the year 2025-26 with a budget allocation of Rs.50 crore for the next five years.

50% Capital Investment Subsidy for purchase of brand new fully computerized cutting machine with CAD / CAM Software subject to the maximum ceiling of Rs.50.00 lakh per machine per Common Facility Centre (CFC).

4.6 NON-CONVENTIONAL FIBRE / YARN MANUFACTURING

Tamil Nadu is the number one producer of cotton yarn and the leading state in the country in export of cotton yarn. Further, there is a wide scope for the Non-Conventional fibre/ yarn manufacturing.

The state offers the following financial assistance to support the development of alternative fibre/yarn categories that are sustainable in nature.

This will improve farm-based activities and enable creation of “Wealth from Waste”.

25% Capital Investment Subsidy for setting up of manufacturing facility for non-conventional fibres/yarn such as Banana, water hyacinth, bamboo, hemp, flax, pineapple fibre etc., subject to a ceiling of Rs.1.00 Crore per unit for plant and machinery.



4.7 RESOURCE EFFICIENCY AUDITS

Resource (water, energy, chemicals, waste and wastewater) efficiency is the key to a sustainable and cost-effective growth for any textile and apparel manufacturing firm. Resource efficiency follows the first R of REDUCE, REUSE and RECYCLE.

As part of ongoing sustainability initiatives across the global textile industry, manufacturing firms are hiring resource efficiency experts to carry out a walkthrough audit of their manufacturing facilities. These audits are targeted at measuring the baseline levels of resource consumption, benchmarking with international standards, identification of gaps and suggesting corrective actions to reduce the resource consumption levels. The state will support the Textile sector in conducting such audits in their factories.

- i. Financial Assistance up to 50% of the cost of the walkthrough audit, subject to a maximum ceiling of Rs. 3.00 Lakh per unit will be provided across the Textile and Apparel value chain for organizing basic cleaner production assessment by energy, water, chemicals, waste and wastewater experts.**
- ii. Financial Assistance up to 25% of the cost of equipment required for energy and water conservation as per the recommendation of above audit, subject to a maximum of Rs. 10.00 Lakh will be given.**

Note- The support for sustainability initiatives covered under the TN Industrial Policy 2021 and TN MSME Policy 2021 will not be eligible to get subsidy under this Policy.

4.8 COMPLIANCE AND STANDARD CERTIFICATIONS

To facilitate the textile exporters to have a better understanding of the conformity certificates required by various countries while exporting and importing textile goods, the following announcement was made in the State Assembly for the year 2025-26

In order to assist the Textile exporters of Tamil Nadu, a compendium of Compliance Certificates mandated by various countries will be prepared.

4.9 MARKET DEVELOPMENT AND BRANDING

To enable the industries to access the global and emerging domestic market and to support the entrepreneurs and industry associations for participation in international exhibitions, the following financial assistance will be provided.

- i. The Government extends support to set up Tamil Nadu pavilion and organize participation of up to 10 exhibitors/textile entrepreneurs in four International Textile Fairs every year.**
- ii. Assistance at the rate of 50% of the cost towards setting up of stalls (maximum of Rs.2.00 Lakh per exhibitor) and 50% of Airfare assistance (maximum of Rs.1.25 Lakh per exhibitor) will be provided.**

To showcase the Tamil Nadu's textile strength, facilitate B2B meetings and networking opportunities, the following announcement was made in the State Assembly for the year 2025-26.

- iii. To promote the textile business in the prominent textile clusters of Tamil Nadu, International Textile Exhibition will be conducted every year at the cost of Rs. 1.50 crore.**

4.10 ADDITIONAL SPECIAL SUBSIDY

In order to promote the development of industries in “C” Category Districts (22 Districts) as per the Tamil Nadu Industrial Policy 2021, support of 10% additional incentive will be provided subject to the ceiling fixed in the particular subsectors concerned.

5. SPECIAL FOCUS ON TECHNICAL TEXTILES SECTOR

Technical Textiles are high-performance materials made using natural, regenerated, synthetic, and mineral fibres, through weaving, knitting, or non-woven processes. They are used in diverse sectors, including agriculture, healthcare, defence, construction, automobile etc.,

There is growing demand for Man-Made Fibres (MMF), especially synthetic fabrics, in both domestic and global markets. Tamil Nadu, with its strong textile base, is well-positioned to lead in this sector. Hence the following schemes are being implemented by the Government of Tamil Nadu.



5.1 TAMIL NADU TECHNICAL TEXTILE MISSION (T³M)

To accelerate growth and promote diversification into Technical Textiles, the following announcement was made in the Budget for the year 2025-26 with an initial budget allocation of Rs.15 crore.

To Promote the production of Technical Textiles and to encourage investment in this sector in Tamil Nadu, the ‘Tamil Nadu Technical Textile Mission (T³M)’ will be implemented.

Under this mission,

1. Dedicated Project Management Team will be set up to:

- Act as One-Stop Support Hub for businesses, manufacturers, exporters, and stakeholders in Technical Textiles

- Conduct market research, market surveys, maintain database and provide real-time insights on technical textile trends and demand forecasts
 - Facilitate market linkages and business development
2. **Reputed International and National Consultants** will be empanelled to conduct **Evangelizing Sessions** to create awareness about opportunities in various Technical Textile segments.
 3. **Consultant Incentive Support** – 50% reimbursement of end-to-end handholding and technical support fee subject to ceiling of **Rs. 50.00 lakh** per company to diversify into Technical Textiles and upon successful commissioning of the project.

5.2 RESEARCH & DEVELOPMENT SUPPORT

To foster innovation and support new product development, the following announcement was made in the Budget for the year 2024-25,

The Government will set up a dedicated “Research and Business Development Fund for Technical Textiles and Man Made Fibre with a corpus of Rs. 25.00 crore to provide grants to Research units and private companies for new product development and research” for Technical Textiles and Man-made Fibres



5.3 FISCAL SUPPORT FOR TECHNICAL TEXTILES UNDER OTHER SCHEMES AND POLICIES

5.3.1 Special Scheme for Technical Textiles, MMF Yarn from Recycled Products, MMF Fabric & Apparel Manufacturing under TNIP 2021

The special scheme was launched as an extension of the Tamil Nadu Industrial Policy 2021. This scheme is applicable for new/expansion Projects engaged in manufacturing of 'Eligible Products in MMF Fabric, MMF yarn from recycled materials, Technical Textiles & Apparel' with the following minimum investment, minimum employment, and District Category

Eligibility Criteria

Sl. No	Segment Category	Minimum Investment	Minimum Employment	Standard Investment Period	District Category
1.1	a. Technical Textiles (New/ Expansion)	Rs. 50 crores	50 jobs	4 years	B' & 'C' Category Districts
	b. MMF yarn from recycled materials	Rs. 50 crores	50 jobs	4 years	'B' & 'C' Category Districts

	c. MMF Fabric* (New/ Expansion)	Rs. 100 crores	50 jobs	4 years	'B' & 'C' Category Districts
1.2	a. Technical Textiles (Diversification)	Rs. 100 crores	-	2 years	'B' & 'C' Category Districts
	b. MMF yarn from recycled materi- als (Diversifica- tion)	Rs. 100 crores	-	2 years	
	c. MMF Fabric* (Diversification)	Rs. 100 crores	-	2 years	
1.3	Apparel (New/ Expansion)	Rs. 100 crores	2,000 jobs	4 years	'B' & 'C' Category Districts
1.4	Common Facility Centres in MMF & Technical Textiles			4 years	'B' & 'C' Category Districts

5.3.2 Incentives for Technical Textiles, MMF Yarn from Recycled Materials & MMF Fabric

i. Investment Promotion Subsidy:

Under this scheme, manufacturing units engaged in production of Technical Textiles, MMF yarn from recycled materials & MMF Fabric can avail one of the following options for Investment Promotion Subsidy

a) Special Capital Subsidy

(or)

b) Turnover-based Subsidy

a. Special Capital Subsidy

Projects manufacturing Eligible Products in Technical Textiles, MMF yarn from recycled materials or MMF Fabric can

avail a Special Capital Subsidy of 25% of EFA disbursed in equal annual instalments over 10 years.

a. Turnover based Subsidy

Projects manufacturing Eligible Products in Technical Textiles or MMF yarn from recycled materials or MMF Fabric can avail the following Turnover-based Subsidy:

District Category	Employment >500 jobs	Employment >1000 jobs	Employment > 2,000jobs	Employment > 4,000jobs
'A' district	0.75%	1%	1.5%	1.75%
'B' district	1%	1.25%	1.75%	1.8%
'C' district	1.25%	1.5%	1.8%	2%

ii. Other Subsidies for (Technical Textiles, MMF yarn from recycled materials and MMF Fabric)

Eligible Projects in Technical Textiles, MMF yarn from recycled materials & MMF Fabric can avail other subsidies & Standard Incentives as per Section 14 - 'Special Incentives for Sunrise Sectors' of TNIP 2021.

5.3.3 Incentives for Diversification in Technical Textiles

a. Special Capital Subsidy

Diversification Projects can avail a Special Capital Subsidy of 10% of EFA disbursed in equal annual instalments over 10 years, subject to a ceiling of Rs. 3.00 crore per annum

b. Other Subsidies for Diversification into Technical Textiles

Eligible Projects in Technical Textiles, MMF yarn from recycled materials and MMF Fabric can avail other subsidies & Standard Incentives as per Section 14 - 'Special Incentives for Sunrise Sectors' and other subsidies of TNIP 2021.

5.3.4 Support for Common Facility Centres (CFCs)

i. Incentives for Development of Common Facility Centres

To support private players in setting up CFCs in the State, Government of Tamil Nadu shall reimburse 50% of the capital expenditure (e.g., towards building labs and purchase of equipment) subject to a ceiling of Rs.10.00 crore.

ii. Marketing Assistance

The Government of Tamil Nadu shall reimburse 50% of the physical and digital marketing expenses of MMF Fabric & Technical Textiles manufacturing units that export more than 50% of their products, capped to Rs. 20.00 lakh per year per firm up to a period of 5 years.

iii. Traceability Incentive

50% of the expenditure incurred on the purchase of a specialized software license for Traceability Systems or implementing the Traceability Systems within the Standard Investment Period, shall be reimbursed subject to a ceiling of Rs. 25.00 lakh.

iv. Design Skilling Support

Projects that involve design studios with art design centre, CAD/rendering software to develop customer centric designs can avail Design Skilling Support of Rs 10,000 per month per designer for 6 months for the residents of Tamil Nadu as certified by Revenue Department authorities subject to maximum of 50 employees.

The detail of the Special Scheme for Technical Textiles, MMF Yarn from Recycled Products, MMF Fabric & Apparel Manufacturing under TNIP 2021 is enclosed in the Annexure II for reference.

1. MSME Policy 2021

- Technical Textiles and Medical Textiles have been identified as 'Thrust Sector' under this policy.
- A Special Capital Subsidy of 25% on plant and machinery value subject to a ceiling Rs.1.50 crore is provided for Micro, Small and Medium Units for investment.

6. INSTITUTIONAL SUPPORT

The Tamil Nadu Integrated Textile Policy 2025-26 adopts a forward-looking approach to strengthen the textile ecosystem, ensuring resilience against global uncertainties and avoiding dependence on any single export destination. Through a comprehensive framework encompassing modernisation, diversification, and sustainability, the policy promotes the development of technical textiles, non-conventional fibres, and value-added manufacturing.

Dedicated measures such as the Tamil Nadu Technical Textile Mission (T3M), encouragement of ESG compliance, and resource efficiency audits

enhance competitiveness and global credibility. The creation of Tamil Nadu Pavilions at international fairs and facilitation of market linkages through the Textile Trade Facilitation Centre enable the state to expand into diverse geographies and emerging markets.

Collectively, these initiatives position Tamil Nadu as a self-reliant, sustainable, and globally trusted textile hub capable of adapting to unforeseen challenges while maintaining balanced and diversified export growth.

6.1 TEXTILE TRADE FACILITATION CENTRE (TTFC)

To identify market opportunities for the Textile industry especially in the MSME sector and facilitate exports and imports in the State, the following announcement was made in the State Assembly for the year 2025-26:

To increase the Tamil Nadu textile exports and establish market linkages between MSME and International Markets, a dedicated Textile Trade Facilitation Centre (TTFC) with digital platform is established at the cost of Rs.50.00 lakh.

6.2 TECHNICAL ADVISORY COMMITTEE (TAC)

To monitor the techno-economic landscape of the textile industry and provide recommendations to enhance the State Textile industry and its policy framework, a **Technical Advisory Committee (TAC)** was formed by the Government of Tamil Nadu.

This Committee functions under the leadership of the Hon'ble Minister for Handlooms and Textiles which aims to fortify the textile industry. It consists of representatives from various sectors, including textile federations, research and educational institutes, and pioneer industries.

6.3 EXPORTERS EXCELLENCE AWARDS

To felicitate the contribution of the textile exporters in the State, the following announcement was made in the State Assembly for the year 2025-26

To recognize the contribution of the Textile Exporters and to encourage them to contribute further, Best Exporters Award is given in 5 categories namely viz. Micro, Small, Medium, Sub-large and Large Exporters at the cost of Rs.12.00 lakh.

6.4 SKILL DEVELOPMENT

The state will introduce textile industry-related short to medium-term certification courses (6 months to 1 year) in partnership with Polytechnic colleges, ITI, and other educational institutions. The courses would emphasize offering a combination of classroom and Industrial Training. There will be an emphasis on hands-on training including supply chain management, data analytics, industrial engineering, brand development, and showroom management. Training subsidies will be provided through Tamil Nadu Skill Development Corporation.

After completion of the course, placement support will be provided in coordination with the industry. With the help of Experts, the Department will provide proper guidance to such institutes in adopting the latest syllabus as per the needs of the industry.

6.5 EASE OF DOING BUSINESS

6.5.1 Handholding support

- i. The Department of Textiles and the Department of Handlooms will be the nodal agencies regarding all matters related to this policy.
- ii. The Department concerned (Department of Textiles or Department of Handlooms) will provide assistance / handholding support to obtain necessary clearances from other Government Departments to establish Textile Businesses in the State through the coordination with MSME Department and GUIDANCE.

6.5.2 Subsidy Disbursement Mechanism

To facilitate ease of doing business and ensure a transparent, efficient disbursement mechanism for effective implementation of the policy, applications will be received via Single Online Portal and processed within stipulated Time-frame.

Upon approval, the incentive amount will be credited to the applicant's bank account by the Department of Textiles / Department of Handlooms through Direct Beneficiary Transfer (DBT).

6.6 FOREIGN DIRECT INVESTMENTS IN TEXTILES

The Foreign Direct Investment Policy allows 100% FDI through automatic route without any limit on the extent of foreign ownership for in-bound investments in the textile sector. Thus, there is no restriction on any amount of FDI, with or without local partners. Government incentives are equally applicable to FDI units. There is no requirement of prior approval either by Government of India or Reserve Bank of India. Investors are only

required to notify the RBI regional office within 30 days of the receipt of inward remittance.

Note: *As per Press Note No. 3 (2020 Series) released by Ministry of Commerce & DPIIT, under the FDI Policy Section, an entity of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the Government route. Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the Government route and only in sectors/activities other than defense, space, atomic energy and sectors/activities prohibited for foreign investment.*

ANNEXURE-I

TERMS & DEFINITIONS

1. Textile and Apparel value chain:

Any process or activity related to fibre (natural and man-made fibre), filament, yarn, fabric, home textiles, Ready Made Garments, and Technical Textiles is considered a part of the textile and apparel value chain.

2. Date of Production:

All textile and apparel units must obtain the Certification of Date of Production (DoP) from the competent authority for availing benefits under this policy.

The “date of production” of a unit shall mean the date on which the unit/machinery actually commences commercial production of the item (generation of 1st commercial invoice) for which the unit has been registered.

3. Operational period of the policy

The New Integrated Textile Policy 2025-26 of Tamil Nadu will come into force from the date of announcement of this Policy by the Government of Tamil Nadu as per the notification in the official gazette and shall remain in force until further notification. The Guidelines for the implementation of the provisions of the Textile Policy will be formulated and issued separately for effective implementation.

Eligible units: The units which will commence commercial production and obtain a Certificate of Date of Operation within the policy period will be eligible to avail the benefits under this scheme.

4. Resolution of the Doubts

Doubts relating to the interpretation of any term and/or dispute relating to the operation of any provision under this policy shall be referred to the Department of Textiles and Department of Handlooms, Government of Tamil Nadu for clarification/resolution and the decision of Government in this regard shall be final and binding on all concerned.

5. Power to amend the policy

Notwithstanding anything contained in the New Integrated Textile Policy 2025-26 of Tamil Nadu, the State Government may amend, modify, alter or withdraw any of the provisions and/or the schemes mentioned herein above. The same will be notified officially and will be effective from the date of the notification.

6. Prevention of Double Claim Benefit

Beneficiaries are entitled to claim benefits for a specific component only under one policy. Beneficiaries cannot claim or receive benefits for the same component under multiple policies provided by the Government of Tamil Nadu or any of its agencies i.e., any Textile industry/unit having availed subsidy under Tamil Nadu Integrated Textile Policy 2025-26 shall not avail of any other subsidy from Tamil Nadu Government for the same component.

7. Definitions:

- a) **Government:** Government means the Tamil Nadu State Government.
- b) **Existing unit:** Any Textile unit existing prior to the announcement of this policy and any unit coming under expansion/diversification/modernisation during the period of this policy.

Expansion: Existing units (in the textile and apparel value chain) increasing its gross fixed capital investment by 25% and increasing its total installed capacity by 25% as compared to the previous year will be considered as expansion. Such expansion will include forward and backward integration or sub-segments.

Diversification: Existing unit undertakes segment diversification within the textile and apparel value (e.g. RMG to home textiles, woven fabric to non-woven fabrics, conventional textiles to technical textiles, etc.).

Modernisation/Technology Upgradation: Replacement of existing machinery with advanced technology resulting in improvement of productivity, quality, and cost efficiency.

c) New unit: Any Textile unit which has established its fixed assets and commenced commercial production within the operating period of this policy

d) Project Cost/ Fixed Assets: The assets created for the project which include Factory building, plant and machinery and other infrastructure like electrical, transportation and installation of machinery, ETP, Firefighting system, roads, compound wall, water supply system, land cost.

e) Textile and Apparel: Manufacturing of all kinds of textile products like fibres, yarns/filaments, fabrics, garments, and made-ups.

f) Composite Unit: A project comprising total vertical integration of the value chain, i.e. spinning, weaving/ knitting, processing and garmenting/made up or complete set up for manufacturing of nonwoven products.

g) Non-Conventional Fibre: Banana fibre, water hyacinth fibre, bamboo fibre, hemp, flax, pineapple fibre etc.,

h) Technical Textiles: Functional textile product which could be used in the industrial, defense, research and other advanced sectors due to its specialized technical properties. These products are classified into following categories based on their quality and end use: (1) Agro tech, (2) Build tech, (3) Cloth tech, (4) Geo tech (5) Home tech, (6) Indutech, (7) Medi tech, (8) Mobile tech, (9) Echo tech, (10) Pack tech, (11) Pro tech (Protective textile) (12) Sport tech

i) MSME: Micro, Small and Medium Enterprises (MSME) definition laid out by Government of India as per MSMED Act 2006 (as updated from time to time).

j) “C” Category Districts: As per the Tamil Nadu Industrial Policy 2021
Ariyalur, Cuddalore, Dharmapuri, Dindigul, Kallakurichi, Kanyakumari, Madurai, Mayiladuthurai, Nagapattinam, Perambalur, Pudukottai, Ramanathapuram, Sivagangai, Tenkasi, Thanjavur, Theni, Tiruvarur, Thoothukudi, Tirunelveli, Thiruvannamalai, Villupuram and Virudhunagar (as updated from time to time)

ANNEXURE-II

Special Scheme for Technical Textiles, MMF Yarn from Recycled Products, MMF Fabric & Apparel Manufacturing under TNIP 2021

Special Scheme for Technical Textiles, MMF Yarn from Recycled Products, MMF Fabric & Apparel Manufacturing in Tamil Nadu

Tamil Nadu is the leading producer and exporter of textile products in India due to its well-developed ecosystem. The State has the largest number of textile factories in India (50% of textile mills in India) and produces 40% of total yarn in India. The State also exports ~20% of Indian apparel exports, which is the highest among the Indian states. Technical Textiles, Man-Made Fibre (MMF) Fabric and Apparel (including MMF apparel) have been identified as key segments that leverage the potential and strengths of Tamil Nadu and align with its aspirations of achieving higher value addition and job creation. Presently, MMF Fabric & Technical Textiles industry is in nascent state of development in the State and involves high initial outlay for setting up manufacturing, R&D facility and Apparel manufacturing is highly employment intensive. The investment trend in Technical Textiles & MMF Fabric is predominantly through diversification and Apparel manufacturing is through forward integration; hence, the size of the potential projects is typically Sub-Large (greater than Rs. 50 crores and less than Rs. 300 crores).

Under Tamil Nadu Industrial Policy (TNIP 2021), Sub-Large projects are eligible for Rs.1 crore back ended Capital Subsidy in 'A' & 'B' Category Districts & 5% of EFA over 5 years in 'C' Category Districts, Green Industry Incentive for up to Rs. 1 crore, Electricity Tax exemption for 5 years. Given the nascent stage of development in Technical Textiles & MMF Fabric and to promote the high employment intensive Apparel industry in the state, a Special Scheme is recommended for Technical Textiles, MMF Fabric and Apparel manufacturing units in the State with a relaxation on investment threshold under TNIP 2021 to include Sub-Large Projects. Further, to encourage circular economy, investments in manufacturing of MMF yarn from recycled products like PET shall be encouraged.

The special scheme is an extension of the TNIP 2021 and is applicable for new/expansion Projects engaged in manufacturing of 'Eligible Products in MMF Fabric, MMF yarn from recycled materials, Technical Textiles & Apparel' (as defined in Clause 1.7) with the following minimum investment, minimum employment, and District Category:

Table 1: Eligibility Criteria

Sl. No	Segment Category	Minimum Investment	Minimum Employment	Standard Investment Period	District Category ^a
1.1	a. Technical Textiles (New/ Expansion)	Rs. 50 crores	50 jobs	4 years	'A', 'B' & 'C' Category Districts
	b. MMF yarn from recycled materials	Rs. 50 crores	50 jobs	4 years	'B' & 'C' Category Districts
	c. MMF Fabric* (New/ Expansion)	Rs. 100 crores	50 jobs	4 years	'B' & 'C' Category Districts

1.2	a.Technical Textiles (Diversification)	Rs. 100 crores	-	2 years	'B' & 'C' Category Districts
	b.MMF yarn from recycled materials (Diversification)	Rs. 100 crores	-	2 years	
	c.MMF Fabric* (Diversification)	Rs. 100 crores	-	2 years	
1.3	Apparel (New/ Expansion)	Rs. 100 crores	2,000 jobs	4 years	'B' & 'C' Category Districts
1.4	Common Facility Centres in MMF & Technical Textiles			4 years	'B' & 'C' Category Districts

Note:

1. The minimum investment and employment commitment must be met by the unit(s) within the Standard Investment Period as specified above and the District Category shall be as per TNIP 2021.
2. MMF Fabric (1.1.c) and (1.2.c) excludes investment towards MMF yarn (non-recycled) & MMF spinning. The investments in MMF yarn/spinning shall be eligible for incentives as per TNIP 2021 subject to eligibility. In case of projects with manufacturing of MMF yarn from both recycled and non-recycled products, only the Investment/Output proportionate to MMF yarn from recycled materials shall considered under this scheme.

2.1 Incentives for Technical Textiles, MMF Yarn from Recycled Materials & MMF Fabric

a. Investment Promotion Subsidy:

Under this scheme, manufacturing units engaged in production of Technical Textiles, MMF yarn from recycled materials & MMF Fabric can avail one of the following options for Investment Promotion Subsidy – a) Special Capital Subsidy or b) Turnover-based Subsidy, subject to meeting the eligibility criteria (Table 1.1). These options are mutually exclusive, and a one-time choice has to be exercised at the beginning of the Project by the investor.

i. Special Capital Subsidy for Technical Textiles, MMF yarn from recycled materials & MMF Fabric:

Projects manufacturing Eligible Products in Technical Textiles, MMF yarn from recycled materials or MMF Fabric can avail a Special Capital Subsidy of 15% of EFA disbursed in equal annual instalments over 10 years. The company can choose to avail the Special Capital Subsidy for Technical Textiles, MMF yarn from recycled materials & MMF Fabric from the date of commercial production or upon achieving the minimum eligible investment (i.e., Rs.50 crore for Technical Textiles, Rs.50 crore MMF yarn from recycled materials or Rs.100 crore for MMF Fabric) and minimum eligible employment of 50 jobs, whichever is later. If the company chooses to avail the Special Capital Subsidy prior to the completion of the investment and employment commitment, the Special Capital Subsidy shall be disbursed in tranches corresponding to the cumulative investment made until then and subsequent tranches for actual annual incremental investment within the investment period.

i. Turnover based Subsidy for Technical Textiles, MMF yarn from recycled materials & MMF Fabric:

Projects manufacturing Eligible Products in Technical Textiles or MMF yarn from recycled materials or MMF Fabric can avail the following Turnover-based Subsidy:

Turnover based Subsidy (% Turnover) for Eligible Technical Textiles, MMF Yarn from Recycled Materials & MMF Fabric projects				
District Category	Employment >500 jobs	Employment >1000 jobs	Employment > 2,000jobs	Employment > 4,000jobs
'A' district	0.75%	1%	1.5%	1.75%
'B' district	1%	1.25%	1.75%	1.8%
'C' district	1.25%	1.5%	1.8%	2%

Turnover-based Subsidy shall be applicable as a percentage of the Turnover in Eligible Products in Technical Textiles or MMF yarn from recycled materials or MMF Fabric in each financial year for a period of 10 years from the date of commercial production or upon achieving the minimum eligible investment (i.e., Rs.50 crore for Technical Textiles, Rs.50 crore MMF yarn from recycled materials and Rs.100 crore for MMF Fabric) and minimum eligible employment of 500 jobs, whichever is later. This is subject to the following conditions:

- If the Project creates employment of 500-2000 jobs within the Standard Investment Period, then the ceiling for the Turnover-based Subsidy shall be 2.5% of cumulative investment in Eligible Fixed Assets per annum for a period of 10 years.
- If the Project creates employment of more than 2000 jobs within the Standard Investment Period, then the ceiling for the Turnover-based Subsidy shall be 4% of cumulative investment in Eligible Fixed Assets per annum for a period of 10 years.
- If the Project creates employment of more than 1000 jobs within the investment period, the company shall be eligible for drawing a higher percentage of turnover subsidy from the year of achieving the higher employment, as specified in the Table above.
- Turnover-based Subsidy for expansion projects shall be determined on a case-to-case basis and base volume principle will be applicable.

b. Other Subsidies for (Technical Textiles, MMF yarn from recycled materials and MMF Fabric)

Eligible Projects in Technical Textiles, MMF yarn from recycled materials & MMF Fabric can avail other subsidies & Standard Incentives as per Section 14 - 'Special Incentives for Sunrise Sectors' of TNIP 2021 namely:-

- Training Subsidy – Rs. 4000/6000 per worker per month for 6 months for residents of Tamil Nadu/women and transgender employees, persons with benchmarked disabilities, persons from SC or ST communities as certified by Revenue Department Authorities.
- Land Cost Incentive – Land allotment shall be made at a 10% concessional rate for "A" & "B" Category Districts and at a 50% concessional rate in "C" Districts in parks promoted by SIPCOT, for land up to 20% of EFA. For private lands in "C" districts, 50% subsidy on the cost of land as per guideline value up to an extent of 50 acres and

subject to land cost not exceeding 20% of EFA and a cap of Rs. 2 cr. provided that at least 70% of the land is used for manufacturing operations.

- iii. Electricity Tax Incentive - Electricity tax exemption for a period of 5 years on power purchased from TANGEDCO or generated and consumed from captive sources. (incremental power in case of expansion projects).
- iv. Stamp Duty Incentive - 100% concession on Stamp duty payable on lease or purchase of land/shed/buildings meant for industrial use in parks promoted by SIPCOT in all districts. In the case of private lands, stamp duty concession will be given as a 100% back ended subsidy for up to 50 acres on fulfilment of investment and employment commitment.
- v. Green Industry Incentive - 25% subsidy on the cost of setting up environmental protection infrastructure (as specified in 13.5.3 of TNIP 2021) subject to a limit of Rs. 1 crore.
- vi. Enhanced Quality Certification Incentive - reimbursement of 50% of the total cost incurred for obtaining certifications limited to Rs. 1 crore.
- vii. Enhanced Intellectual Property Creation Incentive – reimbursement of 50% of the expenditure incurred on patent, copyright, trademarks, Geographical Indicators registration subject to a maximum of Rs. 1 crore. In addition to the above, the Project shall also be eligible for the below incentive under this special scheme:
- viii. Interest Subvention – Eligible projects may avail 5% as a rebate in the rate of interest on actual term loans taken for the purpose of financing the project, for a period of 6 years subject to annual ceiling limits provided below:

Investment range (Rs. crore)	Annual ceiling for Interest Subvention (Rs. crore)
Rs. 50 to 150 crores	Rs.10 lakhs per annum
Rs. 150 to 300 crores	Rs. 15 lakhs per annum

2.2 Incentives for Diversification in Technical Textiles, MMF Yarn from Recycled Materials & MMF Fabric

In order to enable the textile manufacturers in the State to catch up with the breakout growth of Technical Textiles, MMF yarn from recycled materials & MMF Fabric, the existing textile manufacturers will require infusion of additional capital and upskilling the existing workforce. However, some of these projects may not lead to a significant increase in overall capacity but will have forward integration units that would lead to manufacturing of Technical Textiles, MMF yarn from recycled materials & MMF Fabric. Projects of existing textile manufacturers diversifying to manufacturing of Technical Textiles, MMF yarn from recycled materials & MMF Fabric meeting the following eligibility criteria (Table 1-1.2) shall be supported by the Government of Tamil Nadu:

1. Minimum investment of Rs. 50 crores in 'B' or 'C' Category Districts within the Standard Investment Period for Technical Textiles, MMF yarn from recycled materials and Minimum investment of Rs. 100 crores in 'B' or 'C' Category Districts within the Standard Investment Period for MMF Fabric.
2. At least 25% of the turnover is attributable to manufacturing of Eligible Products in Technical Textiles, MMF yarn from recycled materials & MMF Fabric from new product lines, as compared to the sales prior to the investment period.

Projects that meet the above criteria of diversification into Technical Textiles, MMF yarn from recycled materials & MMF Fabric shall be eligible for the following diversification support:

a. Special Capital Subsidy for Diversification in Technical Textiles, MMF yarn from recycled materials and MMF Fabric

Diversification Projects can avail a Special Capital Subsidy of 10% of EFA disbursed in equal annual instalments over 10 years, subject to a ceiling of Rs. 3 crores per annum. The company can choose to avail the Special Capital Subsidy from the date of commercial production or upon achieving the minimum eligible investment (i.e., Rs.100 crore for Technical Textiles, Rs.100 crore for MMF yarn from recycled materials and Rs.100 crore for MMF Fabric), whichever is later. If the company chooses to avail the Special Capital Subsidy prior to the completion of the investment and employment commitment, the Special Capital Subsidy shall be disbursed in tranches corresponding to the cumulative investment made until then and subsequent tranches for actual annual incremental investment within the investment period.

b. Other Subsidies for Diversification into Technical Textiles, MMF yarn from recycled materials and MMF Fabric Production

Eligible Projects in Technical Textiles, MMF yarn from recycled materials and MMF Fabric can avail other subsidies & Standard Incentives as per Section 14 - 'Special Incentives for Sunrise Sectors' and other subsidies as listed below:

- i. Diversification Skilling Support – Rs. 4000/6000 per worker per month for 6 months for residents of Tamil Nadu/women and transgender employees, persons with benchmarked disabilities, persons from SC or ST communities as certified by Revenue Department Authorities for upskilling up to 10% of the workforce.
- ii. Interest Subvention – Eligible projects may avail 5% as a rebate in the rate of interest on actual term loans taken for the purpose of financing the project, for a period of 6 years subject to annual ceiling limits provided below:

Investment range (Rs. crore)	Annual ceiling for Interest Subvention (Rs. crore)
Rs. 50 to 150 crores	Rs.10 lakhs per annum
Rs. 150 to 300 crores	Rs. 15 lakhs per annum

2.3 Incentives for Apparel Manufacturing

Under this scheme, manufacturing units engaged in production of apparel (including MMF apparel) can avail the following incentives, subject to meeting the eligibility criteria (Table 1-1.3).

a. Turnover-based Subsidy

Projects manufacturing Eligible Products in Apparel can avail the following Turnover-based Subsidy:

Turnover-based Subsidy for Apparel Manufacturing		
District Category	Employment > 2,000 jobs	Employment > 4,000 jobs
'B' District	1.75%	1.8%
'C' District	1.8%	2%

Turnover-based Subsidy shall be applicable as a percentage of the turnover in Eligible Products in Apparel in each financial year from the date of commercial production or upon achieving the minimum eligible investment of Rs. 100 crores and minimum eligible employment of 2000 jobs, whichever is later. This is subject to the following conditions:

- i. In case of Sub-Large projects (Investment <Rs.300 crore) in Apparel manufacturing in 'B' & 'C' Category Districts creating employment of more than 2,000 jobs within the Standard Investment Period, the ceiling for the Turnover-based Subsidy shall be 2.5% of cumulative investment in Eligible Fixed Assets per annum for a period of 10 years.
- ii. In case of Large and above projects (Investment > Rs.300 crore) in Apparel manufacturing in 'B' & 'C' Category Districts creating employment of more than 2,000 jobs within the Standard Investment Period, the ceiling for the Turnover-based Subsidy shall be 4% of cumulative investment in Eligible Fixed Assets per annum for a period of 10 years.
- iii. If the Project creates employment for more than 4,000 jobs within the investment period, the company shall be eligible for drawing a higher percentage of turnover subsidy from the year of achieving the higher employment, as specified in the Table above.
- iv. Turnover-based Subsidy for expansion projects shall be determined on a case-to-case basis and base volume principle will be applicable.

b. Other Subsidies for Apparel Manufacturing

Projects manufacturing Eligible Products in Apparel can avail other subsidies & Standard Incentives as per Section 13 - 'Structured Package for Large & above Projects' of TNIP 2021 namely: –

- i. Training Subsidy – Rs. 4000/6000 per worker per month for 6 months for residents of Tamil Nadu/women and transgender employees, persons with benchmarked disabilities, persons from SC or ST communities as certified by Revenue Department Authorities.
- ii. Land Cost Incentive - Land allotment at a 10% concessional rate for "B" Category Districts and at a 50% concessional rate in "C" Category Districts in parks promoted by SIPCOT, for land up to 20% of EFA.
- iii. Electricity Tax Incentive - Electricity tax exemption for a period of 5 years on power purchased from TANGEDCO or generated and consumed from captive sources.
- iv. Stamp Duty Incentive - 50% concession on Stamp duty payable on lease or purchase of land/shed/buildings meant for industrial use in parks promoted by SIPCOT in "B" Category Districts, and 100% concession in "C" Category Districts.
- v. Green Industry Incentive - 25% subsidy on the cost of setting up environmental protection infrastructure subject to a limit of Rs. 1 crore.
- vi. Quality Certification Incentive - reimbursement of 50% of the total cost incurred for obtaining certifications limited to Rs. 25 lakhs.
- vii. Intellectual Property Creation Incentive – reimbursement of 50% of the expenditure incurred on patent, copyright, trademarks, Geographical Indicators registration subject to a maximum of Rs. 30 lakhs.

2.4 Support for Common Facility Centres (CFCs) in Technical Textiles & MMF

The Government of Tamil Nadu seeks to support establishment of Common Facility Centres (CFCs) in the State focussed on Technical Textiles and MMF. Projects of existing textile manufacturers in the State (with manufacturing operations in the State for above 10 years) in Technical Textiles, MMF yarn from recycled materials and MMF Fabric (subject to eligibility criteria for Section 1.1 and Section 1.2) seeking to set up Common Facility Centres (CFCs) in the State shall be eligible for the following support. Up to first three relevant CFC projects during the policy period shall be incentivised under this scheme. This includes the following support:

i. Incentives for Development of Common Facility Centres (CFCs)

Common Facility Centres (CFCs) for incubation, design, training, testing and certification can serve as a catalyst for development of new segments in MMF Fabric & Technical Textiles. These can be utilised for prototyping and product development which could eventually lead to commercial production and contribute to creation of manufacturing capabilities of MMF Fabric & Technical Textiles in existing textiles clusters. Thus, to support private players in setting up CFCs in the State, GoTN shall reimburse 50% of the capital expenditure (e.g., towards building labs and purchase of equipment) subject to a ceiling of Rs.10 crore during the policy period. This support can be availed by technical universities/Special Purpose Vehicles formed by group of textile companies/ Industry Associations provided the facilities within the CFC is made accessible to all institutions and industries engaged in research or manufacturing of MMF Fabric & Technical Textiles, with a focus on Indu-tech, Pro-Tech, Auto-Tech, Mobil-Tech and Meditech products.

ii. Marketing Assistance

Based on Tamil Nadu Exports Strategy 2021, for Projects that utilise the services of the Common Facility Centres for MMF Fabric & Technical Textiles, the Government of Tamil Nadu shall reimburse 50% of the physical and digital marketing expenses of MMF Fabric & Technical Textiles manufacturing units that export more than 50% of their products, capped to Rs. 20 lakhs per year per firm up to a period of 5 years.

iii. Traceability Incentive

In order to support establishing an end-to-end system that enhances traceability by capturing information on provenance, authenticity, ethical credentials, and quality, 50% of the expenditure incurred on the purchase of a specialized software license for Traceability Systems or implementing the Traceability Systems within the Standard Investment Period, shall be reimbursed subject to a ceiling of Rs. 25 lakhs.

iv. Design Skilling Support

Projects that involve design studios with art design centres (in-house or common facility), CAD/rendering software to develop customer centric designs can avail Design Skilling Support of Rs 10,000 per month per designer for 6 months for the residents of Tamil Nadu as certified by Revenue Department Authorities subject to a maximum of 50 employees.

2.5 Duration of the Scheme

The Special Scheme for Technical Textiles and Apparel shall be in operation for a period of 5 years from the date of notification.

2.6 Scheme Implementation

The administration of incentives under this scheme shall be as per the Policy Implementation indicated under TNIP 2021 (Section 20). SIPCOT is mandated to act as the implementing and disbursement agency for all the incentives listed in this Scheme.

2.7 Eligible Products in Technical Textiles, MMF Fabric & Apparel

The eligibility of products shall be based on the following:

i. Technical Textiles & MMF Fabric	a. HSN codes/Product description provided in the 'Operational Guidelines for Production Linked Incentive (PLI) Scheme for Textiles for Promoting MMF and Technical Textiles segments' vide Notification dated 24.09.2021 b. Bureau of Indian Standards/Other relevant National or International standards for Technical Textiles c. Certification from accredited Govt of India agency / Designated Centre of Excellence d. Any other products as may be notified by the Government from time to time.
ii. Apparel	a. Products listed under HSN Code - • Chapter 61: Accessories of clothing knitted or crocheted and articles of apparel • Chapter 62: Articles of apparel and clothing accessories, not knitted or crocheted b. Any other products as may be notified by Government from time to time

Eligibility of the projects for MMF yarn from recycled products and CFCs shall be determined on a case to case basis by the Interdepartmental Committee constituted under TNIP 2021.

2.8 Choice of Policy/Scheme

The company shall make the choice to choose the package of incentives under the "Special Scheme for Technical Textiles, MMF yarn from recycled materials, MMF Fabric & Apparel Manufacturing" or any one prevailing policy (Tamil Nadu Industrial Policy 2021 or the Policies issued by the Government of Tamil Nadu) but not both, for the same Project. This should be a one-time choice and should be exercised at the beginning itself by the investor.

2.9 Other Conditions

The definitions, general conditions for sanction of incentives, general conditions for availing incentives, conditions for changes in the company or investment plan after sanction of incentives, eligibility criteria and procedure for applying for eligibility certificate, procedure for sanction of incentives and sanctioning authorities and procedure for claiming incentives and implementation agencies shall be as per TNIP 2021 or as notified by GoTN.



DEPARTMENT OF TEXTILES

GOVERNMENT OF TAMIL NADU, INDIA

Vision & Mission

Our Vision

- To establish Tamil Nadu as a pre-eminent global textile hub renowned for its innovation, commitment to sustainability and excellence across the entire textile value chain.
- To achieve sustainable growth across the Textile value chain, from fibre to fashion, textile machinery, and accessories, using abundant resources, including land, labour and logistics.
- To ensure the quality of textiles for internal consumption and export purposes.
- To make the State the preferred destination for foreign investments in the textile sector.

Our Mission

We have set forth a mission that encompasses various facets of growth and progress

- Promote innovation and Growth
- Empowering Communities
- Cultivate Collaboration
- Hub of Textile Product

FOR DETAILS CONTACT
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