



ABSTRACT

Textiles Industry – Introduction of "Capital Investment Subsidy Scheme for Advanced Fabric–Formation Machinery"– Guidelines for implementation of the scheme and Administrative sanction for an annual outlay of Rs.30.00 crore (Rs.15.00 crore each for weaving and knitting) – Orders – Issued.

Handlooms, Handicrafts, Textiles and Khadi (C2) Department

G.O. (Ms.) No.52

Dated 04.03.2026

விசுவாவசு, மாசி 20,

Thiruvalluvar Aandu 2057

Read:

From the Commissioner of Textiles letter
Rc.No.7792/2019/J1, Dated 09.01.2026.

ORDER:

The Hon'ble Chief Minister has made the announcement during the International Textiles summit 360 held on 29.01.2026 that "a new scheme would be introduced to provide 20% capital investment subsidy to the textile unit for the purchase of advanced weaving and Knitting machines and an annual budget of Rs.30.00 crore would be allotted by the Government of Tamil Nadu for this scheme".

2. In the letter read above, the Commissioner of Textiles has submitted the proposal to introduce a Capital Investment Subsidy Scheme for Advanced Fabric–Formation Machinery to address the critical gap and complete the holistic intervention strategy for the textile sector.

Salient Features of the Scheme

- Capital Investment Subsidy of 20% on eligible investment for purchase and installation of advanced weaving and knitting machinery.

- Coverage of high-speed shuttleless looms, preparatory machinery, fine-gauge circular knitting machines, flatbed knitting machines, and warp knitting machinery, subject to prescribed technical specifications.
- Eligibility extended to MSME and large textile units located within Tamil Nadu.
- Annual budget allocation of Rs.30.00 crore (Rs.15.00 crore each for weaving and knitting).
- 75% of the annual allocation under each segment earmarked for MSME units with Udyam Registration.
- Overall maximum subsidy cap of Rs.1.00 crore per unit during the scheme period.
- Implementation through the Single Window Online Portal, with inspection by Regional Deputy Directors and approval by a State-level Approval Committee.

Financial Implications

- The scheme involves a recurring financial commitment of Rs.30.00 crore per annum, to be met from the budget of the Handlooms, Handicrafts, Textiles and Khadi Department.
- The subsidy will be released as Grants-in-Aid through IFHRMS, after installation of machinery and commencement of commercial production, following due inspection and approval.
- Pending creation of a separate Head of Account for the proposed scheme, funds will be dovetailed from the existing Head of Account maintained for the 6% Interest Subvention Scheme.

3. The Commissioner of Textiles has requested the Government to approve the introduction of the Capital Investment Subsidy Scheme for Advanced Fabric-Formation Machinery with an annual outlay of Rs.30.00 crore (Rs.15.00 crore each for weaving and knitting) and the draft guidelines governing eligibility, eligible machinery, subsidy limits, implementation mechanism, and monitoring framework and also to permit dovetailing of funds from the existing Head of Account of the 6% Interest Subvention Scheme, pending creation of a separate Head of Account for the proposed scheme.

4. The Government after careful examination of the request of the Commissioner of Textiles hereby approve to introduce the "Capital Investment Subsidy Scheme for Advanced Fabric-Formation Machinery" with the Guidelines

annexed to this order and accord administrative sanction for an annual outlay of Rs.30.00 crore (Rupees Thirty Crore only) (Rs.15.00 crore each for weaving and knitting) under this scheme.

5. The new Head of Account will be provided in the next financial year 2026-2027 for capital Investment Subsidy Scheme for Advanced Fabric-Formation Machinery.

6. This order issues with the concurrence of Finance Department vide its U.O.No.126/Fin.(Ind)/2026 dated 16.02.2026.

(BY ORDER OF THE GOVERNOR)

V.AMUTHAVALLI
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 Special Personal Assistant to Hon'ble Minister
(Finance & Environment Climate Change), Chennai -600 009.

The Special Personal Assistant to Hon'ble Minister (Handlooms & Textiles),
Chennai -600 009.

The Senior Private Secretary to Secretary to Government,
Handlooms, Handicrafts, Textiles and Khadi Department,
Chennai - 600 009.

The Finance (Industries/BG-I&II/W&M-I) Department,
Chennai-600 009.

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//Forwarded // by Order//

02/03/26
Section Officer *4/3/26*
10.11
4/3/26

ANNEXURE TO
G.O.(Ms.) NO.52, HANDLOOMS, HANDICRAFTS, TEXTILES, & KHADI (C2)
DEPARTMENT, DATED 04.03.2026

Guidelines for "Capital Investment Subsidy Scheme for Advanced
Fabric-Formation Machinery"

1. Background

Tamil Nadu is the leading State in India's textile value chain, contributing over one-third of the country's textile production and nearly half of its spinning capacity.

Whereas, the fabric formation segment, comprising weaving and knitting, still faces technological gaps. A large portion of the fabric production in the State continues to rely on outdated shuttlelooms and conventional knitting machines, resulting in lower productivity, limited fabric variety, and reduced competitiveness in both domestic and global markets.

At the same time, global textile markets are rapidly shifting towards high-performance, value-added, and technical fabrics that require advanced machineries such as high-speed state of the art shuttleless looms, fine-gauge circular knitting machines, warp knitting machines, and computerized flat knitting systems. Adoption of such technology enables the production of functional, technical, and specialty fabrics for applications in sportswear, medical textiles, industrial fabrics, automotive textiles, and home furnishings – sectors with strong growth potential.

2. Objectives

The scheme aims

- To promote modernization and technology upgradation in the fabric formation segment of the textile value chain in Tamil Nadu.
- To support textile entrepreneurs and MSMEs in modernizing their production facilities through installation of state of the art high-speed weaving and knitting machineries.
- To promote indigenous manufacturing of technical, functional, and value-added fabrics enabled by advanced weaving and knitting technologies.

- To strengthen the competitiveness of both MSMEs and large enterprises in producing high-performance fabrics that meet global standards.

3. Scope of the scheme

The Capital Investment Subsidy will be extended to eligible textile units (both MSMEs and large enterprises) for installation of state of the art high-speed weaving and knitting machineries that enable the production of value-added, high-performance, and technical fabrics.

4. Eligibility Criteria

- i. Newly established units or existing units undertaking modernization/expansion projects are eligible.
- ii. The unit shall be a registered business entity (Proprietorship, Partnership, LLP, Company, etc.,).
- iii. The unit shall be located within Tamil Nadu.
- iv. The applicant shall possess valid registration, GST certificate, factory license and pollution control clearance (whichever applicable).
- v. The unit shall be compliant with labour laws, ESI/EPF obligations, and other applicable statutory norms.
- vi. The eligible investment shall be the expenditure incurred towards the purchase and installation of brand-new machinery sourced directly from the Manufacturers or their authorized agents. Second-hand, refurbished, reconditioned, or previously used machinery shall not be eligible for subsidy under this scheme.
- vii. The unit shall remain in commercial operation for a minimum period of 5 years from the date of subsidy disbursement.
- viii. The machinery purchased under the scheme shall not be transferred, disposed, or leased out within this period.
- ix. Units availing Government subsidy of any form for the same machinery shall not be eligible to avail subsidy under this scheme.

5. Eligible Investment

The eligible investment represents only the basic cost of the brand–new automatic & digitally controlled weaving and knitting machineries (mentioned in the following table) purchased by the eligible units after the date of implementation of the scheme.

S.No	Segment	Machinery	Technical Specification*
I. Weaving			
1a	High speed shuttleless looms	Rapier looms	<ul style="list-style-type: none"> Weft Insertion Rate (WIR) \geq 650 m/min, and width \geq 190cm (With or without electronic dobby/ electronic jacquard)
		Air jet looms	<ul style="list-style-type: none"> WIR \geq 1200m/min without electronic dobby/ electronic jacquard & width \geq 190cm WIR \geq 900m/min with electronic dobby / electronic jacquard & width \geq 190cm
		Water jet looms	<ul style="list-style-type: none"> WIR \geq 800m/min without electronic dobby / electronic jacquard, width \geq 150cm WIR \geq 600m/min with electronic dobby / electronic jacquard, width \geq 150cm
1b	Preparatory machine for High speed shuttleless looms	Warping Machine	For Direct Warping Machine <ul style="list-style-type: none"> Creel Capacity \geq 400 ends Min Speed – 1000 m/min

			<p>For Sectional Warping Machine</p> <ul style="list-style-type: none"> • Creel Capacity ≥ 400 ends • Min Drum Speed – 600 m/min • Min Beam speed – 300 m/min
		Sizing Machine	<ul style="list-style-type: none"> • Minimum 12 cylinders • Minimum speed – 100 m/min
II. Knitting			
2	Circular Knitting	Single Jersey Knitting Machines (Fine gauge)	<ul style="list-style-type: none"> • Minimum of Gauge range $\geq 28G$ • All feeder elastomeric yarn attachment (optional)
		Double Jersey Knitting Machines (Fine gauge) (Interlock /Rib)	<ul style="list-style-type: none"> • Minimum of Gauge range $\geq 24G$ • All feeder elastomeric yarn attachment (optional)
		Terry/Electronic Jacquard circular knitting machine	<ul style="list-style-type: none"> • Terry/Electronic Jacquard / Seamless/ Alterknit Knitting Machine (Single jersey / double jersey) • All feeder elastomeric yarn attachment (optional)
3	Flatbed Knitting	Flatbed Knitting Machines	<ul style="list-style-type: none"> • Full jacquard / Fully fashioned / Seamless / Collar, cuff / footwear / Sweaters etc., • Needle selection with all feeder elastomeric yarn

4a	Warp Knitting	Raschel Warp Knitting Machines	Single needle <ul style="list-style-type: none"> • Min of Gauge range $\geq 18G$, • Min working width – 60" • Min speed – 1500 rpm • Min Guide Bar – 2
			Double needle <ul style="list-style-type: none"> • Min of Gauge range $\geq 16G$, • Min working width– 60" • Min speed – 600 rpm • Min Guide Bar – 5
		Tricot Warp Knitting Machines	<ul style="list-style-type: none"> • Min of Gauge range $\geq 28G$ • Min Guide Bar – 3 • Min working width– 60" • Min speed – 1500 rpm
4b	Preparatory machine for knitting	Warping Machine for Warp Knitting	<ul style="list-style-type: none"> • Creel Capacity ≥ 400 ends • Min Speed–1000 m/min

*Detailed technical specification of the list of eligible machinery will be updated from time to time in consultation with the Core Committee formed by the Department of Textiles for the purpose of formulation of New Integrated Textile Policy 2025–2026.

6. Financial Assistance

A Capital Investment Subsidy of 20% will be provided on the eligible investment for the purchase and installation of brand new, digitally controlled, advanced weaving / knitting machines with maximum ceiling per machine and

maximum cap per unit as mentioned against each type of machinery in the following table.

S.No	Segment	Machinery	20% CIS – Max ceiling of subsidy per machine	Max cap of subsidy per unit
I. Weaving				
1 a	High speed shuttleless looms	Rapier looms Airjet looms Waterjet looms	Rs.7.50 lakh/loom	Rs.70 lakh/unit
1 b	Preparatory machines for High speed shuttleless looms *	Preparatory machines – Warping & sizing* (Purchase and installation of looms mentioned in s.no 1a is mandatory for availing subsidy under this category)	Rs.10.00 lakh/warping machine Rs.20 lakh/sizing machine	Rs.30 lakh/unit
II. Knitting				
2	Circular Knitting	Single Jersey Knitting Machines (Fine gauge)	Rs.10.00 lakh/mc	Rs.30 lakh/unit
		Double Jersey Knitting Machines (Fine gauge) (Interlock /Rib)	Rs.10.00 lakh/mc	Rs.30 lakh/unit
		Terry/Electronic Jacquard circular knitting machine	Rs.15.00 lakh/mc	Rs.40 lakh/unit
3	Flatbed Knitting	Flatbed Knitting Machines	Rs.4.00 lakh/mc	Rs.30 lakh/unit

4a	Warp knitting	Raschel Warp Knitting Machines	Rs.15.00 lakh/mc	Rs.30 lakh/unit
		Tricot Warp Knitting Machines		
4b	Warp knitting Preparatory Machine	Warping Machines for Warp Knitting* (Purchase and installation of machines mentioned in sl.no 4a is mandatory for availing subsidy under this category)	Rs.10.00 lakh/mc	Rs.20 lakh/unit

*The preparatory machines (warping / sizing) for weaving and warp knitting will be eligible to get subsidy only when the unit is availing subsidy for the corresponding high speed shuttleless looms and warp knitting respectively.

The maximum capital investment subsidy admissible to any single unit under this scheme, across all eligible machinery segments combined, shall be limited to Rs.1 Crore. Further, each unit may submit applications up to a maximum of three times during the scheme period, subject to the condition that the cumulative subsidy availed shall not exceed Rs.1.00 Crore.

7. Budget Allocation

A total budget for implementation of the Capital Investment Subsidy Scheme for Advanced Fabric-Formation Machinery is Rs.30.00 Crore per year. The annual allocation will be distributed between the following segment as detailed below:

S.No	Segment	Budget allocation per annum
1	Weaving	Rs.15.00 crore
2	Knitting	Rs.15.00 crore
	Total	Rs.30.00 Crore

Around 75% of the total annual allocation under each machinery category will be earmarked for MSME units with Udyam Registration to ensure greater support and faster modernization in the MSME sector.

Applications will be processed and approved on a "First Come, First Served" basis, subject to the availability of funds within the respective category in each financial year.

8. Project Implementation

8.1 Submission of Proposal

Eligible units after successful installation of the machinery shall submit their proposals through the Single Window Online Portal, <https://tntextiles.tn.gov.in>, with all the relevant supporting documents.

8.2 Preliminary Scrutiny by Regional Deputy Director

The proposal will be pre-evaluated and the installed machinery will be inspected by the Regional Deputy Directors concerned within 7 days of receipt of the application. The Regional Deputy Directors shall submit their report along with their observation within 15 days from the date of receipt of the application.

The Regional Deputy Directors shall verify the application based on the basic eligibility criteria and other terms and conditions mentioned in the guidelines. On satisfactory verification, the Regional Deputy Director shall recommend the application along with the Inspection Report to the Approval Committee via the online portal.

8.3 Approval Committee

The Approval Committee consisting of the following members will evaluate and approve the proposals for Capital Investment Subsidy for purchase and installation of brand new computerized and advanced fabric formation machineries.

1	Commissioner of Textiles	Chairman
2	Joint Director (Textile) O/o. Commissionerate of Textiles, Chennai	Convener
3	Representative from the Industries Department not below the cadre of Joint Director	Member

4	Financial Advisor/Chief Accounts Officer, O/o. Commissionerate of Textiles, Chennai	Member
5	Head of the Department, Department of Textiles, Anna University	Member
6	Director / Representative South India Textile Research Association (SITRA)	Member

The Approval Committee will be convened once in every three months to peruse the proposals recommended by the Regional Deputy Directors.

The Committee shall examine the details submitted by the applicant units and the inspection report submitted by the concerned Regional Deputy Director.

The Approval Committee will approve the proposal on satisfactory examination and the eligible subsidy amount shall be sanctioned and disbursed subsequently.

9. Release of Funds

1. The sanctioned subsidy amount will be released in one go, after satisfactory installation of machine and commencement of production.

2. The subsidy will be released to eligible units through IFHRMS by presenting bills in treasury for direct transfer of subsidy to the bank account of eligible units.

3. A separate Head of Account shall be created for the Capital Investment Subsidy Scheme for Advanced Fabric-Formation Machinery.

10. Other Terms and Conditions

- i. The units can avail the assistance multiple times under the scheme. However, the cumulative financial assistance will be restricted to the maximum cap of subsidy mentioned against each type of machinery in sl.no 6.
- ii. The date of commencement of commercial production of the machinery will be the date on which the 'First Sale Invoice' made after installation of new machinery.
- iii. The subsidy shall be utilized for the sanctioned purpose only.

- iv. False information leading to subsidy claims will result in repayment with interest.
- v. The eligible units shall submit a declaration that the unit and the installed machinery will remain in commercial production for atleast 5 years after receiving subsidy. The Regional Deputy Director concerned shall conduct an inspection of the unit once every six months to verify compliance with this condition.
- vi. Units that have previously availed Capital Investment Subsidy (CIS) for the same component through any other Government scheme shall be ineligible for benefits under this scheme.
- vii. If it is found that the unit is not complying with the terms and conditions mentioned in the guidelines or misutilized the subsidy amount, the Commissioner of Textiles shall have the right to recover the subsidy along with accrued interest thereon and also levy 10% penal interest to the unit.
- viii. In case any interpretation or clarification is required under this scheme that shall be done by Department of Textiles or Secretary to Government, Handlooms, Handicrafts, Textile and Khadi Department, Government of Tamil Nadu whose decision shall be final in this regard.
- ix. All legal disputes will fall under the jurisdiction of Chennai.

V.AMUTHAVALLI
Secretary to Government

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Section Officer *[Handwritten Initials]*

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