

## **DEPARTMENT OF TEXTILES**

From

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To

Secretary to Government,  
Handlooms, Handicrafts, Textiles and  
Khadi Department,  
Chennai – 600 009.

**Rc.No.DOT/90/2025/E1, Dated:04.04.2025**

Madam,

Sub: Textile Industry - Department of Textiles – Announcement made by Hon'ble Finance Minister while presenting "Tamil Nadu Budget 2025-26 on 14.03.2025 – **50% Capital Investment Subsidy for purchase of computerized cutting machine with CAD/CAM software to Cut and Sew sector** –Proposal submitted– Regarding

Ref: 1.Hon'ble Minister for Finance and Environment and Climate change announcement during Budget Speech 2025-26, dated: 14.03.2025

2. Stakeholders meeting held on 01.04.2025

I wish to state that Hon'ble Finance Minister presented the State Budget for the year 2025-26 in the Tamil Nadu Legislative Assembly on 14<sup>th</sup> March 2025 and made an announcement as below:

**"To enhance production efficiency and ensure the precise manufacturing of ready-made garments and home textiles in compliance with export standards, a capital subsidy of up to 50 percent will be provided for installing new, fully computerized fabric cutting machines with CAD/CAM software in Common Facility Centres. This scheme will be implemented over the next five years at an estimated cost of Rs.50 crore".**

Based on the discussions held with the stakeholders, I submit the proposal for the guidelines for providing 50% capital subsidy for purchase and installation of brand new computerized cutting machine with CAD/CAM software to both Common Facility Centres (CFCs) and individual textile units as below for approval of the Government.

## **Guidelines for providing 50% capital subsidy for purchase and installation of brand new computerized cutting machine with CAD/CAM software to cut and sew sector**

### **1. Background**

The textile industry, particularly the ready-made garment (RMG) and home textiles, plays a pivotal role in India's export economy. To remain competitive in the global market, it is essential that manufacturers enhance their production efficiency, improve quality, and align with international standards. A significant aspect of this is the adoption of advanced technology, particularly computerized fabric cutting machines equipped with CAD/CAM (Computer-Aided Design/Computer-Aided Manufacturing) software, which offer increased accuracy, reduced wastage, and enhanced operational efficiency.

### **2. Objectives**

The primary objectives of this scheme are to:

- Enhance production efficiency in the ready-made garment and home textile sectors and reduce the cost of production.

- Ensure high-quality fabric cutting, aligning with export standards.
- Enhance fabric realization by reducing the wastage
- Facilitate the manufacturing unit to adopt the State-of-Art modern machinery in the ready-made garment and home textile units.
- Provide financial support to textile manufacturers, enabling them to adopt advanced technology with significantly reduced capital investment.
- Strengthen the Common Facility Centres (CFCs) as hubs of advanced textile manufacturing technologies, benefiting a large number of MSMEs (Micro, Small, and Medium Enterprises) in the State.

### **3. Scope of the Scheme**

The scheme would cover the technology needs of the entities having production facility in Garmenting, Home Textile and Technical Textile Sectors involved in cut and sew operations.

### **4. Duration of the Scheme:**

The scheme will be in operation for 5 years or till the time the sanctions of aggregate capital subsidy disbursed by the Department reach Rs.50 crore, whichever is earlier.

## **5. Eligible Units**

### **5.1 Eligibility for Common Facility Centres (CFCs):**

- i. The Common Facility Centre (CFC) formed by two or more individual units actively involved in cut and sew operations.
- ii. The CFC shall invariably be a Special Purpose Vehicle (SPV) registered under Companies Act.
- iii. The machine installed by the CFC shall be utilized to cater the needs of all the member units in the CFC **(Hub-and spoke model)**.

### **5.2 Eligibility for Individual Units**

- i. The individual units (Primary unit) actively involved in cut & sew operations and having MOU agreements with three or more other units involved in cut and sew operations (Peripheral units) for meeting their fabric cutting needs **(Hybrid Hub and spoke model)**.
- ii. The MOU should have a clear and explicit clause on cutting job commitment of Primary unit to the corresponding Peripheral unit in any quantifiable terms (like number of pieces / day, meters of fabric/month etc.,).
- iii. The machine installed by the Primary unit should cater the needs of all the Peripheral units as per the commitment mentioned in MOU.
- iv. Minimum of 25% of the machinery capacity should be utilized for meeting the needs of the Peripheral units.

## **6. Eligible Investment**

The eligible investment represents only the basic cost of the brand new fully computerized fabric cutting machine with CAD/CAM software purchased by the eligible units after the date of implementation of the scheme.

## 7. Financial Assistance

A capital subsidy of **50% will be provided on the eligible investment** for the purchase and installation of a brand new, fully computerized cutting machine with CAD/CAM software, with a **maximum ceiling of Rs. 50.00 lakh per machine** for the eligible units.

## 8. Mode of Selection

Based on the number of Garment and Home textile units located, the tentative permissible number\* of eligible units for each region under each model shall be fixed as below

| Sl No | Regions                        | Permissible number of units per annum |            |
|-------|--------------------------------|---------------------------------------|------------|
|       |                                | CFC                                   | Hybrid CFC |
| 1     | Karur and Erode Region         | 3                                     | 3          |
| 2     | Coimbatore and Tiruppur Region | 4                                     | 4          |
| 3     | Madurai and Southern Region    | 1                                     | 1          |
| 4     | Chennai and Salem Region       | 2                                     | 2          |
|       | Total                          | 10                                    | 10         |
|       | <b>Grand Total</b>             | <b>20</b>                             |            |

*\*subject to change depending on number of applications received from each region and each model at the end of a financial year.*

The beneficiaries will be selected on a first-come, first-served basis within each region which means that those who apply and meet the criteria earlier will have a better chance of being chosen in their region.

## **9. Project Implementation**

### **9.1 Submission of Proposal**

Eligible units after successful installation of the machinery shall submit their proposals as per the application format mentioned in **Annexure I**, through the Single Window Online Portal, <https://tntextiles.tn.gov.in>, with all the relevant supporting documents mentioned in **Annexure II**.

### **9.2 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 of from the date of receipt of the application.

The Regional Deputy Directors shall verify the application based on the basic eligibility criteria, mode of selection 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 Technical Evaluation Committee (TEC) via the online portal.

### **9.3 Technical Evaluation Committee**

The Technical Evaluation Committee (TEC) consisting of the following members will evaluate and approve the proposals for Capital Subsidy for purchase and installation of brand new computerized cutting machine with CAD/CAM software.

|   |   |          |
|---|---|----------|
| 1 | Director of Textiles  | Chairman |
| 2 | Joint Director (Textile)<br>O/o. Director of Textiles, Chennai                            | Convener |
| 3 | Representative from the Industries<br>Department not below the cadre of Joint<br>Director | Member   |
| 4 | Financial Advisor/Chief Accounts Officer,<br>O/o. Director of Textiles, Chennai           | Member   |
| 5 | Head of the Department<br>Department of Textiles,<br>Anna University                      | Member   |

The Technical Evaluation Committee (TEC) will be convened every month to peruse the proposals recommended by the Regional Deputy Directors.

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

Any clarifications sought by the Department related to the application shall be communicated to the applicant through the dashboard on the Portal.

The Technical Evaluation Committee (TEC) will approve the proposal on satisfactory examination and the eligible subsidy amount shall be sanctioned and disbursed subsequently.

All the applications shall be disposed off within 45 days from the date of receipt of the application.

## 10. Release of funds

1. For the **Common Facility Centre (CFC)**, the sanctioned subsidy amount will be **released in one go**, after satisfactory installation of machine and commencement of production.
2. For **Primary individual units (under hybrid hub and spoke model)**, the sanctioned subsidy amount will be released in following manner.

|                             |     |   |
|-----------------------------|-----|---|
| 1 <sup>st</sup> installment | 60% | After satisfactory installation of machine, commencement of production & on execution of MOU agreement with Peripheral units  |
| 2 <sup>nd</sup> installment | 20% | After one year from the date of commencement of production on submission of necessary supporting documents for complying with the agreement entered with Peripheral units.  |
| 3 <sup>rd</sup> installment | 20% | After two years from the date of commencement of production on submission of necessary supporting documents for complying with the agreement entered with Peripheral units. |

3. 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.



## **11. Other Terms and Conditions**

- i. The assistance shall be utilized for the sanctioned purpose only.
- ii. False information leading to subsidy claims will result in repayment with interest.
- iii. If it is found that the CFC / Individual unit has not complied with the terms and conditions mentioned in the guidelines or misutilized the subsidy amount, the Director of Textiles shall have the right to recover the subsidy along with accrued interest thereon and also levy 10% penal interest to the unit.
- iv. 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.
- v. The units availing the CIS benefits under this scheme will not be able to avail additional CIS benefits offered under the existing scheme of Tamil Nadu MSME Policy 2021 and Tamil Nadu Industrial Policy 2021, based on their industry classification (MSME and Non MSME).
- vi. All the member units of the CFC and individual units shall have a Permanent Account Number (PAN)/Goods and Services Tax Number (GSTIN) and should regularly file returns.

## **12. Lock-in Period and Transfer of Membership:**

- i. Any changes in membership within the Hub and Spoke model and MOU agreement with Peripheral units must be promptly reported to the Directorate of Textiles.
- ii. At any time, total number of members proposed in the Common Facility Centre (CFC) and total number of peripheral units entered MOU with the primary unit should remain unchanged.

**13. Interpretations:**

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.

**14. General:**

All legal disputes will fall under the jurisdiction of Chennai.

## ANNEXURE I

### **Application Form (Format) for CFC**

#### 1. Details of Common Facility Centre (CFC) / Primary Unit

##### (a) General Details

|   |   |  |
|---|---|--|
| 1 | Name of the Applicant<br>(Common Facility Centre /<br>Primary unit) |  |
| 2 | Registration No   |  |
| 3 | Registration Date   |  |
| 4 | Issuing authority and<br>Validity of Registration                   |  |
| 5 | Type of Company   |  |
| 6 | PAN No  |  |
| 7 | GST No  |  |
| 8 | No.of member units<br>(applicable for CFC)                          |  |

##### (b) Contact Details

|   |   |  |
|---|---|--|
| 1 | Name of Managing Partner /<br>Managing Director |  |
| 2 | Designation                                     |  |
| 3 | Registered office Address                       |  |
| 4 | Address of the plant /<br>premises              |  |
| 5 | Location of the enterprise                      |  |

|   |                |  |
|---|----------------|--|
|   | Village /Town  |  |
|   | Block          |  |
|   | Taluk          |  |
|   | District       |  |
| 6 | Telephone No.  |  |
| 7 | Fax No.        |  |
| 8 | E-mail address |  |

2. Details of member units / peripheral units (should be provided for all member units / peripheral units)

|    |   |  |
|----|---|--|
| 1  | Name of the unit  |  |
| 2  | Manufacturing activity  |  |
| 3  | Registration No   |  |
| 4  | Registration Date   |  |
| 5  | Issuing authority and<br>Validity of Registration                           |  |
| 6  | Registered office Address   |  |
| 7  | Address of the plant /<br>premises  |  |
| 8  | PAN No  |  |
| 9  | GST No  |  |
| 10 | Equity Share in CFC (%)<br>(applicable for CFC member<br>unit)              |  |
| 11 | Cutting job commitment for<br>the unit (applicable for<br>peripheral units) |  |

3. Fixed Capital Asset of CFC / Primary unit

| S. No | Nature of Assets  | Value (Rs) |
|-------|-------------------|------------|
| 1     | Land              |            |
| 2     | Building          |            |
| 3     | Plant & Machinery |            |
| 4     | Others            |            |
|       | Total             |            |

4. Details of Power Supply

(a) Service connection no and date

(b) Load details

|                   | Sanctioned Load | Connected Load |
|-------------------|-----------------|----------------|
| Power load H.P    |                 |                |
| Lighting Load H.P |                 |                |
| Total H.P         |                 |                |

5. Details of Machinery eligible for subsidy :

|   |   |  |
|---|---|--|
| 1 | Name of the machinery                         |  |
| 2 | Brand and model                               |  |
| 3 | Make<br>(Imported/Local)                      |  |
| 4 | Date of invoice                               |  |
| 5 | Date of delivery                              |  |
| 6 | Date of commencement of commercial production |  |

6. Cost of Machinery:

|   |   |             |
|---|---|-------------|
| 1 | Basic cost of the machinery (Rs)<br>(Eligible Investment) | :.....<br>. |
| 2 | Shipping charges (Rs)                                     | .....       |
| 3 | Taxes and other charges (Rs)                              | .....       |
| 4 | Total Purchase value                                      | .....       |

7. Bank Account Details

|   |                |  |
|---|----------------|--|
| 1 | Account No     |  |
| 2 | IFSC code      |  |
| 3 | Branch address |  |

8. Means of Finance for Machinery cost:

(Rs.in lakh)

| Details   | Amount (Rs) | % |
|---|-------------|---|
| <b>Promoters' share</b>                           |             |   |
| <b>Term Loan:</b><br>Financial Institutions/Banks |             |   |
| <b>Other (if any)</b>                             |             |   |
| Total   |             |   |

9. Term Loan Details (if applicable):

|   |                             |  |
|---|-----------------------------|--|
| 1 | Name of the bank and branch |  |
| 2 | Type of loan                |  |
| 3 | Term Loan sanctioned (Rs)   |  |

|   |                           |  |
|---|---------------------------|--|
| 4 | Term Loan released (Rs)   |  |
| 5 | Interest Rate (%)         |  |
| 6 | Period of Repayment       |  |
| 7 | Loan sanction no and date |  |

10. Proposed Financial Assistance:

|    |   |               |
|----|---|---------------|
| 1. | Basic cost of the machinery (Rs)<br>(Eligible Investment)       |               |
| 2. | 50% of eligible investment                                      |               |
| 3. | Maximum limit of subsidy  | Rs. 50,00,000 |
| 4. | <b>Financial Assistance proposed<br/>(Minimum of 2 &amp; 3)</b> |               |

11. Employment potential in the project:

| S.No | Details                | Men | Women | Total |
|------|------------------------|-----|-------|-------|
| 1.   | Managerial             |     |       |       |
| 2.   | Supervisory/ Technical |     |       |       |
| 3.   | Workers                |     |       |       |
| 4.   | Skilled                |     |       |       |
| 5.   | Semi skilled           |     |       |       |
| 6.   | Un skilled             |     |       |       |
| 7.   | Total                  |     |       |       |

12. Date of commencement of Commercial Production

13. Date of first sale invoice raised or date of first delivery challan

14. Invoice / delivery challan Number & date

## Declaration

*CERTIFIED* that–

1. The statements made by us in the application are true to the best of my knowledge and belief and nothing has been concealed there in
2. That the enterprise has installed Modern/Hi-tech plant & machinery that conform to the standard productivity.
3. That the enterprise will strictly observe requisite pollution control compliances.
4. That the enterprise will conduct regular Energy Audit and ensure standard energy efficiency wherever applicable.
5. That the enterprise will follow/maintain labour laws.
6. That the enterprise will remain in production for at least five years from the date of receipt of subsidy and will not shift itself from this state to outside state during period of operation of this incentive scheme.
7. I/We hereby agree that I/We shall forthwith repay the amount disbursed to me/us under the scheme if the amount of State Capital Investment subsidy are found to have been disbursed in excess of the amount actually admissible for whatsoever reason.
8. Further, I/we shall also be liable to pay interest at such rate as may be prescribed on such amount and such other charges/expenses which may be payable by us in the event of default.
9. It is further certified that I/we have not hitherto applied for or have received any amount by way of grant / subsidy in respect of this Enterprise from Government / Financial institution.

Place :

Signature of the applicant

Date :

and status of the authorized signatory

Name

Seal of the Industry



## **ANNEXURE II**

### **i) Documents to be uploaded during submission of application**

1. Copy of Registration Certificate of CFC / Primary unit.
2. Copy of Registration Certificate of Member units in CFC / Peripheral units.
3. Copy of Partnership Deed, if Partnership Concern; in case Limited Company, copy of Memorandum and Articles of Association duly signed by the Managing Director.
4. Copy of Memorandum of Understanding (MoU)/ Contract Agreement executed in stamp paper of Rs.100/- between Primary and Peripheral units (in case of hybrid hub and spoke model).
5. Copy of PAN card and GST certificate of the CFC / Primary unit.
6. Deed of Agreement and Letter of Guarantee executed by the Beneficiary unit with the Department of Textiles in the prescribed format **(Annexure III)**
7. If the Enterprise is functioning in its own land, a copy of proof for the ownership of the land duly attested by the applicant.
8. If the Enterprise is functioning in a leased land/ building, copy of lease agreement deed executed in stamp paper of Rs.100/-, for a minimum period of 11 months from the date of commencement of commercial production.
9. Copy of Loan Sanction letter from the Bank / Financial Institution in respect of Bank/Institutional financed projects.
10. Copy of sanction order from TANGEDCO for power supply with a copy of Meter card.
11. Copy of the invoices and stamped receipt duly attested. In case of non-availability of receipts, the bank scroll which shows the payment, with the details of the machinery supplier, should be furnished, in original, with the attestation of the Bank Manager.
12. Certificate of Chartered Accountant for fixed assets created as on date of commencement of commercial production in the prescribed form **(Annexure IV)**.
13. Certificate of commencement of commercial production duly signed by Chartered Accountant.

14. Copy of the first sale invoice raised after the commencement of Commercial Production.

**ii) Documents to be uploaded for claiming 2<sup>nd</sup> and 3<sup>rd</sup> instalments**

1. Necessary supporting documents for complying with the agreement entered with Peripheral units (work order, invoices, payment receipts etc.,)
2. Audited annual account statements with a clear mentioning of revenue generated through fabric cutting job work.
3. Compliance certificate from peripheral units for the execution of agreement.

### **ANNEXURE - III**

#### **Specimen Format of Deed of Agreement and Letter of Guarantee to be executed by Beneficiary Enterprises for Cut and Sew Sector.**

To be executed on Stamp Paper value of Rs.100/-

#### **DEED OF AGREEMENT**

THIS DEED OF AGREEMENT MADE AT \_\_\_\_\_ on this day of \_\_\_\_\_ between M/s \_\_\_\_\_ at (Factory address) represented by Thiru/Tmt. \_\_\_\_\_ S/o/w/o \_\_\_\_\_ hereinafter BENEFICIARY which term, shall include wherever the context so admits, their successors and assigns of the ONE PART and THE GOVERNMENT OF TAMIL NADU represented by the Joint Director (Textiles) hereinafter called the GOVERNMENT which expression shall include wherever the context so admits the successors in interest and their assignees.

**WHEREAS** the Government of Tamil Nadu have formulated the **capital subsidy for purchase and installation of brand new computerized cutting machine with CAD/CAM software to cut and sew sector** in Tamil Nadu vide G.O.Ms.No..... dated.....

**AND WHEREAS** the BENEFICIARY is one of those who had applied to the Government for the grant of the subsidy under the above Scheme during\_\_\_\_... in respect of eligible machinery, (as defined in the said scheme) purchased and installed by them only at \_\_\_\_\_ (Factory address)

**AND WHEREAS** the Government considered the application of Beneficiary and decided to sanction a sum, not exceeding Rs ----- (Rupees only) as subsidy under the above said scheme in the terms and conditions contained hereunder:

**AND WHEREAS** the above said Industrial Unit of the beneficiary has installed brand new computerized cutting machinery with CAD/CAM software with assistance from Bank / with own capital from private resources.

**AND WHEREAS** it has been agreed between the parties herein that the subsidy sanctioned has to be disbursed to the beneficiary after the unit goes into production.

### **NOW THIS DEED WITNESSETH AS FOLLOWS:**

The Government hereby agreed to grant to the BENEFICIARY an amount not exceeding (Rupees\_\_\_\_\_ only) as capital subsidy for purchase and installation of brand new computerized cutting machine with CAD/CAM software to cut and sew sector as per the following procedure.

1. The subsidy shall be disbursed only after the verification of the installation of brand new computerized cutting machine with CAD/CAM software as defined in the above-said scheme at the said industrial unit of the BENEFICIARY and shall be restricted to 50% of eligible investment on the said Machinery actually made.

2. The subsidy shall be disbursed to the BENEFICIARY under the said scheme after the unit goes into production using brand new computerized cutting machine with CAD/CAM software and proof of the same is produced by the BENEFICIARY to the Government of Tamil Nadu.

The BENEFICIARY in turn hereby agrees to abide by the following terms and conditions.

(i) The BENEFICIARY shall submit an annual progress report to the Government about the working of the Industrial Unit for **five years** from the date on which the installed machinery goes into production in such manner as they may be prescribed by the Government of Tamil Nadu.

(ii) The BENEFICIARY shall furnish all the information and assistance as may be required by the Government or by any of its officers or representatives in relation to the business of the beneficiary Unit or its accounting and shall for that purpose after all facilities to the Government or such officers or representatives for the inspection of both accounts and other documents of the beneficiary unit at all reasonable times up to the end of 5<sup>th</sup> year from the date on which the installed machinery goes into production.

(iii) The BENEFICIARY after receiving a part or whole of the subsidy shall not without obtaining the prior written permission of the Government, change the location of the whole or any part of the Industrial Unit or effect substantial construction or dispose of all or a substantial part of its total

fixed capital investment within five years from the date on which the Industrial unit goes into production.

(iv) The BENEFICIARY hereby assures to the Government that the beneficiary unit will comply with the terms and conditions of the agreement executed with all the Peripheral units. *(Applicable for hybrid hub and spoke model)*

(v) The BENEFICIARY shall refund subsidy in full together interest at the rate fixed by the Government and other charges if any to the Government if it is found that the BENEFICIARY has violated any of the terms and conditions mentioned herein or that the subsidy has been obtained by fraud or by false information or the Industrial Unit goes out of production within 5 years from the date of commencement of the production.

The BENEFICIARY solemnly assures and undertakes to refund the subsidy in full or part as per the guidelines prescribed with interest as mentioned above.

(vi) The BENEFICIARY should get clearance from all regulatory authorities in connection with the setting up of the Enterprise before disbursement of any or part of the subsidy.

(vii) IN WITNESS whereof the parties hence signed this agreement on the date of respectively mentioned against their signature.

**WITNESS:**

BENEFICIARY

1.

PROPRIETOR/PARTNER/MG.DIRECTOR

2.

**WITNESS:**

1.

2.

SIGNED AND EXECUTED FOR AND ON  
BEHALF OF THE GOVT.OF TAMILNADU

## **ANNEXURE-IV**

### **CHARTERED ACCOUNTANT CERTIFICATE**

This to certify that M/s. .... have made the following fixed capital investment for their new enterprise and commenced the commercial production of their new enterprise on .....

| <b>Nature of Assets</b> | <b>Value Rs</b> |
|-------------------------|-----------------|
| 1.Land                  |                 |
| 2.Building              |                 |
| 3.Plant & Machinery*    |                 |
| 4.Others                |                 |
| Total                   |                 |

\*Details to be enclosed separately in the Annexure to this certificate.

I/We hereby confirm that I/We have examined the prescribed registers, books of account and the bank statement in respect of the above unit.

I/We fully understand that any submission made in this certificate if proved Incorrect or false, will render me/us liable to face any penal action or other consequences as may be prescribed in the law or otherwise warranted.

Signature & Stamp/seal of the Signatory .....

Name .....

Membership No. ....

Full address .....

Name and address of the Institution where registered.

Date:

Place:

Signature of Applicant      Signature of Chartered Accountant