ANNEXURE – III

GUIDELINES FOR NON- CONVENTIONAL FIBRE/ YARN MANUFACTURING UNITS IN TAMIL NADU

(1) Background:

Tamil Nadu accounts for 1/3 of the Textile business size in India. The state boasts 45% of the country's spinning capacity. Moreover, Coimbatore is the hub for International standard textile machine manufacturing units. With strong infrastructure, skilled labour, and high production capacity, Tamil Nadu plays a crucial role in India's textile yarn exports.

Also, Tamil Nadu is leading in the installed capacity of open-end spinning rotors to produce yarn from waste cotton. More than 650 open-end spinning mills in Tamil Nadu produce yarn from waste cotton and garment waste. These contribute to the sustainability of the textile industry by recycling waste and reducing environmental pollution.

Further, there is a wide scope for Non-conventional Fibre and yarn manufacturing as there is a growing demand for sustainable yarn/fabric worldwide.

Therefore, the State Government has come forward to support the industry by providing capital investment subsidy to encourage the development of fibre/yarn categories that are sustainable in Nature. This will improve the farm-based activities and enable the creation of "Wealth from Waste"

The Capital Investment Subsidy is proposed as a one-time measure to all machinery for the New factories/spinning mills to be established under this category, Non-conventional Fibre and yarn manufacturing, shall be eligible for benefit under the scheme.

(2) Objectives:

The primary objectives of this scheme are to:

- Create infrastructure facility to produce Non-conventional Fibre and yarn in the State.
- Create wealth from waste.
- Encourage the manufacture of sustainable Fibre and Yarn.
- Increase the livelihood/income of farmers.
- Facilitate starting up a new Fibre and Yarn manufacturing units.
- Utilize the international demand for sustainable fibre/yarn in the fashion industry.

- Support the development of new manufacturing technologies in infrastructure in the State to meet international demand and reduce dependence on other fibres.

To implement the above scheme, the following guidelines are issued:

(3) Scope: Description of the scheme:

Scheme for Non-conventional Fibre and yarn manufacturing shall mean the establishment of New factories/spinning mills/machineries for the very purpose of producing Fibre or yarn from the Non-conventional materials approved by the Technical Evaluation Committee.

(4) Eligibility

i. All non-conventional Fibre or yarn manufacturing mills registered business entity (Proprietorship, Partnership, LLP, Private Company, etc.) located in Tamil Nadu shall be eligible for benefits under the scheme.

ii. A unit/factory/spinning mill can avail benefit under the scheme only once.

iii. The new machinery purchased only after the issuance of these guidelines shall be eligible for benefit under the scheme, and the purchase dates shall mean the date mentioned on the commercial invoice.

iv. Machinery purchased directly from the manufacturers or their authorized agents alone shall be considered for benefits under this scheme.

v. Second-hand machinery shall not be considered for granting capital subsidy under the scheme.

vi. Details of GST paid for the purchase of plant and machinery in form GSTR-3B shall be enclosed.

vii. The units which availed any subsidy/assistance from the Government of India or the State Government under any other schemes for the same project / Unit / Factory / Mill are not eligible under this scheme.

(5) Financial Assistance

25% Capital investment subsidy, subject to a ceiling of Rs.1.00 Crore per unit for plant and machinery, will be provided for setting up of manufacturing facility for non-conventional Fibre / yarn from Banana, water hyacinth, bamboo, hemp, flax and pineapple etc.,

(6) Eligible Investment

The eligible investment represents only the basic cost of the new machinery purchased by the eligible units after the date of implementation of the scheme. There should be a minimum Capital investment of Rs.25.00 Lakh on the total project cost excluding Land cost.

(7) 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) 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 for the basic eligibility criteria and inspect applicant units for ascertaining installation of plant and machinery.

(9) Technical Evaluation Committee (TEC)

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.

The Technical Evaluation Committee will have the following composition of members:

Sl. No.	Name of the Officials / Representatives	Designation
1.	Director, Department of Textiles.	Chairman
2.	Joint Director (Textiles), Office of the Director of Textiles, Chennai.	Convener
3.	Financial Advisor/ Chief Accounts Officer, Office of the Director of Textiles, Chennai	Member
4.	Joint Secretary to Government, Handlooms, Handicrafts, Textiles and Khadi Department.	Member

5.	Representative of the MSME Department	Member
6.	Representative of SITRA	Member
7.	Representative of Anna University, Textile Department, Head of the Department.	Member

The Technical Evaluation Committee formed by the Government under the Chairmanship of the Director of Textiles shall examine the details submitted by the applicant entity and the inspection report submitted by the concerned Regional Deputy Director of Textiles.

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 grant approval to the eligible Plant and machinery of each applicant unit for the Capital investment subsidy.

(10) Release of Funds:

The Capital Investment Subsidy fund release shall be implemented through IFHRMS by presenting bills in the treasury for the direct beneficiary transfer method.

The sanctioned subsidy amount will be released in two instalments, after satisfactory installation of machinery and commencement of production.

1st installment	60%	After satisfactory installation of the machinery and the commencement of production
2nd installment	40%	After one year from the date of commencement of production

(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 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 on the unit.

iv. The eligible units shall submit a declaration that the unit and the installed machinery will remain in commercial production for at least 5 years after receiving the 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. The units shall have a Permanent Account Number (PAN)/Goods and Services Tax Number (GSTIN) and should regularly file returns.

(12) Interpretations:

In case any interpretation or clarification is required under this scheme, that shall be done by the Department of Textiles or the Secretary to Government, Handlooms, Handicrafts, Textile and Khadi Department, Government of Tamil Nadu, whose decision shall be final in this regard.

(13) General:

All legal disputes shall fall under the jurisdiction of Chennai.

V. AMUTHAVALLI
SECRETARY TO GOVERNMENT

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Section Officer
13/8/25