ANNEXURES TO

G.O.(Ms) No.152, Handlooms, Handicrafts, Textiles And Khadi (C2) Department, Dated 13.08.2025

ANNEXURE – I

GUIDELINES FOR CAPITAL INVESTMENT SUBSIDY FOR PROCESSING SECTOR

(1.) Background

Tamil Nadu holds a prominent position in India's textile industry, accounting for a significant share of the country's spinning, weaving, and garmenting capacities. However, a critical gap exists in the textile processing sector, which includes dyeing, printing, and finishing operations. This forces many to send yarn and fabric to other states for processing, increasing lead times and logistics costs, while reducing local value addition and employment potential. Hence Textile Processing plays a critical role in value addition, fabric quality enhancement, and achieving export readiness.

Also, the processing segment involves high water and chemical consumption, posing serious environmental challenges. Inadequate effluent treatment infrastructure further exacerbates environmental concerns.

To promote sustainable industrial development and support Tamil Nadu's emergence as a globally competitive textile hub, it is imperative to strengthen the state's textile processing capacity with targeted financial support.

(2.) Objectives

The primary objectives of this scheme are

- To strengthen the textile value chain in Tamil Nadu through enhanced processing capacity.
- To promote value addition within the state by enabling in–house dyeing, printing, and finishing operations.
- To encourage sustainable and eco–friendly processing through Zero Liquid Discharge (ZLD) based Effluent Treatment Plants.
- To enable modernization of existing units, enhancing productivity, quality, and compliance.
- Improve export competitiveness by enabling faster turnaround, better quality, and compliance with international environmental standards.

- Enhance employment generation, especially for semi-skilled and unskilled workers, in the textile sector.

(3.) Scope of the Scheme

The Scheme supports

i) Establishment of new, sustainable processing units and Zero Liquid Discharge (ZLD) based Individual Effluent Treatment Plants (IETPs) as per TNPCB standards.

ii) Expansion, modernization and technological upgradation of existing processing units and their effluent treatment facilities for increased capacity and better energy, water & chemical efficiency.

The scheme covers both MSMEs and larger enterprises, aiming to enhance value addition, environmental compliance etc.

(4.) Eligibility Criteria

4.1 General Eligibility Criteria

i) The following types of units shall be considered eligible as textile processing units under the scheme:

a. **Dyeing Units** –engaged in chemical or natural dye-based processing of fiber, yarn, fabric and garment.

b. **Textile Printing Units** –involved in screen, digital, rotary, or block printing on textiles.

c. **Finishing Units** – offering processes such as mercerizing, calendaring, compacting, stentering, and other value-adding treatments to textile products.

d. Integrated Processing Units – handling a combination of dyeing, printing, and finishing operations under one roof.

e. Common Processing Facilities/Shared Infrastructure – facilities developed within textile parks or clusters offering processing services to multiple enterprises.

ii) The processing unit shall be a registered business entity (Proprietorship, Partnership, LLP etc.,)

iii) The unit must be located within Tamil Nadu.

iv) The unit shall possess necessary environmental approvals (Consent to Establish / Operate) from Tamil Nadu Pollution Control Board (TNPCB).

4.2 Additional Eligibility Criteria for New Units

New unit means any eligible textile processing unit which will be set up after the implementation of the scheme.

The unit must propose either to install a ZLD based Individual Effluent Treatment Plant (IETP) or to link with a ZLD based Common Effluent Treatment Plant (CETP) for the capacity not less than its effluent generation.

4.3 Additional Eligibility Criteria for Expansion/ Modernization/ Upgradation

i) The eligible textile processing unit shall be currently operational having either installed a ZLD based Individual Effluent Treatment Plant (IETP) or linked with ZLD based Common Effluent Treatment Plant (CETP) for the capacity not less than its effluent generation.

ii) The units must propose for either of the following improvement commitment.

a. Enhancement in the value of plant and machinery by atleast 25% of value of existing plant and machinery and enhancement of turnover by 25% for same or diversified product lines.

b. Replacement of old / inefficient / obsolete machinery and system with modern machineries and automated / continuous ranges showing significant improvement in energy efficiency, material to liquor ratio and environmental compliances.

c. Retrofitting / Upgrading existing machinery / system for better energy, water & chemical efficiency and environmental compliances.

(5.) Eligible Capital Investment Components

The investments on the following components will be considered as eligible project cost for availing subsidy:

a. Plant and machinery for dyeing, printing, and finishing processes and ZLD based Individual Effluent Treatment Plants.

b. Civil works directly related to processing operations, effluent treatments and water recycling systems.

c. Electrical systems, boilers, RO plants, heat recovery systems, etc.

d. Automation, energy efficiency, and pollution control devices.

The investments on land, factory building, Godown, Road, Working capital, administrative/office infrastructure and other amenities are not eligible.

(6.) Financial Assistance

The following financial assistance will be provided for the eligible units:

(i) For the new processing units (Dyeing, Printing and Finishing) and IETPs, 25% Capital Investment Subsidy will be provided on the eligible project cost with a maximum ceiling of Rs.5.00 crore per unit.

(ii) For the existing processing units and IETPs, 25% Capital Investment Subsidy will be provided on the eligible project cost with a maximum ceiling of Rs.4.00 crore per unit for expansion / modernization / upgradation.

(7.) Priority Criteria for Evaluation

In order to strengthen this strategic segments of the textile industry and to promote the adoption of advanced technologies, priority will be given to the units that supports the following:

a. Units installing machinery for processing (dyeing, finishing/ coating / lamination) of technical textiles with focus on functional finishes and high performance fabric processing.(e.g., coating, lamination machines etc.,)

b. Units installing machinery for processing of polyester, nylon, acrylic, and other synthetic fibre based textiles. (e.g., long tube jet dyeing machines, de–oiling machines, stenters etc.,)

c. Units installing printing machinery to support modern printing like Digital printing, automated printing machines, continuous printing ranges, Flatbed printing and rotary screen printing machines etc.,

d. Units installing continuous ranges (e.g., continuous bleaching, dyeing, washing, finishing lines etc.,) and water frugal technology machinery that improve energy, water & chemical efficiency and enable high productivity and quality to meet export standards.

e. The units installing machinery supporting sustainability and reducing carbon footprint (e.g., boilers handling agro waste and briquette, heat recovery systems etc.,)

f. Units incorporating automated, digitally controlled, or Industry 4.0 compliant processing equipment (e.g., PLC controlled dyeing systems, colour matching, control colour quality monitoring, online quality monitoring systems etc.,) that support consistency and resource efficiency.

g. Weightage will be given to the proposals based on the above criteria, total investment of the project & proposed employment generation and applications will be prioritized as per the guidelines mentioned in the enclosure to Annexure I.

(8.) Operational guidelines

8.1 Submission of Proposal

Eligible units shall submit their proposal as Detailed Project Report (DPR) in the prescribed format under one of the following two categories, through the Single Window Online Portal, https://tntextiles.tn.gov.in, with all the relevant supporting documents.

(i) New processing unit (New unit with integrated IETP or New unit proposed to link with CETP)

(ii) Expansion / Modernization / Upgradation of existing unit and/ or Individual Effluent Treatment Plant (IETP)

The Detailed Project Report (DPR) must be comprehensive and include the details of the proposed processing activities & machinery, financial plan with estimated capital investment, implementation timeline, necessary clearances from various departments and compliance with eligibility and priority criteria.

8.2. Preliminary Scrutiny by Regional Deputy Director

(i) After the receipt of application, the proposal will be scrutinized based on the eligibility criteria, priority criteria and other terms and conditions mentioned in the guidelines by the Regional Deputy Directors (RDD) concerned.

(ii) The documents verification and field inspection will also be carried out by the RDD to ascertain the details provided

(iii) Upon verification, the RDD concerned shall submit their recommendation along with their Inspection Report to the Directorate of Textiles via the online portal within 15 days from the date of receipt of the application.

8.3 Technical Evaluation Committee

i.) The DPR verified and recommended by the RDD will be placed before the Technical Evaluation Committee (TEC) constituted with the following members for evaluation and approval.

1	Director of Textiles	Chairman
2	Joint Director (Textile) O/o. Director of Textiles, Chennai	Convener
3	Financial Advisor/Chief Accounts Officer, O/o. Director of Textiles, Chennai.	Member
4	Joint Secretary to Government, Handlooms, Handicrafts, Textiles and Khadi Department, Chennai	Member
5	Representative, (not below the cadre of Joint Director) MSME / Industries Department, Chennai.	Member
6	Representative Tamil Nadu Pollution Control Board (TNPCB), Chennai	Member
7	Director, South India Textile Research Association, Coimbatore	Member

8	Head of the Department / Processing expert Department of Textiles, Anna University, Chennai.	Member

ii.) The Technical Evaluation Committee (TEC) will be convened every 3 months to peruse the proposals recommended by the Regional Deputy Directors.

iii.) The Committee shall assess the following:

a. Eligibility of the unit, Compliance status and supporting documentation.

b. Alignment with priority criteria as per the enclosure to Annexure I.

c. Technical and financial feasibility of the proposal.

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

v.) The Technical Evaluation Committee (TEC) will approve the proposal on satisfactory examination and an Approval Letter will be issued to the applicant specifying the following.

a. Sanctioned subsidy amount (subject to verification after installation)

b. Approved list of machinery / equipment and other components.

c. Other relevant conditions

vi.) After receiving approval, the applicant may proceed with purchase of approved machinery / equipment and installation / commissioning of plant as per approved plan.

(9.) Release of funds

i. For New Processing Units, the sanctioned subsidy amount will be released in following manner.

1st installment	70%	After purchase and installation of all approved machinery / equipments, and commencement of operation in processing unit and/or IETP.

2nd installment	30%	After one year from the date of commencement of operation or after **attaining utilization of 90% of proposed capacity** in the processing unit whichever is later. However, if 90% of capacity utilization is not achieved within 3 years from the date of commencement of operation, the 2nd installment will not be released.

ii. For Expansion / Modernization / Upgradation of existing processing units and /or IETPs, the sanctioned subsidy amount will be released in following manner.

1st installment	70%	After purchase and installation of all approved machinery / equipments, and commencement of operation in processing unit and/or IETP.
2nd installment	30%	After one year from the date of commencement of operation (or) After achieving the following commitments made in the DPR ➢ productivity and capacity utilization for expansion projects ➢ improvement in energy, water & chemical efficiency and environmental compliances for modernization and upgradation projects whichever is later. However, if the commitments made in the DPR are not achieved within 3 years from the date of commencement of operation, the 2nd installment will not be released.

iii. The units shall also submit their subsidy claim proposal through the Single Window Online Portal, with all the relevant supporting documents.

iv. The claim proposal shall be scrutinized and verified by the Regional Deputy Director concerned through field inspection.

v. Based on the recommendation of the RDD, 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.

(10.) Timeline

The timeline for installation and commencement of production in either case shall be 24 months from the date issue of Approval Letter. For any extension if required, prior permission from Department of Textiles shall be obtained.

(11.) Other Terms and Conditions

i. The existing units can avail the assistance multiple times for expansion / modernization / upgradation of the unit. However, the cumulative financial assistance will be restricted to a maximum of Rs.4.00 crore per unit under this scheme.

ii. The date of commencement of commercial production will be the date on which the 'First Sale Invoice' made after establishment of new unit or expansion of existing unit.

iii. The average annual turnover achieved during the 3 years before expansion will be treated as the existing turnover before expansion. If the period between the date of commencement of production under original project / previous expansion (as applicable) and the current expansion is less than 3 year, then average turnover made for the above period can be taken to decide the eligibility.

iv. The units are required to produce a certificate from a Chartered Accountant, duly certifying the turnover for a minimum 3 months period after commencement of production under expansion, in comparison with the turnover before expansion.

v. For investments on machinery, only the basic cost of brand new machineries purchased directly from the manufacturers or their authorized agents alone shall be considered.

vi. The calculation of investment in plant and Machinery or equipment will be linked to the Income Tax Return (ITR) of the previous years filed under the Income Tax Act, 1961.

vii. In case of a new enterprise, where no prior ITR is available, the investment will be based on self-declaration of the promoter of the enterprise and such relaxation shall end after the 31st March of the financial year in which it files its first ITR.

viii. For investments on civil works, the estimate based on PWD approved rates or actual expenditure incurred whichever lower will be considered.

ix. The subsidy shall be utilized for the sanctioned purpose only.

x. False information leading to subsidy claims will result in repayment with interest.

xi. If it is found that the processing unit and/or IETP 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.

xii. 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.

xiii. The units availing the CIS benefits under this scheme will not be able to avail additional CIS benefits for the same component 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).

xiv. All 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 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.

(13.) General

All legal disputes shall fall under the jurisdiction of Chennai

ENCLOSURE TO ANNEXURE–I

GUIDELINES FOR EVALUATION AND PRIORITIZATION OF PROPOSALS FOR CAPITAL SUBSIDY TO TEXTILE PROCESSING UNITS

To focus on encouraging investments in priority sectors, promoting sustainability, advanced machineries supporting water, chemical & energy efficiency and digitalization, the following methodology will be adopted for evaluation and prioritization of proposals received under the scheme.

Detailed Scoring Criteria

Each eligible proposal will be scored out of 100 marks based on the following three weighted parameters:

Sl. No	Evaluation Parameter	Weightage (%)	
		Green field project	Brown field project
1	Type of Processing Unit / Technology adopted	60%	70%
2	Total Project Cost (Investment)	30%	30%
3	Potential Employment Generation	10%	–

The final score will be computed as a weighted average of these three components.

A. Type of Processing Unit / Technology adopted

Priority will be given to processing units in strategic, sustainable, and technologically advanced areas. Marks will be assigned based on the category of the unit as follows:

Sl. No	Category	Mark Range
1	Technical Textiles & Synthetic fibre based textile processing Units	90–100
2	Printing Units / Printing Machineries	80–90
3	Continuous Dyeing/Processing Ranges, Water–Frugal Technology and other advanced machineries	70–80
4	Sustainability Initiatives (New technologies in ETP, boilers handling agro waste, heat recovery systems etc.)	60–70
5	Digitalization and Automation (Industry 4.0 tech, IoT, etc.)	50–60

If a proposal qualifies under multiple categories, the highest applicable category may be considered. Within the above range mentioned against each category, the marks will be given based on the type of machinery / systems proposed to be installed as below. However, the total marks shall not exceed the maximum limit of that category.

Sl. No.	Name of the Machine	Additional Marks within the range
1	**Technical Textiles & Man-Made Fibre (MMF) Units**	
	i. Long tube Jet dyeing Machine	4
	ii. Soft flow with HTHP	3
	iii. Coating, Lamination, etc	2
2	**Printing Units / Printing Machinery**	
	i. Digital Printing	4
	ii. Continuous printing Machines	3
	iii. Rotary Screen/ Flatbed printing and others	2
3	**Continuous Dyeing/Processing Ranges, Water-Frugal Technology and other advanced machinery**	
	i. Machinery adopting advanced technology leading to water, chemical and energy efficiency	4
	ii. Continuous range of Bleaching/Dyeing	3
	iii. Continuous Washing range	2
4	**Sustainability Initiatives**	
	i. New Technologies in ETP	4
	ii. Boilers (Gas, Agro and briquette)	3
	iii. Heat recovery system& others	2
5	**Digitalization and Automation**	
	i. PLC based color matching, control dyeing system and quality control systems	4
	ii. Adoption of Industry 4.0 compliant technologies in other processes	3

B. Total Project Cost

Marks will be assigned based on the level of investment proposed in the project. The total project cost will be considered excluding land value and working capital.

Greenfield Projects	Marks	Brownfield Projects	Marks
Rs.20 Cr to Rs.30 Cr	50	Rs.15 Cr to Rs.20 Cr	50
Rs.30 Cr to Rs.50 Cr	70	Rs.20 Cr to Rs.30 Cr	70
Rs.50 Cr to Rs.75 Cr	90	Rs.30 Cr to Rs.50 Cr	90
Rs.75 Cr and above	100	Rs.50 Cr and above	100

C. Employment Generation (applicable for Green field only)

Marks will be awarded based on the number of direct employment opportunities generated:

S.No	Employment (Direct Jobs)	Score
1	Upto 20	60
2	20- 40	70
3	40-60	80
4	70-90	90
5	100 and above	100

Final Scoring and Ranking

The final score will be calculated using the following formula:

i. Final Score for Green field projects = (Marks on type of Unit × 60%) + (Marks on Total Project Cost × 30%) + (Marks on Employment Generation × 10%)

ii. Final score for Brown field projects = (Marks on type of Unit × 70%) + (Marks on Total Project Cost × 30%)

Projects will be ranked based on their final score in descending order and approved based on rank, availability of budget, and fulfilment of eligibility conditions and documentation.

Any changes in the priority guidelines and other eligibility criteria or any special consideration of the proposal will be at the discretion of the Technical Evaluation Committee (TEC) with proper justification.

V. AMUTHAVALLI
SECRETARY TO GOVERNMENT

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Section Officer
13/8/25