



GOVERNMENT OF TAMIL NADU

**Special Scheme
for
Technical Textiles,
MMF Yarn from Recycled Products,
MMF Fabric & Apparel Manufacturing
(2023)**

**Industries, Investment Promotion
and Commerce Department**



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:

- a. 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.
- b. 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.
- c. 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.
- d. 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:-

- 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 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 disbursal 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	<ol style="list-style-type: none">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 24.09.2021b. Bureau of Indian Standards/Other relevant National or International standards for Technical Textilesc. Certification from accredited Govt of India agency / Designated Centre of Excellenced. Any other products as may be notified by the Government from time to time.
ii. Apparel	<ol style="list-style-type: none">a. Products listed under HSN Code -<ul style="list-style-type: none">• Chapter 61: Accessories of clothing knitted or crocheted and articles of apparel• Chapter 62: Articles of apparel and clothing accessories, not knitted or crochetedb. 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.



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