



## ABSTRACT

Handlooms and Textiles – Implementation of New Integrated Textile Policy - 2019 for the State -Orders - Issued.

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### HANDLOOMS, HANDICRAFTS, TEXTILES AND KHADI (C2) DEPARTMENT

G.O.(Ms.) No. 41

Dated: 04.03.2019

விளம்பி, மாசி 20

Thiruvalluvar Aandu 2050

Read:

1. G.O. (Ms) No.35, Handlooms, Handicrafts, Textiles and Khadi Department, dated 17.03.1998
2. From the Director of Handlooms and Textiles letter Rc.No.42266/2007/B2 dated.18.09.2018

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### ORDER:

In the Government order 1<sup>st</sup> read above, the Government announced the erstwhile State Textile Policy 1998 and it contained the broad statements of the textiles industry. The stated objective of the textile policy of 1998 was to increase in production of cloth of acceptable quality at reasonable prices to meet the clothing requirement of growing population. In pursuit of this objective, the generation of employment and export potential of the industry were also kept in view.

2. The Textile Industry is now facing new challenges and looking at new opportunities due to the changing global environment such as abolition of quota system, favourable import terms for countries like Bangladesh, Vietnam, Sri Lanka etc. Other States in India have also introduced attractive incentive packages for Textile sector. Therefore, there is a need to formulate dynamic and growth oriented New Integrated Textile Policy for Tamilnadu.

3. During the Budget Speech for the year 2018-19, it was announced that the Government will come up with a "New Integrated Textile Policy" to

sustain, strengthen and develop handloom, powerloom and knitwear and garment sectors.

4. Accordingly, consultations have been made with Southern India Mills' Association, Tiruppur Exporter's Association, Dyers Association of Tirupur and Federation of Powerloom Association, Palladam and other Textile Stakeholders. The concerns of the various sectors like Handloom sector, Powerloom sector, processing sector, Knitting, Apparel and Garmenting sector besides Technical Textiles and Textile Parks of Textile Industries have been taken into account while drafting the Textile Policy. This new policy aims to sustain and develop Textile Industry to achieve a consistent growth. It also aims to support the industry to effectively compete in the globalised textile market.

5. In order to implement the Budget announcement and in view of the changing scenario in Textile Industry, the Director of Handlooms and Textiles in his letter 2<sup>nd</sup> read above has forwarded the draft New Integrated Textile Policy 2019.

6. The Government have carefully examined the proposal of the draft New Integrated Textile Policy 2019 and accordingly hereby orders the implementation of the New Integrated Textile Policy 2019, a copy of which is annexed to this order (as Annexure - I).

7. The Commissioner of Handlooms and Textiles shall be the Coordinator of New Integrated Textile Policy 2019 for Coordinating with the concerned agencies for its implementation.

(BY ORDER OF THE GOVERNOR)

KUMAR JAYANT  
PRINCIPAL SECRETARY TO GOVERNMENT

To

The Secretary,  
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The Commissioner of Handlooms and Textiles,  
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The Managing Director,  
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The Director of Sericulture,  
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The Chairman and Managing Director,  
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Chennai – 600 002.

The Chief Executive Officer,  
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The Principal Secretary/ Industries Commissioner &  
Director of Industries and Commerce, Chennai-600 005.

The Principal Secretary/ Chairperson and Managing & Director,  
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Guindy, Chennai-600 032.

The Principal Secretary/ Chairman,  
Tamil Nadu Pollution Control Board, Chennai-600 032.

The Inspector General of Registration,  
Chennai-600 028.

The Commissioner, Town & Country Planning,  
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The Principal Secretary / Chairman and Managing Director,  
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The Managing Director,  
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The Principal Secretary /  
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The Commissioner of Labour,  
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The Commissioner of Employment and Training,  
Guindy, Chennai - 600 032.

The Director of Technical Education,  
Guindy, Chennai - 600 025.

The Director of Agriculture,  
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The Executive Vice-Chairman,  
Tamilnadu Industrial Guidance and Export Promotion Bureau,  
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Egmore, Chennai - 600 008.

The Commissioner of Commercial Taxes,  
Ezhilagam, Chennai - 600 005.

Copy to:

The Chief Minister's Office, Chennai – 600 009.

The Deputy Chief Minister's Office, Chennai – 600 009.

The Senior Personal Assistant to Hon'ble Minister (Handloom and Textiles)  
Chennai – 600 009.

The Private Secretary to Chief Secretary to Government  
Chennai – 600 009.



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

All Leading Textile Associations.  
(Through Commissioner of Handlooms and Textiles)

All Sections in Handlooms, Handicrafts, Textiles and Khadi Department,  
Chennai – 600 009.

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//Forwarded // by Order//

  
4/3/19.  
SECTION OFFICER  
  
4/3/2019



**Handlooms, Handicrafts, Textiles &  
Khadi Department**

**TAMILNADU  
NEW INTEGRATED TEXTILE POLICY  
2019**





# CONTENTS

S.No.	Details	Page No.
1.	PREAMBLE	1
2.	NEED FOR NEW INTEGRATED TEXTILE POLICY	3
3.	OBJECTIVES	4
4.	FOCUS AREAS OF POLICY	5
5.	APPROACH	6
6.	OPERATIONAL PERIOD OF POLICY	6
7.	SPINNING	6
	7.1 Status	6
	7.2 Incentives Offered	8
8.	HANDLOOM	9
	8.1 Status	9
	8.2 Incentives Offered	9
9.	POWER LOOM	12
	9.1 Status	12
	9.2 Incentives Offered	13
10.	PROCESSING	16
	10.1 Status	16
	10.2 Incentives Offered	18
11.	KNITTING & GARMENTING	19
	11.1 Status	19
	11.2 Incentives Offered	20



12.	TECHNICAL TEXTILES	21
	12.1 Status	21
	12.2 Incentives Offered	22
13.	TEXTILE PARKS	23
	13.1 Status	23
	13.2 Incentives Offered	23
14.	STANDARD INCENTIVES FOR TEXTILE INDUSTRY	24
15.	SPECIAL PACKAGE FOR SOUTHERN DISTRICTS	25
	15.1 Incentives Offered	25
16.	SKILL DEVELOPMENT	26
17.	SINGLE WINDOW CLEARANCE	27
18.	STATE TEXTILE ADVISORY COMMITTEE	28
19.	SUPPORTING INFRASTRUCTURE	29
	19.1 Energy / Water / Environmental Compliance	29
	19.2 Technology Acquisition, Upgradation & Innovation	29
	19.3 Labour Quarters / Workers Hostel	30
	19.4 ESI Facility	30
20.	LABOUR SECTOR INITIATIVES	30
21.	GOODS AND SERVICES TAX (GST)	31
22.	EXPORTS	31
	22.1 Incentives Offered	32
23.	FOREIGN DIRECT INVESTMENT (FDI)	32





# TAMILNADU NEW INTEGRATED TEXTILE POLICY 2019

## 1. PREAMBLE

The State of Tamilnadu has always been in the forefront of economic growth in the country. The State has made impressive strides over the years to carve out a niche for itself in the fields of engineering, automobiles, textiles, leather, Information Technology, electronic hardware and hi-technology industries. The Gross State Domestic Product (GSDP) stood at 157.85 billion US dollars at constant prices in 2016-17. The industrial GSDP of Tamilnadu grew at an impressive rate of 8.79% from the year 2011-12 to 2015-16 at constant prices higher than the National average of about 7.6%.

To maintain its position as a progressive State, the Government has taken proactive steps like the release of Vision 2023 Tamilnadu document, formulation of Tamilnadu Infrastructure Development Act, Rules and Regulations, along with Tamilnadu Transparency in Tenders (Public Private Partnership and Procurement) Act and Rules. The United Nations Report on Probity in Public Procurement has recognized Tamilnadu as the first State to have a legislative frame work to deal with Public Private Partnership procurement.

The Vision 2023 Tamilnadu document which lays out the road map of development for the State, aims to achieve a consistent economic growth rate of 14% per annum in a highly inclusive manner and to identify and remove the bottlenecks in development, prioritize critical infrastructural projects, and work to propel towards the State of Tamilnadu to the forefront of development.

Traditionally, Tamilnadu has been in the vanguard of industrialization among the Indian States and always been a safe haven for the investors owing to a

favourable business climate, excellent infrastructure for trade and investments, peaceful law and order situation, harmonious industrial relations and healthy socio-economic reforms.

Tamilnadu is increasingly becoming the choice of destination for foreign investors, which provides them with a global reach. Ranked among the top three Indian States in terms of Purchasing Power Parity (PPP), Tamilnadu is a dream come true for all those looking for a rich cultural heritage, a highly productive work force, excellent infrastructural development and cost-effective operations. Each of these facts is substantiated by an enviable track record.

The State also compliments with adequate skilled manpower, salubrious working conditions, a peaceful industrial climate, committed workforce and extremely competitive wage rates that offer substantial cost savings.

The Indian textile industry contributes to 7% of Industrial output in value terms, 2% of India's GDP and to 15% of Country's export earnings with more than 45 million people employed directly. The textile industry is one of the largest sources of employment generation in the Country. Our State has a strong presence in textiles and the second largest contributor to the Indian Textiles Industry and predominantly cotton based. The State marks its overwhelming presence in all the sub sectors of the industry viz., Spinning, Handloom weaving, Power loom weaving, Processing, Knitwear, Apparel and Garmenting.

Some of the textile products from Tamilnadu which are universally recognised for the excellent craftsmanship and their uniqueness are Kancheepuram Silk Sarees, Bhavani Carpet (Jamukalam), Madurai Sungadi Sarees, Coimbatore Kora Sarees, Paramakudi Sarees, Salem Silk Dhoties, Erode and Karur Home Textiles, Tiruppur Knitwear Garments, etc. Tamilnadu acts as the hub of textile exports from the country viz., Tiruppur for Knitwear Garments, Coimbatore for Yarn, Karur for Home Textiles and Chennai for Woven Garment exports.

The State accounts for 19% of the Nation's Textile output with a robust network of all the sub-sectors of the Textile industry. State Textile industry is the largest economic activity after Agriculture.

Tamilnadu is the leading State in the Country in Textile sector and having major stakeholders with 46% of Spinning capacity, 60% of yarn export, 20% of Power loom capacity, 12% of Handloom capacity, 70% of Cotton Fabric Knitting capacity, 20% TUFs investments, direct employment to around 31 lakh people, more than Rs. 50,000 crore exports and 1/3<sup>rd</sup> of textile business in the country.

## 2. NEED FOR NEW INTEGRATED TEXTILE POLICY

The erstwhile State Textile Policy 1998 contains broad statements of the textiles industry. The stated objective of the textile policy of 1998 was to increase in production of cloth of acceptable quality at reasonable prices to meet the clothing requirement of growing population. In pursuit of this objective, the generation of employment and export potential of the industry were also kept in view.



The Vision 2023 Tamilnadu document envisages a 14% annual growth in the manufacturing sector and an investment of Rs.15 lakh crore in the next 10 years. In order to attain the growth targets fixed for the respective economic indicators, the formulation of a new policy for the textile sector has become imperative.

The Textile Industry is now facing new challenges and looking at new opportunities due to the changing global environment viz., abolition of quota system, favourable import terms for countries like Bangladesh, Vietnam, Sri Lanka etc. Other States in India have also introduced attractive incentive packages for the textile sector. Therefore, there is a need to formulate dynamic and growth oriented New Integrated Textile Policy for Tamilnadu.

### 3. OBJECTIVES

The broad objectives of the Tamilnadu New Integrated Textile Policy are :

- 1) to sustain numero-uno status of Tamilnadu in textile industry in the country;
- 2) to achieve higher and sustainable growth in the entire textile value chain from fibre to fashion, with emphasis on balanced regional development and holistic approach;



3) to actively encourage increasing cotton production and productivity within the State;

4) to support the industry to build world-class state-of-the-art technology in conformity with the environmental and social standards;

5) to create a modern, vibrant integrated and world class textile sector including handloom, power loom, spinning, processing etc., to produce cost effective and high quality yarn, textiles, apparels etc., for supplying the requirement of domestic and export sector;

6) to encourage the industry to give more emphasis on innovation, diversification, value addition etc.;

7) to double the share of textiles exports from the State;

8) to facilitate and promote Technical Textile in the critical areas such as production, technology, research & development;

9) to support the industry with skilled human resources and to create additional employment opportunities.



#### 4. FOCUS AREAS OF POLICY

The focus areas of interventions in the New Integrated Textile Policy 2019 are:

1) Sustenance of traditional handloom sector to preserve the skills and artsitry of handloom weavers of our State;

2) Design Development and Products Diversification;



- 3) Capacity building and Development of Environment Friendly Processing Sector;
- 4) Focus on Development of Decentralised Knitting and Garmenting Sector in other potential clusters;
- 5) Promotion of Technical Textiles;
- 6) Fulfilling the skill requirement;
- 7) Holistic and Harmonious Integrated Textile Development.

## 5. APPROACH

Keeping the above objectives in mind, this Policy adopts a multi-pronged approach of,

- 1) providing support for the sustainability and growth of the Handlooms;
- 2) providing attractive incentives to encourage investments to fill critical gaps in the textile value chain;
- 3) providing support to create a world-class infrastructure;
- 4) focused area on Technical Textile;
- 5) improving the availability and quality of human resources by skill upgradation and creation of gainful employment for skilled and semi-skilled manpower.

## 6. OPERATIONAL PERIOD OF THE POLICY

The New Integrated Textile Policy of Tamilnadu will come into force from the date of announcement of this Policy by the Government of Tamilnadu.

## 7. SPINNING SECTOR

### 7.1. Status

The Spinning sector is the cornerstone of Tamilnadu's industrial development and has been able to keep pace with technological trends. Tamilnadu enjoys the premier position in the country, both in terms of spindleage and

production of yarn. Out of 3376 spinning mills in India, 2013 are located in Tamilnadu providing employment to 2.80 lakh work force. Of the 53.05 million spindles in India, 24.10 million spindles are installed in our State. As against the 5659.58 million kgs. of cotton, blended and non-cotton spun yarn produced in India, 2003.20 million kgs. of spun yarn are produced in Tamilnadu during the year 2016-17. Tamilnadu is the number one producer of cotton yarn and leading State in the Country in export of cotton yarn. Tamilnadu is also one of the major producers of synthetic yarn in the Country.

Nevertheless, the State Spinning Sector possess 60% of Spinning Mills in the Country and holds the number one position till date. Still, many of the Spinning Mills in the State are functioning with obsolete machinery and are not equipped with State-of-the-art technology. This is evident from the fact that the Spindle capacity of the State is only 46% and similarly, 35% of yarn is produced as against 60% of Spinning Mills in our State. The cotton based Spinning Sector of the State is also now shifting attention to Man Made / Synthetic Filament Yarn.





To retain the premier position of Tamilnadu, the Spinning mills in the State need to be modernised with the latest technologies, so as to increase their productivity and production at reasonable cost. The financial assistance provided by the Government of India for Technology Upgradation in Spinning sector under TUFSS has been withdrawn, since the launch of Amended Technological Upgradation Fund Scheme (ATUFSS) in January, 2016.

There are 6 Co-operative Spinning Mills and 7 National Textile Corporation Mills functioning in the State. The Co-operative Spinning Mills in the State are set up by the Government of Tamilnadu with the objective of providing un-interrupted supply of hank yarn at fair prices to handloom weavers in the State and also to provide sustainable employment to the members of weavers' families, repatriates and Adi-dravidars in rural areas. In order to cope up with the latest technological trends and to increase the productivity by strengthening the capacity, the Co-operative Spinning Mills have been modernized at the total cost of Rs.175.24 crore. These Mills are functioning with 1,18,368 spindle capacity and produce yarn to the value of Rs.320 crore per annum, cater to the yarn requirement of Weavers Co-operative Societies and for Government Schemes.

## **7.2. Incentives Offered**

The spinning sector has been able to keep pace with international technological trends to a fair degree through the Technology Upgradation Fund Scheme (TUFSS). It is commendable to note that the growth of this sector in the State has reached an appreciable level and henceforth the focus of this policy is to sustain the units and to be more competitive.

To help continue this growth, the following incentive will be provided for spinning sector under this policy:

- 1) 2% Interest Subvention for investments on Technological Upgradation and Modernization in existing Spinning Mills with a vintage period of minimum 15 years on installed machinery.

## 8. HANDLOOM SECTOR

### 8.1. Status

Handloom sector, with its long tradition of excellence in craftsmanship, occupies a place of eminence in preserving heritage of our state and plays an important role in the economy of the State. Tamilnadu has the pride for its unique Handloom products like Silk Sarees, Cotton Sarees, Dhoties, Lungies, Towels, Furnishing Materials, etc.

There are 21.46 lakh handlooms in India, of which 1.89 lakh handlooms are in the State. Handloom sector in Tamilnadu, is unique in the sense that majority of the handloom weavers are in the Cooperative fold. The State handloom sector provides employment to around 3.19 lakh handloom weavers, which occupies third position in the country in terms of number of handlooms installed and production.

### 8.2. Incentives Offered

The following facilities will be extended to handloom sector:

- 1) Production of Sarees and Dhoties under Cost Free Distribution of Sarees and Dhoties Scheme and production of Uniforms Cloth Varieties under Free Supply of Uniforms to School Children, to provide continuous employment to



- handloom weavers in co-operative fold and to fulfill the clothing needs of the people and pupils of Tamilnadu;
- 2) Scheme for Free Supply of Electricity to Handloom Weavers households @ 200 units bi-monthly to weavers' households;
  - 3) Savings and Security Scheme with State contribution of 8 paise per rupee of wage earned by the co-operative handloom weavers, to encourage the savings habit;
  - 4) Family Pension Scheme of Rs.1,000/- per month for the nominee of the co-operative handloom weaver, deceased before attaining the age of 60 years;
  - 5) Old Age Pension Scheme of Rs.1,000/- per month for the co-operative handloom weavers on attaining the age of 60 years;
  - 6) Handloom Support Programme to support innovation and product diversification in the handloom sector, with an allocation of Rs.40 crore;
  - 7) Life Insurance Scheme, under Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Mahatma Gandhi Bunkar Bima Yojana (MGBBY) for the handloom weavers and ancillary workers;
  - 8) To provide credit assistance to the handloom weavers under Weaver MUDRA Scheme of the Government of India;
  - 9) Providing infrastructural facilities for the handloom clusters through Cluster Development Programmes under National Handloom Development Programme of the Government of India;
  - 10) Hank Yarn Obligation to ensure availability of hank yarn to handloom weavers. Transport Subsidy, Depot Expenses and Hank Yarn Price Subsidy to handloom weavers on the purchase of hank yarn and silk yarn under Yarn Supply Scheme of the Government of India;
  - 11) To protect the heritage of handloom varieties, support will be provided to register handloom varieties under the Geographical Indication Act, 1999;
  - 12) Steps will be taken to register traditional products such as Thirubuvanam Sarees, Koorainadu Sarees, Kodalikaruppur Sarees and other suitable products under the Geographical Indication Act, 1999, to protect the heritage and weaving craftsmanship;

- 13) To provide exclusive identity to the handloom products and to make the consumers aware of genuine handloom products from fake ones through “Handloom Mark”, “Silk Mark” and “India Handloom Brand”;
- 14) The Government will focus on Weaver Centric Programmes and schemes benefitting both co-operative fold and outside co-operative fold weavers;
- 15) Interest Subsidy for Primary Handloom Weavers Co-operative Societies will be enhanced from the present 4% to 6% to reduce the interest burden of the Handloom Weavers Co-operative Societies;
- 16) To promote the sale of handloom cloth, increase of Rebate Subsidy Scheme allocation for co-operative sector from Rs.80 crore to Rs.150 crore per year;
- 17) Design Development, Products Diversification and introduction of new products based on other raw materials like Tussar Silk, Linen, Jute, etc., will be focused to cater to the needs of the market trends and demands;
- 18) To train, retrain and upgrade the weavers' skill, multi-level training in weaving, design development and processing including dyeing will be provided by dovetailing funds under Skill Upgradation Schemes from Tamilnadu Skill Development Mission;
- 19) With an objective to develop the silk handloom industry, a Special Rebate for Silk will be provided to market handloom silk products of the co-operatives;
- 20) The State will encourage setting up of Silk Parks in prominent silk clusters viz., Kancheepuram, Salem, Arni and Thirubuvanam;
- 21) e-Marketing will be encouraged to expand the marketing opportunities of handloom products;
- 22) Handloom Census will be undertaken at regular intervals, in coordination with the Government of India, so as to formulate a suitable policy and devise need based programmes;
- 23) Credit support to handloom weavers will be provided for Production and Marketing, dovetailing funds from Government of India Schemes and NABARD.

## 9. POWER LOOM SECTOR

### 9.1. Status

Power loom sector is one of the most significant segments of the textile value chain. Within the weaving sector, increasing dominance of the power loom sector is being witnessed over the years. Tamilnadu holds the second position in the country in terms of number of power looms installed. There are about 24.86 lakh registered power looms in India, of which, Tamilnadu has 5.63 lakh power looms with 10.19 lakh workforce. The State has 212 Power loom Weavers Co-operative Societies and these Societies are producing cloth required for the Cost Free Distribution of Sarees and Dhoties Scheme and the Scheme of Free Supply of Uniforms to School Children. The Ready-made Garments and Home Textiles sector, which are mainly focusing on international market are highly dependent on the Power loom sector to meet their fabric requirement. Government desire that power looms and handlooms co-exist harmoniously and do not compete with each other's exclusive traditional markets.



In Tamilnadu, Power looms are mainly concentrated in the districts of Salem, Namakkal, Erode, Tiruppur, Coimbatore, Karur, Madurai, Tirunelveli, Virudhunagar and Thiruvallur. This sector requires modernization and technological upgradation to cope up with the cut-throat competition in the domestic and overseas market. Government will take all steps to encourage the power loom sector to modernize and fill the gaps in the sector.

## **9.2. Incentives Offered**

The following assistances are provided by the Government for the development of the Power loom sector:

- 1) Scheme for Free Supply of Electricity to Power loom Weavers @ 750 units bi-monthly for about 1.06 lakh Power loom units and Concessional power tariff to Power loom sector;
- 2) Production of Sarees and Dhoties under Cost Free Distribution of Sarees and Dhoties Scheme and production of Uniforms Cloth Varieties under Scheme of Free Supply of Uniforms to School Children to provide continuous employment to power loom weavers in co-operative fold and to fulfill the clothing needs of the people and pupils of Tamilnadu;
- 3) 10% Credit Linked Capital Investment Subsidy for Power loom sector for investments on brand new shuttle-less looms under Amended Technology Upgradation Fund Scheme (ATUFS);
- 4) To provide a world class infrastructure to integrate production chain, to fulfill the business needs, to boost production and export, to overcome the bottlenecks in infrastructure and common facilities in brownfield clusters, subsidy of 60% of the project cost with maximum ceiling upto Rs.50 crore under Modified Comprehensive Power loom Cluster Development Scheme (MCPCDS) of the Government of India;
- 5) Insurance cover to the power loom workers in case of natural death, accidental death and partial / permanent disability due to accident, under Universal Insurance Coverage Scheme of the Government of India with coverage of Rs.1,00,000/- to Rs.4,00,000/-;

- 6) To provide specific skills as per the requirement of Apparel and other Segments of Textile Industry, 75% of the cost subject to the ceiling of Rs. 10,000/- per person under Integrated Skill Development Scheme (ISDS);
- 7) Financial assistance such as life insurance cover, marriage assistance, educational assistance, maternity assistance, assistance for purchase of spectacles and pensionary benefit to the Power loom weaving workers through the Tamilnadu Power loom Weaving Workers' Welfare Board;
- 8) The State Government will continue to implement the Central schemes for the welfare and development of the power loom sector as a whole;
- 9) Implementation of PowerTex India, a Comprehensive Scheme for Power loom Sector Development launched by the Government of India with the following components:

**a) In-situ Upgradation of Plain Power looms**

Financial assistance ranging from Rs.20,000/- to Rs.81,000/- is provided to economically weaker low-end Power loom units for upgrading plain looms to semi-automatic / shuttleless loom.

**b) Group Workshed Scheme (GWS)**

To facilitate establishment of worksheds for shuttleless looms, subsidy of Rs.400/- to Rs.900/- per sq.ft. is provided towards the cost of construction.

**c) Yarn Bank Scheme**

Interest free corpus fund upto Rs.200 lakh per yarn bank is extended to Special Purpose Vehicle / Consortium to purchase yarn at wholesale rate.

**d) Common Facility Centre (CFC)**

Subsidy upto Rs.200 lakh per CFC is provided for setting up of design centre / studio, testing facilities, training centre, information cum trade centre and common raw material / yarn / sales depot, water treatment plant, dormitory, worker's residential space, pre-weaving and post-weaving facilities etc.

**e) Pradhan Mantri Credit Scheme for Power loom Weavers**

Margin Money Subsidy @ 20% of project cost, with a ceiling of Rs.1 lakh and Interest Subvention @ 6% per year for working capital loan and term loan for a maximum period of 5 years is provided to decentralized Power loom units / weavers to meet their credit requirements.

**f) Solar Energy Scheme for Power looms**

Financial assistance / capital subsidy ranging from Rs.2.23 lakh to Rs.8.55 lakh is provided to small Power loom units having upto 8 looms, for installation of Solar Photo Voltaic Plant.

**g) Financial assistance towards Facilitation, IT, Awareness, Market Development and Publicity in Power loom sector.**

**h) Tex-Venture Capital Fund**

50% of project cost, with a ceiling of Rs.3 crore is invested by SIDBI Venture Capital Fund Ltd., (SVCL) as equity shares and / or instruments convertible into equity in innovative private Power loom MSME companies.

- 10) The Government of Tamilnadu will provide 10% additional Capital Subsidy, subject to Rs.4 lakh per loom for purchase of brand new shuttleless looms under Amended Technology Upgradation Fund Scheme (ATUFS);
- 11) The Government of India is providing 10% Capital Subsidy for promoting brand new preparatory machines. The State Government will provide additional 10% Capital Subsidy subject to a ceiling of Rs.30 lakh per unit (2 Units of Warping Machines & 1 Unit of Sizing Machine);
- 12) The Government of India is providing 50% Capital Subsidy for in-situ upgradation of Plain looms to Semi Automatic Shuttle Looms, Semi Automatic Shuttle Looms to Shuttleless Rapier Looms, Plain Looms to Shuttleless Rapier Looms under PowerTex India. The State Government will also provide 10% additional capital subsidy under this scheme;



- 13) To fulfill the business needs and integrate the production and boost the export by creating world class infrastructure, 9% of project cost, with a maximum ceiling of Rs.9 crore will be provided as State grant similar to the grants provided under Scheme for Integrated Textile Parks (SITP) under Modified Comprehensive Power loom Cluster Development Scheme (MCPCDS);
- 14) One Time Assistance of 25% of the project cost, with a ceiling of Rs.10 crore for setting up of Trade Facilitation Centre on PPP model will be provided, if encumbrance free land is available with the industry;
- 15) Power loom Census will be undertaken at regular intervals, in coordination with the Government of India, so as to formulate a suitable policy and devise need based programmes;

## 10. PROCESSING SECTOR

### 10.1. Status

The processing of yarn and fabrics at pre-loom as well as post-loom stages is significantly contributing to the essential customization of the product and also aesthetic value addition. Processing includes dyeing, printing and cloth preparation prior to manufacturing of clothing. The state offers a complete ecosystem of the textile industry and the dyeing units in compliance with Zero Liquid Discharge of effluents to comply with the environmental standards prescribed by the Pollution Control Board by applying modern technology. There are 2614 Hand Processing Units (25% of total units in India) and 985 Power Processing units in Tamilnadu



which is 40% of total units in country. Processing sector is perhaps the weakest link in the entire textile value chain with huge requirement of water and pose a threat to environment.

The State processing sector is mainly focusing on yarn dyeing and bleaching. Whereas, the installed capacity in Fabric Dyeing and Wider Width Fabric Printing like Rotary Printing System is inadequate to cater to the requirements of the State. Thereby, the grey fabrics produced in and around Erode cluster are exported to other printing clusters like Jaipur in Rajasthan, Ujjaini in Madhaya Pradesh, Meerut in Uttar Pradesh, Ahmedabad and Surat for Printing and are marketed in our State. Our State is losing its potential in Fabric Printing and also involves wastage of time on transportation, effort and add on cost on printing charges. A thrust should be given to encourage capacity building in the Fabric Printing segment of processing sector.

The entire processing sector needs to be supported and upgraded for inclusive growth and to facilitate processing at an internationally acceptable level, by taking into account the environmental issues. Accordingly, the Government of Tamilnadu have been taking proactive steps to ensure environmental protection and the only State ensuring cent percent Zero Liquid Discharge (ZLD) of Trade effluents from the dyeing and processing units.

The Government will focus on setting up of CETPs with ZLD facility in Textile Clusters both in the form of setting up of Green Field Textile Processing Parks with CETP and also setting up CETPs alone by interlinking existing dyeing units, to arrest pollution and to ensure environmental protection.



## 10.2. Incentives Offered

- 1) 10% Credit Linked Capital Investment Subsidy for Processing sector under the Amended Technology Upgradation Fund Scheme (ATUFS);
- 2) Financial assistance of 50% of the project cost, subject to a maximum ceiling of Rs.75.00 crore per project by the Government of India for establishment of Processing Parks under Integrated Processing Development Scheme (IPDS). In addition, State Government financial assistance upto 25% of project cost, subject to a maximum ceiling of Rs.37.50 crore per project;
- 3) The State Government will continue to support the Central schemes for the development of processing sector;
- 4) Under Integrated Processing Development Scheme (IPDS) for the establishment of Processing Parks, Interest subvention of 5% will be provided for the credit availed towards 25% contribution of SPV;
- 5) Financial assistance in the form of 10% Capital Subsidy, with a ceiling of Rs.20 lakh per machine will be provided on purchase of Wider Width Fabric Printing Machines;
- 6) To create necessary infrastructural support for promoting Erode as Textile Processing Printing Centre, financial assistance will be provided;
- 7) Assistance of 15% Capital Subsidy will be provided for setting up of Effluent Treatment Plants (ETPs) / Hazardous Waste Treatment Storage and Disposable Facility (HWTSDF) with Zero Liquid Discharge, subject to a maximum subsidy of Rs.5 crore;
- 8) Support will be provided for Research and Development on PPP mode for efficient effluent management and for minimizing operational cost of CETPs and IETPs;
- 9) Processing Cluster will be promoted in Ramanathapuram district with financial assistance under the IPDS scheme.

## 11. KNITTING, APPAREL AND GARMENTING SECTOR

### 11.1. Status

The Knitting, Apparel and Garmenting sector is the final stage of the textile value chain and maximum value-addition takes place at this stage. This industry has made tremendous stride in the State. This is an export intensive sector, besides, there is also significant growth in organized retailing in the domestic market. Employment generation especially for the women is the special characteristic feature of this sector, based on low and medium ticket investment.

Tamilnadu is home to the largest knitting industry and has the biggest knitting cluster in India – Tiruppur, which is the major hub of knitwear exports in India, contributing 45% of total knitwear exports, of which, more than 90% are cotton based garments. Tiruppur cluster generates gainful employment to 6 lakh persons directly with large number of rural hands. It houses more than 6000 units which predominantly consists of Knitting and Garmenting. Besides domestic turnover of Rs.10,000 crore per annum, Tiruppur currently undertakes exports of over Rs.25,000 crore. Similarly, Chennai is a major Cluster for Ready-made Garments with substantial volume of exports.



## 11.2. Incentives Offered

Following assistances are offered to Knitting, Apparel and Garmenting sector by the Government:

- 1) 40% of the Project Cost, limiting to Rs.40 crore for setting up of Textile Parks. In order to provide a fillip to the Apparel Manufacturing units and thereby generate additional employment, particularly for women, an additional grant upto Rs.10 crore per Park by the Government of India for setting up of additional infrastructure including factory buildings for apparel manufacturing units, common facilities like crèches, working women hostel, canteen etc., required for apparel and ancillary units;
- 2) 15% Credit Linked Capital Investment Subsidy (CIS) for investments in Garmenting sector under Amended Technology Upgradation Fund Scheme (ATUFS) by the Government of India;
- 3) Considering the incomparable employment potential and exports in the garmenting sector, the Government of India has launched a slew of measures under the Scheme for Production and Employment Linked Support for Garmenting Units (SPELSGU):
  - a) In addition to the regular 15% Capital Investment Subsidy (CIS) provided for garmenting units under ATUFS, additional 10% CIS to Garmenting units for benchmarked eligible machinery;



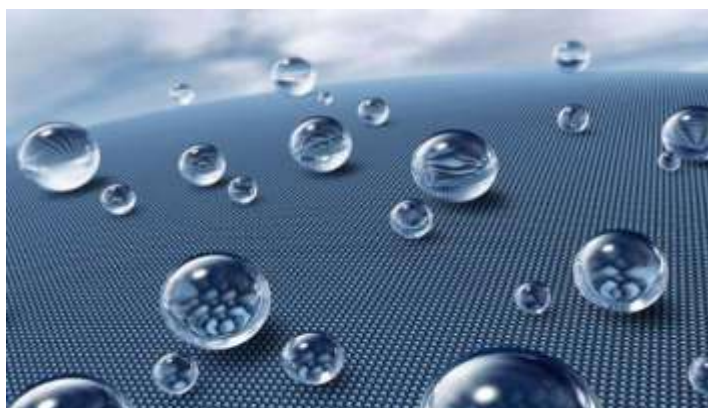
- b) Reduction in number of working days from 240 to 150 under section 80JJAA of Income Tax Act;
  - c) Government of India will bear the entire 12% of Employee Provident Fund Scheme contribution of employer;
  - d) Flexibility in Labour Laws to increase productivity;
- 4) For setting up of New Training Centres for Apparel and Textiles linked with ITIs, 25% Subsidy for machinery purchased, subject to a maximum ceiling of Rs.20 lakh per Centre will be given through Tamilnadu Skill Development Agency;
  - 5) Setting up of Training-cum-Production Centres at potential clusters on the concept of Plug and Play will be encouraged by providing assistance under various schemes;
  - 6) Prominent Knitwear Associations and Training Institutes will be roped in to impart training in Knitwear and Garmenting sector.

## 12. TECHNICAL TEXTILES

### 12.1. Status

Technical Textiles are textile materials and products used for technical operations with functional properties. Based on the product specifications and end-use applications, the Technical Textile is grouped under 12 segments, viz.,

Agrotech, Meditech, Buildtech, Mobiltech, Clothtech, Oekotech, Geotech, Packtech, Hometech, Protech, Indutech and Sporttech. There is a scope for huge market for the Technical Textile. Though India is the second largest textile economy in the world after China, its consolidation in the global Technical Textile industry is insignificant. It is strongly felt that due to the vast textile base, the State has the potential to emerge as a significant player in the global Technical Textile market. South India Textile Research Association (SITRA), Coimbatore and PSG College of Technology, Coimbatore have been designated as Centre of Excellence (CoE) for Meditech and Indutech, respectively.



## 12.2. Incentives Offered

The Government have categorized the Technical Textiles Sector as a focus area of intervention and offering various assistances as follows:

- 1) Credit Linked Capital Investment Subsidy @ 15% for investments on eligible machinery in Technical Textiles under ATUFS;
- 2) Concessional Custom Duty for specific Technical Textile Machinery – Major machinery required for Technical Textiles has been placed in the concessional custom duty list of 5% of list 46, Notification No.21/2002-CUS of Customs Tariff;
- 3) Focus Product Scheme (FPS) for Technical Textiles – To incentivize export of products that have high export intensity or employment potential in order to offset infrastructure inefficiencies and other associated costs, exports of notified products to all countries (including SEZ units) shall be entitled for Duty Credit Scrip equivalent to 2% of FOB value of exports (in free foreign exchange). As per DGFT's Policy Circular No. 42 (RE-2010)/2009-14 dated 21<sup>st</sup> October 2011, there are 33 Technical Textile products that are allowed for FPS benefits under this scheme;
- 4) On par with the thrust given by the Government of India and to take advantage of the untapped potential of the sector, the State Government would continue to support the Technical Textile sector;
- 5) 9% of Project Cost, subject to a maximum ceiling of Rs.9 crore will be provided as State Government grants for setting up of Technical Textile Parks under Scheme for Integrated Textile Parks (SITP);
- 6) 6% Interest subsidy for Technical Textile projects will be provided in addition to any other incentives available from the Government of India;
- 7) Overseas study will be conducted to identify potential Technical Textile markets and products;
- 8) 100% Stamp Duty Exemption will be given for Technical Textile projects.

## 13. TEXTILE PARKS

### 13.1. Status

In order to provide the industry with the world-class infrastructural facilities to set up their textile units in India, the Government of India is implementing the Scheme for Integrated Textile Parks (SITP). This scheme would facilitate setting up of new textile parks of international standards at potential growth centres on PPP mode.

Eight Textile Parks have been setup in the State under SITP at the total project cost of Rs.745.25 crore. In other words, the Government of India is providing Rs.301.13 crore as Central assistance and the Government of Tamilnadu is providing Rs.58.73 crore as State assistance. These Parks attract investments of about Rs.2700 crore and annual business turnover of Rs.5311 crore per annum, by generating direct and indirect employment to about 67,300 persons.

### 13.2. Incentives Offered

Following assistances will be provided for setting up of Textile Parks:

- 1) Financial assistance upto 40% of the total project cost, subject to a ceiling of Rs.40 crore by the Government of India under SITP;
- 2) 9% of Project Cost as State Subsidy for Textile Parks established under SITP, subject to a maximum ceiling of Rs.9 crore;
- 3) To facilitate the entrepreneurs to establish Mini Textile Parks in the State in a minimum extent of 2 acres of land and 3 units, subsidy of 50% of Project Cost, subject to a maximum ceiling of Rs.2.50 crore on the cost of infrastructure and common facilities will be provided;
- 4) 50% Stamp Duty exemption will be given for land acquired for Textile Parks;
- 5) The State Government will continue to set up Textile Parks and provide necessary financial assistance wherever necessary.



## 14. STANDARD INCENTIVES FOR TEXTILE INDUSTRY

The Government of Tamilnadu has announced the New Industrial Policy of the State in February, 2014.

The Standard Incentives being offered to new or expansion manufacturing units under Industrial Policy are:

- 1) Back-ended Capital Subsidy ranging from Rs.0.30 crore to Rs.2.25 crore;
- 2) Electricity Tax exemption for 2 years to 5 years on power purchased from TANGEDCO or generated or consumed from Captive sources;
- 3) 50% exemption from Stamp Duty on lease or sale of land meant for industrial use;
- 4) Environmental Protection Infrastructure Subsidy at the rate of 25% of capital cost, with a ceiling of Rs.30 lakh.

### **Employment Based Incentives:**

- 1) With a view to encourage employment intensive industries to set up their projects in Tamilnadu, a 'Employment-based package of incentive scheme' is being implemented;
- 2) Under this scheme, Companies setting up their projects in Chennai, Thiruvallur and Kancheepuram districts and employing more than 1500 persons directly and in respect of other districts employing 750 persons directly will be covered under this package;
- 3) Qualifying projects are given Soft Loan against the Net Output VAT paid by the project to the Government for the first five years from the commencement of commercial production;
- 4) A ceiling on cumulative availment of Soft Loan will be fixed as equal to the total wages paid by the project to the employees on its roll during the first 5 years period from the date of commercial production;
- 5) The Soft Loan carries a nominal interest of 0.1% per annum and it will be repayable after 7 years. Thus, Soft Loan given during the first year shall be

repaid in the 8<sup>th</sup> year along with interest and so on. This incentive is eligible only if the sale is for ultimate use in Tamilnadu;

- 6) In case, a project qualifies for any Investment Based Package of Incentives also, as per this policy, the choice will be left to the investing company to choose either the Investment Based Package or Employment Based Package. This would be a one-time choice and should be exercised in the beginning itself;
- 7) The Government in deserving cases, for valid reasons, may extend the investment period;
- 8) In the case of Investment Promotion Soft Loan, the cap will be the one fixed for the respective categories / class. In the case of Investment Promotion subsidy, the cap will be half of the one fixed for the respective category / class. The project / company may exercise a one-time option for availing either Investment Promotion Soft Loan or subsidy before the commencement of the commercial production.

Further, the Micro, Small and Medium Industries Policy 2008 of Tamilnadu provide Special Capital Subsidy at the rate of 15% on eligible plant and machinery, subject to a maximum of Rs.30 lakh to the Ready-made Garments sector.

The eligible textile units can also avail the incentives offered under the Tamilnadu Industrial Policy and Micro, Small and Medium Industries Policy in force from time to time, without any duplication of financial assistance.

## **15. SPECIAL PACKAGE FOR SOUTHERN DISTRICTS**

In order to achieve balanced regional development with a renewed emphasis on the Southern Districts or Backward Districts of the State, Textile Industries set up in Kanyakumari, Tirunelveli, Thoothukudi, Virudhunagar, Ramanathapuram, Sivagangai, Madurai, Theni, Dindigul, Pudukottai, Ariyalur and Perambalur Districts will be eligible for a special package as detailed below:

### **15.1 Incentives Offered**

- 1) 5% Additional Capital Subsidy for new / expansion of textile units set up in southern districts;

- 2) 100% Stamp Duty Exemption for projects developed in the southern districts with a minimum investment of Rs.5 crore on machinery;
- 3) SIPCOT will acquire and allot lands for starting new industries in southern districts where lands in SIPCOT Parks are not available. In order to achieve the goal, the minimum area required by the investing company shall be atleast 25 acres and the investment should be more than Rs.50 crore. The lands required by the company shall be barren, non-irrigated and dry land to the extent possible. Land requirement with more than 10% wet lands will not be entertained;
- 4) Uninterrupted power supply will be given to the projects set up in the southern districts if they are covered by MoU or Government Order (non-MoU).

## 16. SKILL DEVELOPMENT

Apart from providing assistance for creation of infrastructural facilities and setting up of textile units, making available skilled manpower to the industry and to upgrade the skill sets of the existing workforce by way of training, retraining and upgrading are also equally important for the holistic development of the industry. Besides, bridging the gap between the skill set requirements and the un-skilled / semi-skilled workforce, the Government will provide better institutional and industrial linkages to all the sectors of the textile industry.



- 1) Thrust will be given for creating a skilled and balanced workforce to enable women to enhance their employability;
- 2) In view of the perspective to make good the loss due to human errors in the Knitwear Industry, assistance will be provided to impart Upskilling Training to the existing un-skilled / semi-skilled labour force;

- 3) The Tamilnadu Skill Development Mission implemented through the Tamilnadu Skill Development Corporation (TNSDC), for providing skill training through different departments;
- 4) TNSDC has identified Textiles as one of the priority sectors, wherein skill training programmes cater to the immediate skill requirements of the industries and also pave the way for the entry of large unemployed youth into the organised sector;
- 5) Skill development training in the textile industry will be provided to unemployed and semi-skilled persons through TNSDC and Integrated Skill Development Scheme of the Ministry of Textiles, Government of India;
- 6) The Government will take the lead in partnering with the industry in developing a curriculum for the Industrial Training Institutes to make their graduates industry-ready;
- 7) Technical Institutes and Polytechnics will be incentivised to align themselves with the industry needs and organise skill development programmes jointly to improve the employability of their students.

## **17. SINGLE WINDOW CLEARANCE**

- 1) To avoid procedural delays in getting statutory clearances from various authorities, Single Window Clearance will be provided to accord in-principle approval for pre-project clearance at the State Government level;
- 2) The Government of Tamilnadu have enacted the Tamilnadu Business Facilitation Act and Rules, 2017 and notified the Tamilnadu Industrial Guidance and Export Promotion Bureau as the State Nodal Agency at State level and District Industry Centre (DICs) at District level Agency;
- 3) The services covered under Single Window Clearance are according Pre-Establishment clearances, Pre-Operation clearances which are required prior to establishment of an Enterprise, Renewals of Clearances, Incentives for eligible Enterprises and other required clearances for an enterprise;

- 4) In order to avail the services through Single Window Portal, the enterprises shall pay the fees payable to the individual Competent Authorities in respect of their clearances, as stipulated in their respective Acts / Rules / Forms / Notifications. And also the processing fee per application payable to the Nodal Agency under the Act;
- 5) The fees payable to the State Nodal Agency, namely, the Tamilnadu Industrial Guidance and Export Promotion Bureau, as notified by the Government of Tamilnadu and in force, ranges from Rs.3 lakh to Rs.20 lakh based on the investment limits of projects ranging from Rs.10 crore to Rs.1000 crore;
- 6) The Government of Tamilnadu have also constituted the following Committees under the Tamilnadu Business Facilitation Ordinance, 2017:
  - State Single Window Committee (SSWC) with the Executive Vice Chairperson, Guidance Bureau as the Chairman;
  - State Single Window Monitoring Committee (SSWMC) with the Chief Secretary to Government as the Chairman;
- 7) Investment Promotion and Monitoring Board with the Hon'ble Chief Minister as the Chairman has also been constituted;
- 8) The Textile Sector shall avail the Single Window Services through the State Level / District Level Business Facilitation Centres for textile projects.

## **18. STATE TEXTILE ADVISORY COMMITTEE**

- 1) To facilitate the Textile Industry in Tamilnadu to sustain and further strengthen its prominent position in the textile sector, a State Textile Advisory Committee headed by the Hon'ble Minister for Handlooms and Textiles with representatives from all the sub sectors of the textile value chain i.e., Weaving (Handloom & Power loom), Spinning, Processing, Knitting, Garmenting, Textile Machinery Manufacturing, Government Institutions etc., as members has been constituted;
- 2) A sub-committee under the Chairmanship of the Director of Handlooms and Textiles has been constituted to assist the State Textile Advisory Committee;

- 3) The State Textile Advisory Committee, as an Advisory Body for the textile industry will meet once in every 3 months or whenever necessary and apprise the issues of the State Textiles Industry and enable holistic growth and development.

## **19. SUPPORTING INFRASTRUCTURE**

### **19.1. Energy / Water / Environmental Compliance**

- 1) The scheme will be known as One Time Assistance for Energy, Water conservation and Environmental compliance with the existing Textile units in operation for more than three years;
- 2) Assistance upto 50%, subject to a maximum ceiling of Rs.50,000/- for Energy Audit / Water Audit / Environmental Compliance, applicable on case to case basis will be provided;
- 3) Assistance upto 20% of cost of equipment required for energy and water conservation, subject to a maximum of Rs.10 lakh, applicable on case to case basis will be given;

### **19.2. Assistance For Technology Acquisition, Upgradation & Innovation**

- 1) Realizing that technology is a key element contributing to productivity, quality, competitiveness and market acceptability of products and that



technology and business incubators have emerged as useful instruments for innovation, the Government will encourage development of “Centres of Excellence and Innovation,” in collaboration with academic institutions of excellence, industry and the Government of India;

- 2) The scheme will be known as Assistance to Enterprises for Technology Acquisition, Upgradation and Innovation;
- 3) The enterprises acquiring the technology will be provided financial assistance of upto 25% of the investment for technology acquisition / collaboration, subject to a maximum ceiling of Rs.25 lakh per process / product once during the currency of the policy period.

### **Eligible Activities**

- a) The enterprises acquiring new technology for specialized application will be eligible under the scheme;
- b) The acquisition of technology and collaboration can be in any form, including purchase of drawing and design and technology development through engaging experts / R&D institution and / or technical consultancy firm and necessary Testing and Certification.

### **19.3. Labour Quarters / Workers Hostel**

Assistance of 50% of the project cost for construction of Labour Quarters / Workers Hostel will be provided, if encumbrance free land is mobilized by the Cluster / Textile Park SPVs.

### **19.4. ESI Facility**

Financial assistance will be provided for creating ESI facilities in Knitwear Clusters and other Textile Clusters.

## **20. LABOUR SECTOR INITIATIVES**

Department will endeavour to liaise with Labour Department in resolving labour issues of textile value chain within the framework of existing law.

## 21. GOODS AND SERVICES TAX (GST)

- 1) The Government of India have introduced the Goods and Services Tax (GST) as “One Nation One Tax” with effect from 01.07.2017;
- 2) The State Textile Advisory Committee and the Government of Tamilnadu will take continuous effort to get the best out of GST for the Textile Industry.



## 22. EXPORTS

Tamilnadu is a major exporter of a variety of manufactured goods like automobiles, auto components, Engineering goods, Textiles and Garments, Leather products, Electronic Hardware, Chemicals, etc., apart from software and Support services. Tamilnadu's exports stood at a value of 16.2 billion US dollars during 2016-2017, of which, more than Rs.50,000 crore is contributed by Textile Industry. Tamilnadu is the home to the knitting industry and has the biggest knitting cluster in India – Tiruppur, which exports more than Rs.25,000 crore of knitwear and garments.





## 22.1. Incentives Offered

- 1) A detailed study on new and emerging products will be conducted on PPP model on 75:25 funding pattern, with the support of organisations like FIEO, which can be produced and exported from Tamilnadu with competitive pricing;
- 2) Export products and its markets will be identified district-wise, product-wise encouragements / incentives, adequate infrastructure will be devised to see these potential districts are recognized for excelling atleast in one product group;
- 3) Product specific Industrial Clusters will be promoted and necessary support will be provided by the State Government to promote them as 'Export Clusters';
- 4) Encourage exporters to export branded products through promoting "Brand Tamilnadu";
- 5) Selected towns producing goods of Rs.200 crore or more will be notified as "Towns of Exports Excellence" based on potential for growth in exports;
- 6) International Fair on Fibre to Fashion of Textile Industry will be conducted at CODISSIA, Coimbatore once in two years, with a financial assistance of Rs.2.00 crore;
- 7) An Export promotion Fund will be created to improve export related infrastructure and for programmes and schemes to promote exports in textile towns / clusters of export excellence;
- 8) Sector specific support will be provided to augment exports to emerging and potential sector.

## 23. FOREIGN DIRECT INVESTMENTS (FDI)

With the most liberal and transparent policies in FDI amongst emerging countries, India is a promising destination for FDI in the Textile Industry. With an aim to attract huge FDI in textile sector, the Government of India is offering the following assistances:

- 1) Foreign Direct Investment Policy in Textiles – 100% FDI is permitted through

automatic route without any limit on the extent of foreign ownership for in-bound investments in the textile sector. Thus, there is no restriction on any amount of FDI, with or without local partners. Government incentives are equally applicable to FDI units;



- 2) With the most liberal and transparent policies in FDI amongst emerging countries, India is a promising destination for FDI in the textile sector. FDI in sectors to the extent permitted under automatic route does not require any prior approval either by the Government of India or Reserve Bank of India (RBI). Investors are required only to notify the RBI Regional Office within 30 days of receipt of inward remittance;
- 3) The Ministry of Textiles, Government of India has set up FDI Cell to attract FDI in the textile sector in the country. The FDI cell operates with the following objectives:
  - a) To provide assistance and advisory support (including liaison with other organizations and State Governments);
  - b) Assist foreign companies in finding out joint venture partners;
  - c) To sort out operational problems;
  - d) Maintenance and monitoring of data pertaining to domestic textile production and foreign investment.





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