ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ

ಅಧಿಕೃತವಾಗಿ ಪ್ರಕಟಿಸಲಾದುದು

ವಿಶೇಷ ರಾಜ್ಯ ಪತ್ರಿಕೆ

ಭಾಗ – ೧ Part – I	ಬೆಂಗಳೂರು, ಬುಧವಾರ, ೨೮, ಅಕ್ಟೋಬರ್, ೨೦೨೬ (ಕಾರ್ತಿಕಾ , ೦೬, ಶಕವರ್ಷ, ೧೯೪೮) BENGALURU, WEDNESDAY, 28, OCTOBER, 2026 (KARTHIKA , 06, SHAKAVARSHA, 1948)	ನಂ. ೧೩೦೦ No. 1300

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PROCEEDINGS OF THE GOVERNMENT OF KARNATKA

Subject: Textile & Apparel Policy (4.0) 2026-31 – reg.

Read:
1. Government Order No.: CI 47 JAKAIYO 2008, Dated: 01-10-2008.
2. Government Order No.: CI 44 JAKAIYO 2012, Dated: 31-10-2013.
3. Government Order No.: CI 115 JAKAIEE 2017, Dated:04.11.2019
4. 2025-26th Budget Announcement.
5. 100-day campaign programmes of the Hon'ble Chief Minister Dated:28-07-2026.

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PREAMBLE:

Karnataka's textile and apparel sector is a cornerstone of India's economy, driving GDP growth, generating employment and attracting substantial investment. As nation's Garment Capital, Karnataka contributes a significant share of the country's apparel output. The state combines a diversified production base, a highly skilled workforce, world-class infrastructure with strong and rapid adoption of advanced technologies. It also remains committed to preserving its rich cultural heritage while seizing new opportunities in technical textiles, sustainable manufacturing and export expansion. Robust government support and growing private investment reinforce Karnataka's leadership in the global textile and apparel arena.

After agriculture, the Textile and Apparel sector is the second-largest employment-generating sector in the State, providing employment to approximately 1.5 lakh persons in the Silk, Power loom and Handloom sectors and around 8 lakh persons in the Apparel and Textile sectors.

The Karnataka State is one of the fastest-growing states in the country. It has announced several schemes aimed at accelerating economic growth, promoting industrialization, and strengthening its position as the **fourth-largest economy in the country**. Accordingly, the State has achieved significant growth in the textile sector, contributing 12% of India's readymade garment exports and ranking third in the country, 6% of India's cotton production and ranking fifth in the country, and 2% of India's wool production and ranking seventh in the country.

Karnataka occupies a predominant position in India's silk industry and is the country's leading producer of mulberry silk. The State is primarily engaged in mulberry sericulture and is widely recognized as the **cradle of modern sericulture in India**, owing to its favourable agro-climatic conditions, strong institutional support, well-developed silk value chain, and centuries-old weaving tradition. Karnataka accounts for approximately 43% of the country's silk production and ranks first in India in silk production.

Karnataka is home to several GI-tagged traditional textile products, renowned for their origin-based quality and distinctive characteristics. These products celebrate the State's rich cultural heritage, support local economies, and help preserve traditional artisan skills. The State has nine traditional textile products recognized under the Geographical Indications (GI) Act.

As referenced in (1) and (2), the Government of Karnataka announced the "Suvarna Vastra Neethi 2008–13" and the "New Textile Policy 2013–18" with the objective of attracting investment and promoting comprehensive and sustainable growth in the textile and apparel sector in the State.

In Reference (3), the "New Textile and Garment Policy 2019–24" was implemented with a view to attracting investment in the textile sector, generating employment opportunities in the State, and promoting balanced regional development. The said Textile Policy came into effect on 04-11-2019 and valid till 03-11-2024 or till the implementation of a New Textile Policy. During this policy, a total investment of Rs. 4,953.37 crores have been attracted and a total number of 96,824 jobs have been created.

In Reference (4) above, the Hon'ble Chief Minister has announced the following in Section-352 of the Budget for the year 2025-26.

> **To encourage textile and readymade garment sector in the state and attract increased investment with a target of generating 2 lakh employment, a new Textile policy 2025-30 will be formulated.**

In accordance with the 100-day campaign programmes of the Hon'ble Chief Minister, as approved by the State Cabinet vide Reference (5), it has

been decided to implement the Textile Policy with immediate effect within the stipulated timeframe.

> **Textile Policy: Best-in-Policy to be announced to bolster Karnataka's Textile Manufacturing Ecosystem beyond Bangaluru. The policy will attract NEW investments, enhance competitiveness, generate Employment and Strengthen Karnataka's Position as a leading textile & apparel manufacturing hub. SILK yarn making will be recognised as industry and will be brought under Textile policy.**

In response to evolving market dynamics and with a view to sharpening its policy focus, the Government of Karnataka has formulated a comprehensive and forward-looking **"Textile and Apparel Policy (4.0) 2026–31"**, which sets out clear objectives, measurable targets, and strategic interventions to harness emerging opportunities and accelerate the growth of the textile and apparel sector.

During the formulation of the **"Textile and Apparel Policy (4.0) 2026–31"**, extensive interactions and consultations were held with textile industry associations, investors, concerned Government departments, weavers, stakeholders, and entrepreneurs. The demands, suggestions, and recommendations received from these stakeholders have been carefully considered and incorporated into the Policy, with the objective of positioning Karnataka as a preferred destination for the textile and apparel industry.

Special emphasis has been given for 34 focused talukas to promote new investments and generate employment. Units established in these talukas are eligible for additional incentives and concessions under the Policy.

For the first time, activities related to silk yarn production including silk reeling and silk spinning have been brought within the scope of the Policy.

The Policy also seeks to address regional imbalances by promoting textile units established in the Pradhan Mantri Mega Integrated Textile Region and Apparel (PM-MITRA) Park at Kalaburagi through special incentives and concessions.

In the above context a decision has been taken by the Government to formulate and adopt a "Textile and Apparel Policy (4.0) 2026-31".

Hence, the following order.

GOVERNMENT ORDER NO: CI 20 JAKY 2025 BENGALURU, DATED:30-09-2026

In the circumstances explained in the preamble, the Government is pleased to announce the **"Textile and Apparel Policy (4.0) 2026-31"** as detailed in the Annexure enclosed to this order, to attract more investment and create more employment opportunities in the Textiles and Apparel (Readymade Garment) sectors in the State.

The salient features of the "**Textile and Apparel Policy (4.0) 2026-31"** are as follows.

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1. Vision

To establish Karnataka as a World class, Fiber to Fashion and Sustainable Textile and Apparel manufacturing hub, pioneering sustainable innovation and ensuring inclusive growth across all Zones.

2. Mission

To foster a globally competitive textile and apparel ecosystem, attracting ₹20,000 Crores in strategic investments and create 5 lakh new jobs, with a focus on Kalyana Karnataka and Tier-2/3 cities.

3. Policy Objectives

The "Textile and Apparel Policy 2026-2031" aim to achieve the following objectives over the span of 5 years:

a. **Textile Production Expansion**: Expand textile output in Karnataka by enhancing manufacturing capacity, focusing on technological upgradation, and emphasizing on high-value-added products.

b. **Investment Attraction**: Secure INR 20,000 crore in domestic and foreign direct investment across Karnataka's textile value chain over the next five years.

c. **Employment Generation**: Create 5 lakh new jobs in the textile and apparel sector in Karnataka, prioritizing opportunities for youth and the marginalized.

d. **Export Growth**: Strengthen local manufacturing ecosystem and building global competitiveness to drive growth in textile and apparel exports.

e. **Market Linkage**: Forging seamless upstream and downstream market linkages across the value chain for fair and efficient price determination.

f. **Skill Development:** Establish a comprehensive skills-development framework to bridge the talent gap and deliver comprehensive trainings, focusing on emerging technologies and sustainable practices.

g. **Cluster Development:** Build state-of-the-art textile clusters that integrate key sub-sectors, deploying advanced, eco-friendly technologies.

h. **Technical Textiles Promotion:** Increase Karnataka's share of technical textiles by targeting fast-growing segments and positioning the state as a preferred manufacturing hub.

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i. **Revitalize Handloom sector:** Preserving artisanal skills, enabling technology upgrades, and providing targeted financial and market support to strengthen livelihoods and cultural heritage.

j. **Positioning Geographical Indicator (GI) Products:** Maintain Karnataka's leadership in Geographical Indicators by supporting branding, marketing, and targeted financial incentives.

k. **Establishing Centre of Excellence**: Establish dynamic, world-class Centre of Excellence(s) through government-industry-academia collaboration to engage with evolving textile innovations.

l. **Ensuring Sustainable Practices:** Promote eco-friendly technologies and circularity for reduced carbon footprint and ensure sustainability by partnering with leading sustainability firms and certification bodies.

"Textile and Apparel Policy (4.0) 2026-31" and Package of Incentives & Concessions shall come into effect from date: 30-09-2026 and will be valid for a period of 5 years or until next New Textile Policy is announced.

This order is issued with the concurrence of the Finance Department's Vide Note No.: FD 244 Exp-1/2025, Dated: 08.05.2026, Planning Department's Vide Note No.: PDS / 06/PFR/2025, Dated:04-03-2026, Revenue Department's Vide in File No.: CI 20 JAKY 2025 (P-5), Dated: 02-05-2026, Energy Department's Vide in File No.: CI 20 JAKY 2025 (P-7), Dated: 05-03-2026 and Cabinet Note Subject No.:C-516/2026, Dated: 09-09-2026.

By order of the Governor of Karnataka
and in his name,

(ROHINI SINDHURI)
Secretary to the Government
(MSME & Mines)
Department of Commerce and Industry

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Government of Karnataka

Department of Handlooms and Textiles

Textile and Apparel Policy (4.0)
2026-2031

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1 INTRODUCTION TO TEXTILE AND APPAREL SECTOR

1.1 Preamble

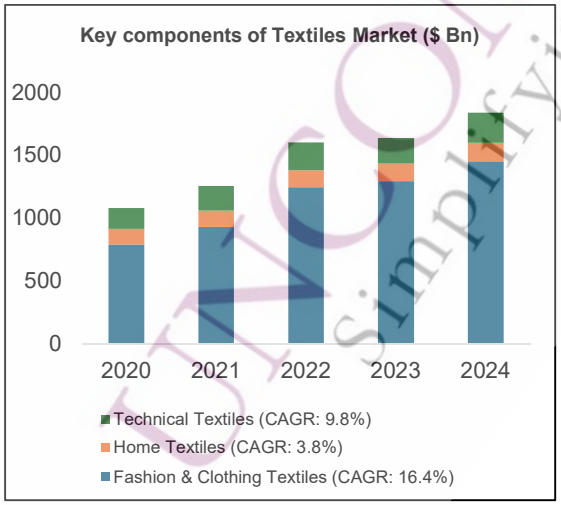
Karnataka's textile and apparel sector is a cornerstone of India's economy, driving GDP growth, generating employment and attracting substantial investment. As nation's Garment Capital, Karnataka contributes a significant share of the country's apparel output.

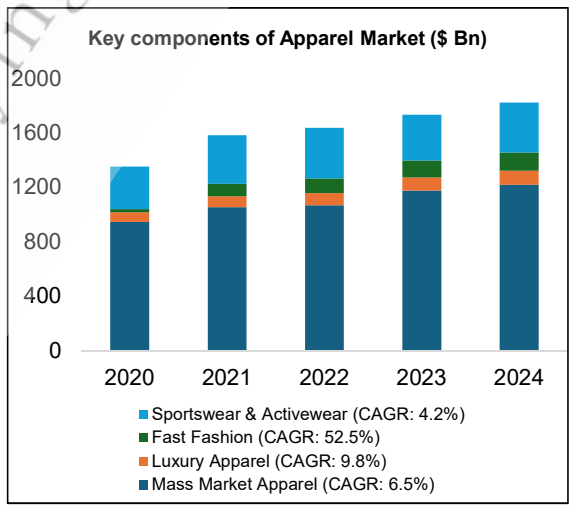
The state combines a diversified production base, a highly skilled workforce, world□class infrastructure with strong and rapid adoption of advanced technologies. It also remains committed to preserving its rich cultural heritage while seizing new opportunities in technical textiles, sustainable manufacturing and export expansion. Robust government support and growing private investment reinforce Karnataka's leadership in the global textile and apparel arena.

In response to shifting market dynamics and to sharpen policy focus, the Government of Karnataka has formulated a comprehensive and forward-looking New Textile and Apparel Policy 2026-2031, which establishes clear objectives, measurable targets and strategic interventions to seize emerging opportunities and accelerate sectoral growth.

1.2 Global Scenario

The global textile and apparel market is currently navigating a dynamic and complex landscape, marked by a post-pandemic rebound as well as a fundamental shift in consumer and industry priorities. With a global textile market size estimated to be around USD 1.8 trillion in 2023 and global apparel market size estimated to be around USD 1.7 trillion in 2024, the sector is on a growth trajectory, driven by increasing demand, especially of fast fashion apparels, in developing economies.





However, this growth is tempered by significant headwinds, including geopolitical tensions that disrupt supply chains, persistent inflation impacting consumer spending on non-essentials, and an overarching demand for sustainability that is reshaping the entire value chain. The industry is at an inflection point where digitalization, circularity, and technological innovation are no longer niche trends but essential drivers for future success and resilience.

1.3 Indian Scenario

India's textile and apparel sector has seen a wave of strong positive change and is expected to contribute significantly to country's output. The sector contributes 2.3 per cent to India's GDP, 13 per cent to industrial production, and 10.5 per cent to exports. The sector is the largest industrial employment provider in India, employing more than 45 million people directly and source of livelihood for over 100 million people indirectly1

Macroeconomic Indicators of the Textile and Apparel Industry in India	
Contribution to India GDP	2.3%
Contribution to industrial production of India	13%
Contribution to export earning	10.5%
Employment Generation(direct)	45 million
Projected Exports by 2030	USD 100 Billion

The textiles sector has witnessed an increase in investment during the last five years. The cumulative amount of inflow of FDI Equity in Textile Sector (including Dyed, Printed) (From Jan 2000 to March 2024) stood at around USD 4.5 billion, as per Department for Promotion of Industry and Internal Trade (DPIIT) statistics. The central government has set an export target of approximately USD 100 billion of textiles and apparel by 2030. According to year-end review 2024 of ministry of textiles, exports accounted for US $ 35.87 billion to the sector (2023-24). Also, total textiles exports (excluding RMG) reached around USD 19.9 billion in FY24 compared to USD 19.4 billion in FY23.

India's textile sector is bolstered by abundant raw materials like cotton, wool, silk, and jute, a skilled workforce, a large domestic market, and strong government support. These factors have made India a leading global sourcing hub. Cotton remains dominant, accounting for over 65% of total mill fiber consumption.

The government has launched several impactful policies and incentives to boost the textiles and apparel sectors. The PM MITRA (Pradhan Mantri Mega Integrated Textile Region and Apparel Parks) initiative aims to establish integrated textile parks across India, fostering investment, innovation, and sustainable industrialization. The Production-Linked Incentive (PLI) Scheme incentivizes domestic manufacturing, particularly in man-made fibers and technical textiles, enhancing India's global competitiveness. Additionally, the SAMARTH (Scheme for Capacity Building in Textile Sector) focuses on skill development to ensure a skilled workforce for the industry. The National Technical Textiles Mission (NTTM) aims to position India as a global leader in technical textiles through research, innovation, and market development. In addition to this, several other schemes are being implemented for the development and welfare of weavers and other textile sub-sector, viz. Silk Samagra-2, National Handloom Development program, Integrated Wool Development Program, Textile Cluster Development Schemes and Integrated Processing development Scheme. These initiatives collectively aim to strengthen India's textile and apparel sectors, driving growth, employment, and global market presence.

1.4 Karnataka Scenario

Karnataka is one of the fastest growing state in India propelling the country's growth to greater heights. The state has already taken several initiatives to enhance its stature as one of the leading high-tech industrialized States in the country. It has been at the forefront of development which makes it the fourth largest economy of the country. The state has

[1] Ministry of Textiles, GoI, Annual Report 2023-24

been a pioneer on many fronts, a leader in secondary and tertiary sectors, and has consistently provided an environment that nurtures the spirit of innovation and entrepreneurship.

Karnataka, the Garment Capital of India, has been one of the leading contributors in the growth of textiles and apparel market in India. Accounting 20 per cent of the national garment production of the country, the sector has contributed significantly to the state's industrial output. The state also has a significant share in the export of raw material and has a strong share in the country's exports of merchandise, readymade garments and handlooms. Karnataka's garments exports[2] amounted to about USD 2.3 billion in 2023-24 which constituted about 12 per cent of the country's total garments exports. In terms of raw materials, the state is a key contributor in the production of raw materials and is one of the leading producers of silk in the country. It contributes 43 per cent to mulberry silk[3], 6 per cent of cotton production[4] and 2 per cent to wool[5] in the country.

Macroeconomic Indicators of the Textile and Apparel Industry in Karnataka		
Particulars	**Share%**	**Rank**
Contribution to Garment Exports in India (2024)	12%	3
Contribution to Mulberry Silk Production in India (2023)	43%	1
Contribution to Cotton Production in India (2022)	6%	5
Contribution to Wool Production in India (2023)	2%	7

Across Karnataka, a cluster-based development strategy has been adapted and various Textile Parks have been established under various Govt. of Karnataka/ Govt. of India schemes. Some of the major Parks are Doddaballapur Integrated Textile Park (DITP) and Doddaballapura Apparel Park-Phase-1, Doddaballapura, Bangalore Rural, Binary Apparel Park Pvt. Ltd in Hiriyur taluk, Chitradurga, Shiggaon Textile Park Shiggaon taluk, Haveri District, Kurane Textile Park in Hukkeri Taluk, Belagavi, Davanagere Textile Park in Davanagere Taluk, Davanagere, Boragaon Textile Park in Chikkodi taluk, Belagavi and Bellary Textile Park in Mundaragi KIADB Industrial Area, Bellary. The various Textile value chain units have been established in the above Parks. The PM MITRA Mega Textile Park in Kalaburagi district of Karnataka state is under establishment as a globally competitive, fully integrated textile ecosystem spanning fiber-to-fashion on 1,000 acres of world-class infrastructure.

Karnataka has large manufacturing capacities across the complete manufacturing value chain viz. natural fibre/filament production, garmenting/apparels and made-ups, spinning, weaving, processing and technical textiles. The state has a total capacity of more than 3.57 lakh spindles with the largest capacity of around 2.15 lakh spindles operating under a single roof. The state has a significant presence of approx. 1,20,000 looms concentrated in clusters like Belagavi, Bagalkote, Tumkur, Bangalore Urban and Rural Districts. The total number of handloom workers households stands at 33,6776, engaged in weaving of silk, cotton, polyester mix, etc. and producing products such as silk/cotton, dress material,

[2] Considered HS codes 61, 62 and 63 for trade analysis, ITC Trade Map
[3] https://csb.gov.in/wp-content/uploads/2024/05/1-AR-2022-23-Final-Low.pdf
[4] Ministry of Textiles, Values considered for 2021-22
[5] Ministry of Fisheries, Animal Husbandry & Dairying, Values considered for 2022-23
[6] Fourth All India Handloom Census 2019-20 Content 1.indd

sarees, bedsheets, dhotis, handkerchiefs, carpets etc. Besides this, most of Power Loom workers are working in unorganized sector while handloom workers are working in Karnataka Handloom Development Corporation (KHDC), Cooperative sector, NGOs and unorganized sector. Further, Karnataka has also been successful in achieving the status of one of the leading markets for technical textiles with regions like Bengaluru Urban, Bangalore South (Ramanagara), Bangalore North, Mangalore, Mysore, and Hassan emerging as growth hubs of technical textiles.

Additionally, the state has gathered global recognition in the following GI registered Textile and Handloom products: Ilkal sarees District - Bagalkote), Guledagudda Khana (District - Bagalkote), Molkalmoru silk sarees (Chitradurga dist), Udupi sarees (District -Udupi and Mangalore), Kasuthi hand embriodery (District - Dharwad), Navalgunda Durries (District - Dharwad), Mysore Silk Sarees (District - Mysore), Sandur Lambani Embroidery (District – Bellary)7 and Gajendragad Patteda Anchu sarees & fabrics (District - Gadag).

Karnataka's previous textile policy pursued significant industrial growth by setting ambitious goals for attracting investment and generating large-scale employment. To achieve this, the state offered a comprehensive package of financial incentives and tax benefits that successfully drew substantial new corporate investments. A key focus of the policy was promoting inclusive growth by reinforcing the sector's role as a major employer of women and providing special incentives for enterprises run by marginalized sections. Now, the state presents its new textiles policy to shape a more effective and equitable strategy for the future.

1.5 Silk Industry Scenario

Introduction

Silk is one of the oldest and most luxurious natural fibres known to mankind and has occupied a distinguished position in the textile industry for more than four thousand years. Owing to its unique properties such as natural lustre, softness, tensile strength, elasticity and excellent dye affinity, silk has been revered as the “Queen of Textiles.” It is widely used in the manufacture of premium apparel, traditional garments, furnishings, handicrafts and technical textiles. Beyond its commercial importance, silk is deeply intertwined with the cultural heritage and traditional craftsmanship of many countries, particularly in Asia. Besides its traditional use in textiles, silk is increasingly finding applications in biomedical products, cosmetics, high-performance composites and technical textiles.

Global Silk Industry

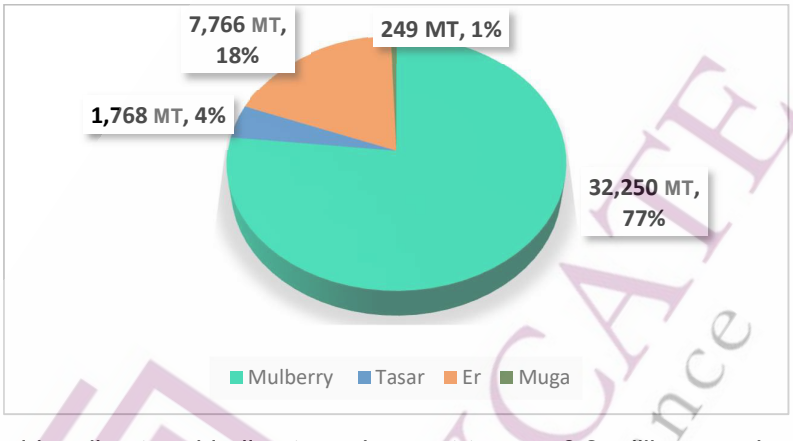
The global production of raw silk is highly concentrated, with China and India together accounting for about 94% of the world's raw silk production. China is the largest producer of raw silk, contributing approximately 52% of global production. However, its raw silk output has declined sharply from about 170,000 MT in 2015 to around 50,500 MT in 2024. India is the world's second-largest producer of raw silk, accounting for approximately 42% of global production. Other important silk-producing countries include Uzbekistan, Vietnam, Thailand, Brazil, Japan and the Democratic People's Republic of Korea.

Silk Production in India

India is the only country that commercially produces all the five varieties of natural silk—mulberry, oak tasar, tropical tasar, eri and muga. The total annual production of raw silk in India was 42, 033 MT during 2025-26, of which, mulberry raw silk output aggregated to

[7] Details of GI Applications Registered as on July 26, 2024.xlsx

32,250 MT (77%). The remaining 9,783 MT (23%) was Vanya silks, which include Tasar, Eri and Muga silks. Mulberry silk is primarily produced in the states of Karnataka, Andhra Pradesh, Tamil Nadu and West Bengal, which collectively account for 95% of the total mulberry silk production in the country. The major producers of tasar silk are Jharkhand, Chhattisgarh and Odisha. Muga silk is more specific to Assam. Eri silk is mainly produced in grown in Assam, Meghalaya and Nagaland. Variety-wise Raw Silk Production in India during 2025-26.



Sericulture provides direct and indirect employment to over 9.8 million people, including a large proportion of women and small and marginal farmers. The industry is one of the most labour-intensive sectors in the rural economy, generating employment throughout the year across the entire silk value chain. India is the largest consumers of silk in the world, driven by the extensive use of silk in traditional attire, ceremonial garments and fashion products.

Karnataka – The Leader of India's Silk Industry

Karnataka occupies a pre-dominant position in the Indian silk industry and is the country's leading producer of mulberry silk. The state produces only mulberry sericulture and is widely recognized as the cradle of modern sericulture in India because of its favorable agro-climatic conditions, strong institutional support, well-developed silk value chain and centuries-old weaving tradition.

The organized development of sericulture in Karnataka dates back to the eighteenth century during the reign of Tipu Sultan, who introduced mulberry sericulture to the region. The Wodeyar rulers of the erstwhile Mysore State further strengthened the industry by establishing silk filatures and weaving centres. Following Independence, Karnataka became the first state to establish a Department of Sericulture, which has played a pioneering role in the planned development of the industry through extension, technology dissemination and infrastructure development.

Karnataka is also the country's foremost centre for sericulture research and development. The Central Silk Board (CSB) has established several premier research institutions in the state, namely Central Sericultural Research and Training Institute (CSRTI), Mysuru; Central Silk Technological Research Institute (CSTRI), Bengaluru; Institute for Silkworm Seed Technology Research (ISTR), Bengaluru; and Institute for Seri-Biotechnological Research (ISBR), Bengaluru. In addition, the Karnataka State Sericulture Research and Development Institute (KSSRDI), Bengaluru, established by the Government of Karnataka, complements CSB's R&D institutes by undertaking location-specific research and technology development. Collectively, these institutions have made significant contributions to the development of improved technologies, meeting the R&D needs of not only Karnataka but also the Indian silk industry as a whole.

At present, Karnataka contributes approximately 14,498 MT of raw silk in 2025–26, accounting for about 32% of India's total raw silk production and nearly 45% of the country's mulberry silk production. The state is also the leading producer of high quality bivoltine silk in India and has consistently achieved higher productivity than the national average through widespread adoption of improved mulberry varieties, scientific silkworm rearing practices and mechanized reeling technologies.

Major Sericulture Regions of Karnataka

Sericulture is practiced in almost all districts of Karnataka, although it is concentrated mainly in the southern and eastern regions. Ramanagara, Mandya, Mysuru, Chikkaballapura, Kolara, Tumakuru, and Bengaluru Rural constitute the principal mulberry silk belt of the state (Table). Ramanagara is particularly significant as it hosts Asia's largest cocoon market, serving as the principal marketing hub for silk cocoons produced in Karnataka and neighbouring states.

Silk reeling is predominantly concentrated in Ramanagara, Chikkaballapura and Kolara districts in Karnataka. Renowned reeling clusters such as Ramanagara, Sidlaghatta and Kolara are recognized for producing high quaity raw silk and serve as important centres for the reeling industry in India.

Table: District-wise Raw Silk Production in Karnataka in 2025-26

Sl. No.	District	Bivoltine silk (MT)	Cross Breed Silk (MT)	Total Silk (MT)
1	Bengaluru Rural	96	619	715
2	Bengaluru Urban	104	75	179
3	Chickkaballapura	156	2302	2458
4	Chitradurga	180	51	231
5	Davanagere	61	3	64
6	Kolara	357	1391	1749
7	Ramanagara	222	3038	3259
8	Shivamoga	11	0	11
9	Thumkuru	458	236	694
10	Chamarajanagara	24	29	53
11	Chickamangalore	9	0	9
12	Hassana	247	0	247
13	Kodagu	1	0	1
14	Mandaya	456	3195	3651
15	Mysuru	203	47	249
16	Ballari	10	6	16
17	Vijayanagar	256	2	257

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18	Bidar	16	1	17
19	Kalaburgi	31	1	32
20	Koppala	53	0	53
21	Raichur	38	2	40
22	Yadagiri	6	1	7
23	Bagalakote	67	0	67
24	Belagavi	78	1	79
25	Vijayapura	26	1	27
26	Dharawad	9	0	9
27	Gadaga	49	0	49
28	Haveri	243	1	244
29	Uttarakannada	5	0	5
30	Mysore Seed Area	0	26	26
	Total	**3469**	**11030**	**14498**

Silk Weaving in Karnataka

Karnataka has developed a vibrant handloom and powerloom sectors. Mysuru is internationally renowned for the prestigious Mysore silk sarees produced by the Karnataka Silk Industries Corporation (KSIC). Important handloom centres in Karnataka include Molakalmuru, Gadag-Betageri, Kolluru, Y.N. Hosakote, Kollegala, Melukote, Guledgudda and Ilkal. Major powerloom clusters are located in Doddaballapur, Anekal, Chennapatna, Mysuru, and Rabkavi Banhatti producing silk fabrics, scarves, furnishings and blended textiles for domestic and export markets.

Government Support and Institutional Framework

The remarkable growth of Karnataka's silk industry is largely attributable to sustained government support. The Department of Sericulture, Government of Karnataka, together with the Central Silk Board, has implemented numerous programmes relating to mulberry plantation development, quality seed production, silkworm rearing, mechanisation, skill development and post-cocoon infrastructure (Govt. of India Assistance).

Silk Exports

Karnataka plays a pivotal role in India's silk export ecosystem owing to its dominance in the production of high-quality mulberry silk, superior bivoltine raw silk, and a well-established silk weaving industry. The state serves as a major sourcing hub for premium silk fabrics, garments, scarves, stoles, home furnishings and value-added silk products exported to international markets. Silk products accounted for exports worth Rs. 502.20 crore in 2024-25. China is the largest destination for Karnataka's silk exports, accounting for 47.24% of the state's silk product exports, followed by the United States (11.22%), Singapore (10.22%), Italy (6.20%), and Vietnam (5.30%).

Future Prospects

Despite challenges such as urbanization, labour shortages, climate variability and competition from imported silk, Karnataka continues to maintain its leadership through continuous technological innovation, scientific extension services, mechanization and strong institutional support. The growing global demand for sustainable natural fibres, coupled with increasing investments in quality improvement, branding, automation and value addition, offers immense opportunities for further expansion of the silk industry. Karnataka is therefore expected to remain the centre of excellence for sericulture and the leading contributor to India's silk production in the years ahead.

Incentives & Concessions

The Textile & Garment industry to be covered under Textile & Apparel Policy will includes all units, which are engaged in various value chain activities of the industry such as Spinning, Weaving (Power loom and Handloom) including pre loom activities, Knitting, Processing, Integrated Units, Garmenting, Technical Textiles, Textile machinery manufacturing and all other ancillary activities. The activities from Post Reeling such as Silk Twisting, Silk Doubling, Warping, Silk Weaving, Silk Dyeing and Processing & Silk Garmenting units are covered under the Textile & Apparel Policy. The Sericulture activities such as Mulberry Cultivation, Seed Development, Silk Rearing & Farming related Schemes/Programs of State and Central are delt in the Department of Sericulture. Some of the Schemes implemented in the Department of Sericulture are as under:

- Subsidy for mulberry nurseries
- Subsidy for mulberry plantation
- Subsidy for mulberry plantation maintenance, equipment/silkworm rearing equipment
- Subsidy for installation of drip irrigation unit
- Construction of Low-cost shed
- Construction of Mounting Hall (Fruit Worm House)
- Subsidy for purchase of building/mill equipment
- Pure Mysore breed Chaki cost
- Cost of two-wheel drive
- Subsidy for multi-end reeling unit installation
- Subsidy for installation of improved cottage/filature basin units (Reeling) (No.36ends and 48 ends)
- Subsidy for installation of Italian Cottage/Filature basin units (Reeling)
- Subsidy for installation of boiler 50 Kg steam capacity
- Subsidy for installation of generator/silent generator (2KV-5KV)
- Subsidy for installation of solar water heater (200 Liter capacity-ETC to 1000 Liter capacity-ETC and 200 Liter capacity-FPC to 1000 Liter capacity-FPC)
- Subsidy for installation of solar power generator (1/2HP & 1/4HP)
- Subsidy for installation of Heat recovery unit
- Subsidy for construction of reeling shed (600 sq.ft. to 1200 sq.ft.)

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In order to encourage Silk Yarn (Spinning) activity in scale such as Silk Reeling, the Automatic Reeling units which are established under MSME and are not availed any incentives/subsidies from the Dept of Sericulture are eligible for incentives and concessions under New Textile & Apparel Policy 2026-31.

Incentive Componen	Department of Handlooms and Textiles
Integrated outlay for Silk Sector	New Investment and Expansion Subsidies for Silk Reeling and Spinning units-Rs.10 Crs. Nekar Summan Yojana for 10,000 Reelers across 4,872 units-Rs.5 Crs. Power Tariff Subsidies for 4,872 units. (<10 HP free/10-20 HP Subsidized)-Rs.15 Crs

1.6 Kalyana Karnataka Regions (KKRs)

The Kalyana Karnataka Region Development Board (KKRDB) is a statutory body established by the Government of Karnataka to promote balanced regional development and reduce developmental disparities across the Kalyana Karnataka regions (KKRs).

To address regional imbalances, the Government of Karnataka constituted a High-Powered Committee under the chairmanship of Dr. D. M. Nanjundappa. The Committee identified 35 development indicators and developed the Comprehensive Development Index (CDI) and Composite Deprivation Index to assess development levels across the State. Based on these indices, all taluks were classified into Most Backward, More Backward, Backward and Relatively Developed categories. Among the Kalyana Karnataka taluks, 22 were identified as Most Backward, 5 as More Backward and 2 as Backward.

Based on the recommendations of the Dr. D. M .Nanjundappa Committee, the Government of Karnataka sought special constitutional status for the region. Consequently, Article 371(J) was inserted into the Constitution of India with effect from 01.01.2013, granting special provisions for the development of the Kalyana Karnataka region.

The Hyderabad Karnataka Region Development Board was established under Government Notification No. DPAR/06/PLX/2012, dated 06.11.2013, with its headquarters at Kalaburagi. Subsequently, vide Government Order No. ಸಿಆಸುಇ 76 ಹೈಕಕೋ 2018, Bengaluru, dated 07.09.2019, the Board was renamed as the Kalyana Karnataka Region Development Board (KKRDB).

Jurisdiction -The Board covers 42 Legislative Assembly Constituencies (as per the latest delimitation) across the seven districts of: Bidar, Ballari, Kalaburagi, Koppal, Raichur, Yadgir, Vijayanagara

The Kalyana Karnataka region is one of the largest drought-prone (arid) regions in India.

Coverage: 44,000 Sq Km, Population 1.2 Crore, 23% of Karnataka's area. KKR's combined GDP stands at ₹2.92 lakh crore (FY 2024–25, current prices), contributing 10% to Karnataka's economy, indicating a scale–share gap relative to its population. The region

recorded a growth rate of 7.32%, with all districts showing strong momentum, partly due to a low base effect.

KKRDB region Vision 2030 "From Backward Region to Growth Engine of Karnataka" Focus areas: Textiles, Food Processing, Green Energy, Logistics, Pharma etc.

CURRENT INDUSTRIAL GROWTH STATUS- Major Industries Already Present Cement: Ballari, Kalaburagi, Vijayapura (30% of Karnataka's cement capacity) UltraTech, ACC, Shree Cement Steel & Mining: Ballari, Koppal - Iron ore. JSW, NMDC Steel Power: Raichur Thermal, Solar parks in Kalaburagi, Bidar, Koppal. Food Processing: Pulses, Oil mills in all 7 districts. Kalaburagi is called as "Tur Dal Capital of India" Apparel Hubs: Ballari, Kalaburagi for export garments. Special Funds is provided Direct annual grants from State Govt for priority projects of the region. Which includes Infrastructure such as Fund roads, drinking water, health, education, irrigation and industrial infrastructure.

Employment & Education: 70% reservation in govt jobs and seats in educational institutions for local students under 371(J) Flagship Projects in KKRDB Region PM MITRA Mega Textile Park – Kalaburagi 1000 Acres. "Fiber to Fashion". Target: ₹10,000 Cr investment, 1 Lakh jobs

Cotton is a vital cash crop in the Kalyana Karnataka region Cultivated heavily in districts like Raichur, Ballari, and Kalaburagi and nearly 22 Lakhs bales of cotton is converted to yarn by neighboring states like Gujarat, Tamil Nadu etc.

2 POLICY RATIONALE

2.1 Vision

To establish Karnataka as a world class, Fiber to Fashion and Sustainable Textile and Apparel manufacturing hub, pioneering sustainable innovation and ensuring inclusive growth across all Zones.

2.2 Mission

To foster a globally competitive textile and apparel ecosystem, attracting ₹20,000 Crores in strategic investments and create 5 lakh new jobs, with a focus on Kalyana Karnataka and Tier-2/3 cities.

3 POLICY OBJECTIVES

The New Textiles and Apparel Policy 2026-2031 aim to achieve the following objectives over the span of 5 years:

m. **Textile Production Expansion**: Expand textile output in Karnataka by enhancing manufacturing capacity, focusing on technological upgradation, and emphasizing on high-value-added products.

n. **Investment Attraction**: Secure INR 20,000 crore in domestic and foreign direct investment across Karnataka's textile value chain over the next five years.

o. **Employment Generation**: Create 5 lakh new jobs in the textile and apparel sector in Karnataka, prioritizing opportunities for youth and the marginalized.

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p. **Export Growth**: Strengthen local manufacturing ecosystem and building global competitiveness to drive growth in textile and apparel exports.

q. **Market Linkage**: Forging seamless upstream and downstream market linkages across the value chain for fair and efficient price determination.

r. **Skill Development:** Establish a comprehensive skills-development framework to bridge the talent gap and deliver comprehensive trainings, focusing on emerging technologies and sustainable practices.

s. **Cluster Development:** Build state-of-the-art textile clusters that integrate key sub-sectors, deploying advanced, eco-friendly technologies.

t. **Technical Textiles Promotion:** Increase Karnataka's share of technical textiles by targeting fast-growing segments and positioning the state as a preferred manufacturing hub.

u. **Revitalize Handloom sector:** Preserving artisanal skills, enabling technology upgrades, and providing targeted financial and market support to strengthen livelihoods and cultural heritage.

v. **Positioning Geographical Indicator (GI) Products:** Maintain Karnataka's leadership in Geographical Indicators by supporting branding, marketing, and targeted financial incentives.

w. **Establishing Centre of Excellence**: Establish dynamic, world-class Centre of Excellence(s) through government-industry-academia collaboration to engage with evolving textile innovations.

x. **Ensuring Sustainable Practices:** Promote eco-friendly technologies and circularity for reduced carbon footprint and ensure sustainability by partnering with leading sustainability firms and certification bodies.

4 KEY INTERVENTIONS

To ensure the completion of policy objectives, key areas of interventions include:

a. **Manufacturing process upgrade:** Upgrade and modernize textile production facilities to drive scale, value-addition and output growth.

b. **Investment & Ease-of-Doing-Business:** Ensure Ease of Doing Business and offer targeted incentives to attract INR 20,000 Cr of domestic and foreign capital.

c. **Export Promotion:** Strengthen trade facilitation, global market connects and branding to boost global competitiveness.

d. **Market Linkage:** Align local textile units with reliable raw-material suppliers along with diverse domestic and global buyers.

e. **Skill & Workforce Development** Expand industry-aligned training programs and apprenticeships, with special emphasis on youth and marginalized.

f. **Cluster-Based Development:** Establish and support integrated textile hubs combining various value chain activities under one ecosystem.

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g. **Innovation & Technology Adoption:** Boost R&D partnerships in high-value and high-growth segments (e.g., Technical textiles, Man-made fabrics).

h. **Handloom sector:** Support weavers and preserve cultural heritage by providing technology upgrades, research and development, marketing assistance, and market linkages.

i. **GI & Heritage Brand Promotion:** Provide branding, marketing and financial support to safeguard and expand Karnataka's registered GI products.

j. **Centre of Excellence & Collaborations:** Set up a government-industry-academia platform for cutting-edge research, incubation and knowledge sharing in emerging areas of the sector.

k. **Sustainable Practices & Certifications:** Incentivize energy-efficient processes, waste management and green-certification across the value chain.

5 IDENTIFICATION OF THRUST SUB-SECTORS

The following sub-sectors have been identified as thrust sectors in this policy:

a. **Spinning:** All units investing in spinning activities which includes Silk Yarn Spinning such as **Silk Reeling** and **Spun Silk**.

b. **Weaving:**

- **Handloom**: All units investing in Handloom weaving including pre-loom and post-loom activities.

- **High-Tech Powerlooms**: All units investing in high-tech looms (e.g. rapier loom and other shuttle less technologies).

c. **Knitting:** All standalone and integrated knitting units.

d. **Technical Textiles:** Units that invest in setting up Technical Textiles manufacturing and related value-addition.

Note 1: Only technical textiles firms that achieve at least 30% value addition[8] in their manufactured products will qualify as a Thrust sub-sector and be eligible for its additional incentives.

Note 2: Integrated units that invest in more than one designated thrust sub-sectors will receive additional incentives only on the portion of their investment made in those sub-sectors.

e. **Man-Made Fibers (MMF):** Units that invest in setting up MMF manufacturing facilities and downstream value-addition.

[8] Value Addition: Net Sales Turnover (excluding GST) minus value of raw material and inputs used in manufacturing

f. **Textile processing units:** Only integrated units encompassing minimum two or more stages of the textile value chain including processing will be eligible.

6 OPERATIVE PERIOD OF THE POLICY

This policy shall be in force for a period of 5 years from the date of issue of official notification or till the subsequent policy comes into effect.

Once the "New Textiles and Apparel Policy 2026–2031" comes into effect, the "New Textiles and Garments Policy 2019–2024" shall stand withdrawn. However, any enterprise that has already been sanctioned and has partially utilized incentives or concessions under the previous policy will continue to receive those benefits in accordance with the respective sanction orders.

7 ACTIVITY CLASSIFICATION

a. **Textiles:** All textile value chain activities including Textile machinery manufacturing units, Technical Textiles units and Integrated units excluding 7 (b) : Apparels.

b. **Apparels:** Made-ups, Home Textiles, Garments & Apparel, Garment machinery and other Garment accessories manufacturing units.

8 ZONAL CLASSIFICATION

8.1 Classification

All Districts areas including Municipal Corporations, District Headquarters in the entire state are classified as Zone 1, 2, 3 & 4 as follows:

Zone Classification for New Textile & Apparel Policy 2026-31			
Zone 1	**Zone 2**	**Zone 3**	**Zone 4**
Kalyana Karnataka Region Districts	**Textile Ecosystem Districts**	**Moderate Textile Activity Districts**	**District**
1.Bellary	1.Bagalkote	1.Chikkamagaluru	1.Bengaluru Urban
2.Bidar	2.Belgavi	2.Dakshina Kannada	
3.Kalaburagi	3.Bengaluru Rural	3.Davanagere	
4.Koppala	4.Bengaluru South (Ramanagara)	4.Dharwad	
5.Raichur	5.Vijayapura	5.Gadag	
6.Vijaynagara	6.Chamarajanagar	6.Hassan	
7.Yadgir	7.Chikkaballapura	7.Kodagu	
	8.Chitradurga	8.Kolar	
	9.Haveri	9.Mandya	

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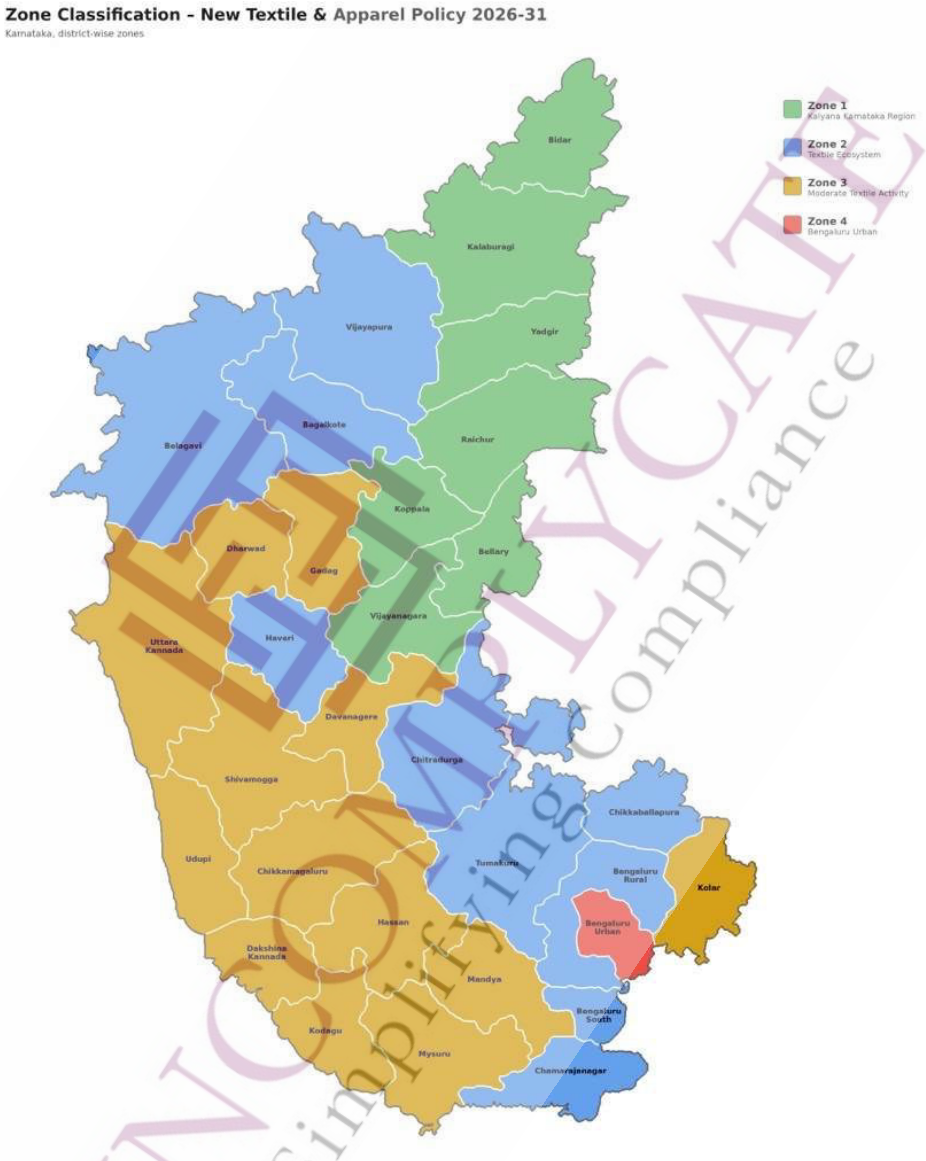
	10.Tumakuru	10.Mysuru	
		11.Shivamogga	
		12.Uttara Kannada	
		13.Udupi	



8.2 Focused Talukas for investment & Development: One District - One Taluk – One Global Textile Product (OD-OT-OP).

In order to achieve the Investment targets, utilization of local Raw material & employment generation, the micro level focusing Taluk as a unit and proposed One District - One Taluk – One Global Textile Product (OD-OT-OP) for the overall development of Textile Sector.

Dist Sl. No.	District	Tq Sl. No.	Focused Taluk	Activity	Focused Products
1	Bagalkote	1.	Ilkal	Handloom, Powerloom Weaving & Readymade Garments	Silk / blended Sarees, GI Products (Illkal sarees & Guledagudda Khana) & Dress Materials
		2.	Rabakavi-Banahatti	Powerloom, Handloom Weaving	Silk / blended Sarees & Dress Materials
2	Ballari	3.	Ballari	Readymade Garments & Processing	Jeans/Denims Garment,
3	Belgavi	4.	Belgavi	Powerloom & High-Tech Weaving	Grey Silk & Synthetic Sarees and Dress materials
		5.	Nippani	High-Tech Weaving & Garments	Grey Fabrics & Dress materials
4	Bengaluru Rural	6.	Doddaballapura	Powerloom & High-Tech Weaving & Readymade Gaments	Grey Silk & Synthetic Sarees, Grey Fabrics and Dress materials & Apparels
5	Bengaluru South (Ramanagara)	7.	Kanakapura	Powerloom Weaving Silk Reeling (ARM), Twisting, Powerlooms & Apparels	Grey Silk & Synthetic Sarees Silk Yarn, Sarees & Dress materials, Apparels
		8.	Ramanagara		
6	Bidar	9.	Bidar	Handloom Weaving, Ginning & Pressing	Cotton Fiber, Handloom Products & Apparels
7	Chamarajanagar	10.	Kollegala	Silk Reeling, Twisting, & Apparels	Silk Yarn, Sarees & Dress materials, Apparels
8	Chikkaballapura	11.	Shidlagatta	Silk Reeling, Twisting, Handloom & Powerloom Weaving	Silk Yarn, Sarees & Dress materials
9	Chikkamagalur	12.	Kaduru	Readymade Garments	Apparels & Dress materials
10	Chitradurga	13.	Hiriyur	Readymade Garments & Technical Textiles	Apparels & Packaging Materials
		14.	Molakalmuru	Silk Reeling, Twisting, Handloom Weaving	Silk Sarees, GI Products & Dress Materials
11	Dakshina Kannada (Mangaluru)	15.	Mangaluru	Readymade Garments & Technical Textiles	Apparels & Packaging Materials, Fishnets & Agro Nets

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12	Davanagere	16.	Davanagere	Powerloom, High-Tech Weaving & Readymade Gaments	Fabrics & Dress materials, Apparels

Dist Sl. No.	District	Tq Sl. No.	Focused Taluk	Activity	Focused Products
13	Dharwad	7.	Dharwad	Hand Embroidery, Readymade Garments	GI Product (Kasuti and Navalgunda Durries) & Apparels
14	Gadag	18.	Gadag	Handloom & Powerloom Weaving Readymade Garments	Silk & blended Sarees, GI Product, Dress Materials & Apparels
15	Hassan	19.	Arsikere	Readymade Garments & Technical Textiles	Apparels & Home Furnishing
16	Haveri	20.	Haveri	Readymade Garments & Textiles	Apparels & Exports, Home Furnishing
17	Kalaburagi	21.	Kalaburagi	Ginning & Pressing, Textiles & Readymade Garments	Cotton Fiber, Fabrics & Apparels
18	Kodagu	22.	Kushalnagara	Handloom Weaving & Readymade Garments	Sarees & Apparels
19	Kolar	23.	Srinivasapur	Silk Reeling, Twisting, Handloom Weaving	Silk Yarn, Sarees & Dress material
20	Koppala	24.	Koppala	Handloom Weaving	Towels & Carpets
21	Mandya	25.	Pandavapura	Handloom Weaving	Melukote Panche (Dhoti), GI Product, Silk Sarees
22	Mysore	26.	Mysore	Silk Powerloom Weaving, Hi-Tech Weaving & Readymade Garments	Silk Sarees, GI Products & Dress Materials & Apparels
23	Raichur	27.	Raichur	Ginning & Pressing, Readymade Garments	Cotton Fiber, Yarn Manufacturing & Apparels
24	Shivamogga	28.	Sagara	Handloom Weaving, Readymade Garments	Natural Dyed Sarees & Dress materials & Apparels
25	Tumakuru	29.	Pavagada	Silk & Woolen Handloom Weaving	Silk Sarees & Dress materials, Woolen Blankets and Floor Mats

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26	Udupi	30.	Udupi	Handloom Weaving & Technical Textiles	Cotton Sarees, GI Products, Apparels & Packaging Materials, Fish Nets & Agro Nets
27	Uttar Kannada	31.	Kumta	Handloom weaving & Readymade Garments	Towels, Bedsheets & Apparels
28	Vijayapura	32.	Basavanabagevadi	Handloom weaving & Readymade Garments	Towels & Khadi Products & Apparels
29	Vijaynagara	33.	Hospete	Handloom Weaving, Embroidery & Readymade Garments	New Age Fibers, GI Product (Lambani Embroidery) Kasuti & Dress materials & Apparels
30	Yadgir	34.	Yadgir	Handloom Weaving & Ginning & Pressing Readymade Garments	Cotton Fiber, Cotton Sarees & Apparels

9 DEFINITIONS:

a. **Enterprise:** An enterprise classified as micro, small, medium (MSME), large, mega and anchor units during the policy period have been defined separately for textiles (including Technical Textiles) and Apparels in the table below:

Enterprise	Textiles	Apparels
Micro, Small and Medium Enterprise (MSME)	**Micro Enterprise**: Investment in Plant and Machinery or Equipment: Not more than Rs. 2.5 crore and Annual Turnover not more than Rs. 10 crores. **Small Enterprise**: Investment in Plant and Machinery or Equipment: Not more than Rs. 25 crore and Annual Turnover not more than Rs. 100 crores. **Medium Enterprise**: Investment in Plant and Machinery or Equipment: Not more than Rs. 125 crore and Annual Turnover not more than Rs. 500 crores. (Definition as per GoI DC-MSME S.O. 1364(E) dated 21st March 2025.)	
	The incentives and concessions under this policy will adopt these definitions of MSME and shall automatically stand revised as per the revision made by Government of India through its official notifications from time to time. Eligible incentives and concessions will be as per new definition from the date of change of such definitions.	

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Enterprise	Textiles	Apparels
Large Enterprise	An industrial unit which is not classified as micro, small and medium enterprise with a minimum total capital investment up to INR 300 crore AND minimum direct employment generation of 300 for Textile units and minimum direct employment of 200 for Technical Textile, units shall be classified as large enterprise.	An industrial unit which is not classified as micro, small and medium enterprise with a minimum total capital investment up to INR 300 crore AND minimum direct employment generation of 3000 shall be classified as large enterprise.
Mega Enterprise	Projects with a minimum total capital investment above INR 300 crore AND minimum direct employment generation of 500 for Textile units and minimum direct employment of 300 for Technical Textile, units shall be classified as mega enterprise.	Projects with a minimum total capital investment above INR 300 crore AND minimum direct employment of 5000 shall be classified as mega enterprise.
Anchor Enterprise	**Zone-1:** First 2 new textile units set up in a taluka with a minimum capital investment of INR 50 crores. **Zone 2:** First 2 new textile units set up in a taluka with a minimum capital investment of INR 100 crores.	Zone 1 and Zone 2 : First 2 new apparel units set up in a taluka with a minimum capital investment of INR 25 crores

b. **Existing Unit:** Any unit or projects existing prior to the announcement of this policy, and any project of such units coming under expansion / diversification / modernization during the period of this policy.

c. **Pipeline Unit/Project:** Any unit or project approved by the State Level Project Implementation Committee (SLPIC) or Head Office Approval Committee (HOAC) or District Office Approval Committee (DOAC) during the 2019–2024 policy period or that have partially invested under the previous policy, will be classified as “Pipeline Projects”. They will remain eligible for availing benefits under the previous policy (New Textile and Garment policy 2019–2024) only.

d. **New Unit:** Any unit which invest on fixed assets on or after the announcement of this Policy. This will also include the units that have taken effective steps on or before the announcement of this Policy but could not fulfill the conditions stipulated for qualifying as eligible units as per the previous policy (New Textile and Garment Policy 2019-2024).

e. **Current asset base:** Refers to the present value of the total capital investment made towards setting up of production facility, i.e. factory building, plant and machinery and software installations used in production only. This excludes investment made towards

purchase/lease of land or towards land-development costs. The present value of asset base is to be confirmed by an independent chartered/licensed engineer, or a chartered accountant or other authority authorized by the Government of Karnataka.

f. **Expansion:** Existing textiles and apparel units expanding capacity in separate, identifiable fixed-asset investments of at least 25% of their current asset base for the same line of business or product, with or without technology/process upgrades.

g. **Diversification:** Existing units in the Textiles and Apparel sector producing any additional product within the textile value chain and with separate, identifiable fixed-asset investments at least 25% of their current asset base for the same line of business or product, with or without technology/process upgrades.

h. **Modernization/Technology Upgradation:** Units undergoing modernization / technology up-gradation through investment in new plant and machinery of an upgraded version as a replacement of the old plant and machinery and make separate, identifiable fixed-asset investments—at least 25% of their current asset base.

i. **Project Cost:**

Project Cost is the total capital outlay on assets created for the project and includes:

- **Land:** The cost associated with the acquisition of land for the project, utilized to the extent of construction of a production facility.
- **Building and Civil Works:** This includes the cost of all new construction for the project. Key components are:
  - **Factory Buildings:** Sheds and buildings housing the main plant and machinery.
  - **Supporting Facilities:** This includes godowns, raw material stores, and finished goods warehouses.
  - **Worker Amenities:** Provision for residential quarters or housing facilities for workers within the project premises, with an allocation covering up to 50% of the total construction cost and accommodating up to 50% of the workforce.
- **Plant and Machinery:** This includes the cost incurred in purchasing:
  - **New Plant & Machinery:** All new equipment, machinery, testing equipment, R&D equipment, material handling equipment and other equipment required for the manufacturing process.
  - **Transportation and Installation:** Costs incurred on freight, erection, installation, and commissioning of the plant and machinery.
  - **Foundation Costs:** The cost of civil works for the foundation of the machinery.
  - **Electrification:** Includes the cost of transformers, sub-stations, and internal electrical networks.
  - **Renewable sources of energy:** Captive power plants using renewable energy sources, installed on the firm's premises limited to its own energy needs
  - **Utilities:** Includes diesel generating (DG) sets, UPS systems, pollution control equipment, boilers and other statutory utilities.

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j. **Export Oriented Units (EOU):** Units undertaking to export their entire production of goods and services (except permissible sales in Domestic Tariff Area) - As per Chapter 6 of Foreign Trade Policy 2023 (DGFT)[9].

k. **Textile Units:** Units involved in manufacturing of any of the textile value chain activities including Technical Textiles (Hometech, Geotech, Agrotech, Buildtech etc.,) but excluding garment and apparel sector.

l. **Apparel Units:** Units involved in manufacturing of Apparels, Made-Ups and Home Textiles (Table Linen, Cushion Covers, Kitchen Aprons etc., similar Stitched items) and Wearables, or non-wearables stitched fabrics of which at least two sides of the fabrics are stitched using sewing machinery.

m. **Ginning and Pressing Units:** Units involved in cotton ginning where cotton fiber is separated from cotton (Kapas) and pressed into bales.

n. **Spinning Units:** Units involved in making Fiber to Yarn (Natural or Man-Made Fiber).

o. **Silk Reeling Units:** Units involved in manufacturing of unwinding and combining of continuous usable Raw Silk Filaments from Cocoons.

p. **Spun Silk Units:** Units involved in manufacturing of **Silk Spun Yarn** by Twisting together of Short, Broken or Un-Reelable Silk Fibers collected from Broken, Pierced (Waste) Cocoons.

q. **Sizing Units:** Units involved in the process of applying adhesive coating on the surface of yarn after completing the warping process.

r. **Pre-loom activity units:** Units involved in pre-loom activities such as winding, twisting, texturizing, doubling, warping, beaming, yarn dying, etc. as standalone or along with weaving/knitting units.

s. **Weaving Units**: Units involved in process of interlacing two yarns of similar materials so that they cross each other at right angles to produce woven fabric by using handloom or power operated looms.

t. **Knitting Units:** Units involved in constructing fabric by interlacing series of loops where one or more yarn either warp knitting or weft knitting or both or similar types.

u. **Non-woven Units**: Units involved in constructing an assembly of textile fiber held together by mechanical interlocking in a random web or mats, by fusing of fibers or by bonding.

v. **Dyeing, Processing and Finishing Units:** Units involved in dyeing, processing and finishing of textile and apparel materials/products.

w. **Integrated Units**: Units which involve more than one value-chain manufacturing activity in either Textiles or Apparels or both.

x. **Leather Garments Units:** Units involved in producing of apparel and clothing accessories manufactured wholly or partly from tanned hides or skins, including jackets, coats, trousers, vests, gloves, belts, headgear, and similar articles.

y. **Non-Leather footwear unit:** Units involved in producing of non-leather footwears provided more than 50% of textile materials made from natural & man-made fibers should be used in the products and manufacturing and such units are eligible under this policy.

[9] Chapter 6 FTP 2023.pdf

z. **Technical Textiles:** They are defined as textile materials and products used primarily for their technical performance and functional properties rather than their aesthetic or decorative characteristics. Depending on the product characteristics, functional requirements and end-use applications, the products have been grouped into 12 sectors.

- Agrotech (Bird protection nets, crop covers, fishing nets, shade nets, mulch mats, etc.)
- Buildtech (Floor and wall coverings, scaffolding nets, awnings & canopies, etc.)
- Clothtech (Interlinings, labels, elastic narrow fabrics, shoelaces, etc)
- Geotech (Geo-composites, geo-bags, geogrids, geonets)
- Hometech (Pillows, mattresses, blinds, mosquito nets, carpet backing cloth, filters, vacuum cleaner consumables, etc.)
  - Indutech (Industrial brushes, computer printer ribbon, composites, ropes and cordages, coated abrasives, drive belts, conveyor belts, etc.)
  - Meditech (Contact lenses, baby diapers, sanitary napkins, surgical sutures, surgical disposables, etc)
  - Mobitech (Seat cover, upholstery, tyre cord fabrics, tufted carpet, insulation felts, seat belts, cabin filters, helmets, etc.)
  - Oekotech (Waste management, environmental protection, recycling.)
  - Packtech (Wrapping fabric, soft luggage, tea bag filter paper, woven jute sacks, etc.)
  - Protech (Bullet-proof protective clothing, high visibility clothing, fire retardant products, etc.)
  - Sportstech (Sports nets, parachutes, artificial grass and turfs, sport composites, hot-air balloons sleeping bags, etc.)
  - Any other product as notified by Ministry of Textiles, Government of India, time to time.

10 Eligible Components of Fixed Capital Investment (FCI)

10.1 Land

Land, owned by the entrepreneur, to the extent used for production:

a. Land cost to be calculated based on the actual purchase price as per the registered sale deed or the prevailing government-notified guidance value, whichever is lower.
b. For land allotted by KIADB or any other government agency, the actual allotment price paid is to be considered.
c. Cases where any state or central subsidies are already availed shall not be eligible.
d. Land development cost shall be excluded.

10.2 Building

To the extent used for production, construction of new building (including administrative blocks) or acquisition of newly constructed premises not exceeding 12 months of age as per completion certificate issued by the competent authority:

a. For self-constructed building, cost to be calculated based on actual construction cost confirmed by an independent chartered/licensed engineer, chartered accountant or other authority authorized by the Government of Karnataka, whichever is lower.

b. For acquired building, cost to be calculated as per registered sale deed or value ascertained by an independent chartered/licensed engineer, chartered accountant or other authority authorized by the Government of Karnataka, whichever is lower.

c. This excludes costs for acquiring or repairing existing/old buildings (more than 12 months age) and buildings taken on lease or rent. However, includes cost incurred towards acquisition of building through Long-term lease-cum-sale deed by KIADB or any other government agency.

d. If the Land is taken on long lease for a minimum of 20 years and above are eligible for availing the subsidy for newly constructed building.

e. The building cost for the expansion of the existing units shall also be considered for incentive and concession.

f. Cases where any state or central subsidies are already availed shall not be eligible.

10.3 Plant and Machinery

Plant and Machinery include:

a. New plant and machinery, testing and R&D equipment, utilities, dies and moulds.

b. Associated costs incurred on freight, transit insurance, and the erection, installation, and commissioning of the plant and machinery.

c. Includes the cost of transformers, sub-stations, and internal electrical networks.

d. Captive power plants using renewable energy sources, installed on the firm's premises limited to its own energy needs.

11 FINANCIAL INCENTIVES

a. Manufacturing entities claiming incentives or concessions under Karnataka's New Textile and Apparel Policy 2026–31 shall not be eligible for incentives or concessions under the Karnataka Industrial Policy, and vice versa.

b. Dovetailing of support under other schemes: The assistance available under various schemes of state and central government may be dovetailed. However, the contribution by the industry shall not be less than 15% of the cost of each project in case of such dovetailing.

c. The projects which are implementing on 100% FDI are eligible for incentives and concessions under this policy including Capital Subsidy.

d. ANCHOR Enterprise Subsidy (only for New Units as per definition 9 (a)) up to max. of 5% under Zone-1, Zone-2 & Zone-3 Talukas on fixed assets. *Units under Zone-4 are not eligible.*

11.1 Credit Linked Capital Subsidy

New or Existing units under Expansion/ Modernization/ Diversification Textile & Apparel units with a minimum of 50% Term Loans on capital assets from Banks registered under RBI Norms / Financial Institutions (FIs) (KSFC, SIDBI, IDBI etc.) are eligible for Credit Linked Capital Subsidy on the eligible Fixed Capital Investment (FCI) as per the limits indicated below.

a. Credit Linked Capital Subsidy for MSME Enterprises:

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Credit Linked Capital Subsidy for MSMEs				
Segments	**Zone -1**	**Zone -2**	**Zone -3**	**Zone 4**
Textiles-Thrust Sectors	30% on Fixed Assets	25% of Fixed Assets	20% of Fixed Assets	-
Textiles other units	25% of Fixed Assets	20% of Fixed Assets	15% of Fixed Assets	
Apparel Sectors	25% of Fixed Assets	20% of Fixed Assets	15% of Fixed Assets	
Additional Subsidy (only for New Units) up to max. of 5% of fixed assets.	Additional 5% capital subsidy on the value of Fixed Assets for SC/ST persons/Persons with disabilities/Minorities/Ex-Servicemen/Women.			-
Anchor Units	Anchor Units in Zone-1, Zone-2 & Zone-3 shall be eligible for additional subsidy of 5%.			
Focused Talukas	Additional 5% capital subsidy on the value of Fixed Assets for units set up in the 34 Focused Talukas			

b. **Credit Linked Capital Subsidy for Large Enterprises:**

Credit Linked Capital Subsidy for Large Enterprises				
Segments	**Zone -1**	**Zone -2**	**Zone -3**	**Zone 4**
Textiles-Thrust Sectors	25% of Fixed Assets	20% of Fixed Assets	15% of Fixed Assets	-
Textiles other units	20% of Fixed Assets	15% of Fixed Assets	10% of Fixed Assets	
Apparel Sectors	20% of Fixed Assets	15% of Fixed Assets	10% of Fixed Assets	
Additional Subsidy (only for New Units)	Additional 5% capital subsidy on the value of Fixed Assets for SC/ST persons/Persons with disabilities/Minorities/Ex-Servicemen/Women.			-

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Credit Linked Capital Subsidy for Large Enterprises				
Segments	**Zone -1**	**Zone -2**	**Zone -3**	**Zone 4**
up to max. of 5% of fixed assets.				
Anchor Units	Anchor Units in Zone-1, Zone-2 & Zone-3 shall be eligible for additional subsidy of 5%.			
Focused Talukas	Additional 5% capital subsidy on the value of Fixed Assets for units set up in the 34 Focused Talukas			

11.2 Interest Subsidy

New or Existing units under Expansion/ Modernization/ Diversification shall be eligible for interest subsidy on the eligible Fixed Assets as per the limits indicated below:

Interest Subsidy for MSME and Large Enterprises				
Segments	**Zone 1**	**Zone 2**	**Zone 3**	**Zone 4**
All Textile and Apparel Sectors	5% Interest subsidy Per annum or 50% of the Lending rate, whichever is lower on Term Loans **for first 3 years**			-

11.3 Power Subsidy

Among the biggest issues of the Textile industry today is the demand for energy savings and the call for achieving lower energy consumption. Reimbursement of cost of power paid by units for all value chain activity of Textiles including Technical Textiles and use of non-conventional sources of power (purchased from Government or Private). In case of Hi-tech Powerloom units, power connection should be above 20 HP. The subsidy will be valid for a period of 5 years from the date of commencement of commercial production.

a. Power Subsidy for MSME Enterprises

Power Subsidy for MSMEs		
Segments	**All Zones Except Zone 4**	**Zone 4**
Spinning Units	Reimbursement of cost of power paid at INR 2.0 per unit for a period of 5 years	-
Weaving (air jet looms, rapier looms, electronic jacquard)		
Integrated Processing Units		
Technical Textiles Units		

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Power Subsidy for MSMEs		
Segments	**All Zones Except Zone 4**	**Zone 4**
All Other Textile Units and Apparel (Readymade Garment) Units		
Use of non-conventional / renewable sources of power		

b. Power Subsidy for Large Enterprises

Power Subsidy for Large Enterprises		
Segments	**All Zones Except Zone 4**	**Zone**
Spinning Units	Reimbursement of cost of power paid at INR 2.0 per unit for a period of 5 years	-
Weaving (air jet looms, rapier looms, electronic jacquard)		
Integrated Processing Units		
Technical Textiles Units		
All Other Textile Units and Apparel (Readymade Garment) Units		
Use of non-conventional / renewable sources of power		

11.4 Employment Incentive

New Apparel Units (as per Definition 9 (l)) shall receive employment generation incentives for 5 years on new jobs registered under the EPF scheme, exclusively for Karnataka-domiciled workers. The minimum employment is 100 persons or above for Micro Enterprise, 200 persons or above for Small Enterprise and 500 persons or above for Medium Enterprise.

Employment Generation Incentive for MSME & Large Enterprises				
Segments	**Zone 1**	**Zone 2**	**Zone 3**	**Zone 4**
Apparels, Made-ups, Home Textiles	INR 3500 per month per employee	INR 2500 per month per employee		-
	Note: In case of integrated Apparel units, the incentive eligibility will be decided on case-to-case basis. Employment incentives would not be exceeded 25% of fixed assets and it has to be claimed within a period of 5 years from the date of commencement of production			

11.5 Exemption of Stamp Duty, Registration Charges and Reimbursement of Land Conversion fee

Stamp duty to be paid in respect of loan agreements, credit deeds, mortgage and hypothecation deeds executed for availing loans from State Government and/or State

Financial Corporations, Industrial Investment Development Corporations, National Level Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks and other institutions which may be notified by the Government from time to time for the initial period of five years only and for lease deeds, lease-cum-sale, sub-lease and absolute sale deeds executed by industrial enterprises in respect of industrial plots, sheds, industrial tenements by Karnataka Industrial Areas Development Board, KSIIDC, KSTIDCL, KHDCL, Industrial Co-operatives, approved private Textile estates/parks, SPV formed by GoK/GoI and other approved industrial parks shall be exempted as below:

<table>
<tr><th colspan="8">Stamp Duty and Registration charges exemption for MSMEs and Large Enterprises</th></tr>
<tr><th rowspan="2">Segments</th><th colspan="2">Zone 1</th><th colspan="2">Zone 2</th><th colspan="2">Zone 3</th><th>Zone 4</th></tr>
<tr><th>MSMEs</th><th>Large Enterprises</th><th>MSMEs</th><th>Large Enterprises</th><th>MSMEs</th><th>Large Enterprises</th><th></th></tr>
<tr><td rowspan="3">All Textile and Apparel Sectors</td><td colspan="2" rowspan="2">100% Stamp Duty Exemption</td><td>100% Stamp Duty Exemption</td><td>75% Stamp Duty Exemption</td><td>100% Stamp Duty Exemption</td><td>75% Stamp Duty Exemption</td><td rowspan="3">Nil</td></tr>
<tr><td colspan="5">Concessional Registration Charges: INR 1/- per INR 1,000/-</td></tr>
<tr><td colspan="6">Reimbursement of Land Conversion fees after commercial production: 100%</td></tr>
</table>

11.6 ESI & EPF Subsidy

The Government of Karnataka will provide financial support to MSMEs by reimbursing the actual expenses incurred on employer contributions towards Employees State Insurance (ESI) and Employees Provident Fund (EPF). This reimbursement will be based on verified invoiced records and will be available for a period of five years from the date the MSME project begins commercial production offering sustained relief and encouraging formal employment within the sector.

<table>
<tr><th colspan="5">ESI & EPF Subsidy for MSME Enterprise</th></tr>
<tr><th>Segments</th><th>Zone 1</th><th>Zone 2</th><th>Zone 3</th><th>Zone 4</th></tr>
<tr><td>Textiles</td><td colspan="3">75% reimbursement of employer contribution of wage rate per employee per month for all new units for a period of five years as ESI and EPF Subsidy</td><td>-</td></tr>
<tr><td>Apparels</td><td colspan="3">75% reimbursement of employer contribution of wage rate per employee per month for all new units for a period of five years as ESI and EPF Subsidy</td><td>-</td></tr>
</table>

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ESI & EPF Subsidy for MSME Enterprise				
Segments	Zone 1	Zone 2	Zone 3	Zone 4
	Note: ESI & EPF Subsidy would not be exceed 25% of fixed assets and it has to be claimed within a period of 5 years from the date of commencement of production			

11.7 Special Incentive Package for Mega Industries

The Department of Handlooms & Textiles will promote mega textile and apparel projects that generate employment and drive sector development. New and existing units undertaking expansion, modernization, or diversification may receive a tailored package of incentives and concessions on a case-by-case basis, subject to the eligibility criteria in Paragraph 9(a).

11.8 Additional Incentives:

a. Spinning:

- Credit linked Capital subsidy of 10% of Fixed Capital Investment for the first 5 new spinning units in zone 1, zone 2 and zone 3 on first-cum-first-served basis.
- Each eligible unit to mandatorily set up a minimum capacity of 25,000 spindles under medium or large enterprises category in the state.
- These 5 new spinning units may avail, upon eligibility, other incentives (besides para 11.1 incentives) as mentioned in the New Textiles and Apparel Policy 2026-2031.
- The Diversification/Expansion projects of the existing textile units are also eligible.
-
- Technical Textile
- All the incentives stated for Textile activity are applicable for Technical Textiles sub-activity as well.
- Technical Textiles activities are deemed as a thrust sub-sector (only products with minimum 30% value-addition) are eligible.
- To boost innovation, policy measure of setting up of Centre of Excellence for Technical Textiles as detailed in Para 15.2 of this policy.
- Continued focus on specific Technical Textiles categories based on its inherent comparative advantage while gauging domestic and export demand.

- Geographical Indicators (GI) Positioning
- Karnataka hosts several GI-tagged traditional textiles products renowned for their origin-based quality and distinctiveness. These products celebrate the state's cultural heritage, drive local economies and preserve artisan skills. Under this policy, the State Government will provide the following support:
- Financial Assistance: 100% reimbursement of costs associated with the GI application process, including legal, administrative fees, documentation and consultancy expenses. The fees will be paid only when the GI has been accepted and registered by the registrar for any region in the state. This assistance can only be availed one-time and cannot be availed for renewal in case it has already availed during initial registration.
- Awareness Campaigns: For conducting awareness campaigns to educate stakeholders about the benefits of GI tags and importance of Intellectual Property

protection through workshops, seminars, advertisements, online events or any other digital or physical mediums. Reimbursement of expenditures limited to INR 30,000 per event. Maximum up to 5 events in a year will be funded under the scheme.

- Promotion and Marketing: Marketing assistance in developing global and domestic strategies for GI-tagged products.
- Collaboration with Educational Institutions: Assistance for partnering with educational institutions to conduct research and development on traditional textile techniques as well as products.
- GI Scheme Eligibility: Weaver's Co-operative Societies or State Apex handloom society or Weaver's Producers Company or any government agencies.

b. Recycling and Waste management:

- 50% reimbursement of fixed capital investment, capped at INR 5 crore, towards establishing integrated waste-management facilities, including plant, machinery, and buildings for pre- and post-consumer textile and apparel segregation, sorting, fiber conversion, and blending.
- Applicable for the first 5 new Small and Medium Enterprises (SMEs) in any zone, engaged in recycling and waste management (on a first-come, first-served basis)
- Mega Projects under Recycling and Waste management are eligible as per Para 11.7/ 9a.

c. Bio Textile Incentives (Agricultural Waste Valorization)

- Recognizing Karnataka's strength in plantation crops, specific incentives are offered for Agro-Textiles produced using natural residues (Coir, Arecanut, Banana Fiber).
- Capital Subsidy: Units in Malnad Districts (Shivamogga, Chikkamagalur and Hassan) & Coastal Districts (Dakshina Kannada, Uttara Kannada and Udupi) utilizing more than 50% Agricultural Waste as raw material for their Textile Value Chain Manufacturing shall be treated as 'Anchor Units' are Eligible for 40% subsidy on fixed capital assets for Micro & Small Enterprises (MSE units).
- Applicable for the first 5 new units, engaged Agro-Textiles produced using natural residues (Coir, Arecanut, Banana Fiber) (on a first-come, first-served basis)

d. Export promotion for SME Units:

- 50% reimbursement of freight cost or maximum up to INR 20 Lakhs per entity per year of the container from unit to port.
- Only Small, Medium Enterprise (SMEs) are eligible for a period of 5 years.
- The units which are availing freight related incentives under any GoI or GoK Export related Policy, will not be eligible for the Freight Reimbursement under this policy.
- The incentive will only be eligible for the first 100 SME units in a year on first-come-first-serve basis.

e. Hill Area Transport Support for SME Units:

Units in Malnad Area districts (Shivamogga, Chikkamagalur and Hassan) are eligible for transport subsidy of 50% or maximum INR 2 Lakhs per year will be provided to raw material / finish products transport logistics. The subsidy for first 500 SME units in a year on first-come-first-serve basis

f. Buying houses:

A Buying House is a commercial entity registered in Karnataka that sources/procures textile goods from local manufacturers for domestic or international retail brands. Which is a specialized sourcing agency that works as the liaison between brands/retailers and contract manufacturers handling everything from vendor identification, costing and sampling to quality control, logistics and order management. The policy will support **New Buying houses** established in the state through:

a. 15% capital subsidy or INR 1 Cr, whichever is lower, on the value of fixed assets created in terms of setting up office space, digital sampling labs, in-house quality-testing equipment and merchandiser workstations.

b. 50% rental subsidy or INR 10 Lakhs per month on lease rentals for the first five years in any state-designated textile park (including PM MITRA).

c. The Buying house will be eligible for above incentives (point a) and b)) only if it procures minimum 80% of the total value of goods from a manufacturing unit in Karnataka calculated at the end of every financial year during the policy period.

d. Units complying to minimum procurement rule every year can avail the above capital incentive in a distributed manner for 5 years as: 20% (1st year), 20% (2nd year), 20% (3rd year), 20% (4th year) and 20% (5th year).

e. 0.50% incentives on turnover or maximum INR 1.00 crore per entity whichever is less, of goods procure from Karnataka manufacturing units for a period of 5 years only (verified via GST invoices). The sourcing units with a minimum annual turnover of INR 10.00 crores from Karnataka are eligible.

11.9 Infrastructure Support

a. Greenfield Textile Parks:

A cluster-based development strategy would be continued for developing Greenfield textile and garment industry parks in the State, to enable the industry in cost reduction, enhanced quality and overall competitiveness. These Parks/Zones could house integrated textile production facilities viz. Spinning, Weaving, Processing, Garmenting and other ancillary units that may be required or sector specific activities such as weaving or processing etc.

i. **Eligibility**: Individual Legal Entity/SPV formed by the user industry comprising of a group of entrepreneurs would be eligible for grant support subject to the following:

- The Textile Park being developed shall have a minimum of 15 acres in size.
- The Government-owned land leased for minimum 20 years can also be used by the SPV and is considered eligible.
- Individual Legal Entity from user industry can also come forward to set up the Greenfield Textile Park/Common Infrastructure for Greenfield Textile Park.
- SPV (of one or five entrepreneurs from the user industry) should come together to form an SPV. Associations can also join the SPV as a member.
- The Individual Legal Entity/SPV shall hold 100% equity during the implementation of the Project. On completion of the Project the Individual Legal Entity/SPV shall hold a minimum of 51% of the equity with the balance 49% held by strategic partners/ developers / Government agencies etc. In case, the Individual Legal Entity/SPV wishes to dilute its equity stake during the implementation of the Project the same shall be done by taking the prior concern of the Department of Handlooms & Textiles, Government of Karnataka.

- Minimum of 51% of the equity of the Individual Legal Entity/SPV to be held by the user industry, the balance 49% could be held by strategic partners/developers/ Government agencies etc.

ii. **Following components are eligible for subsidy:**

- Factory Building, Common Infrastructure such as: Roads, Drainage System, Sewage Treatment Plant, Water supply, Power supply including Captive Power Plant/ Alternative source of power, Common Effluent Treatment Plant, Waste Disposal Facilities, Telecommunication systems, External infrastructure including Power, Water and Approach Roads up to the doorsteps of the Park.
- Any other need-based infrastructure (Building for Common Amenities) such as: Testing Laboratory, Design Center, Training Center, Trade / exhibition center, Warehousing Facility, Raw material Depot, Worker facilities such as crèche, canteen, dormitories etc., office buildings of Service providers, Buildings for Banks / ATM, Building for firefighting, etc.
- Land for the projects will not be an eligible component for funding of the incentives; however, they can be a part of the Project Cost as required for Bank / FI approvals and to be funded by the entrepreneurs themselves

iii. **Funding:**

- The Individual Legal Entity /SPV would be provided one time grant support for the development of common infrastructure for Greenfield Parks of up to 40% of the project cost or INR 40 crores per Park project, whichever is lower irrespective of the Zones they are in.
- The Grant Support will be provided in four equal instalments from the Government. The Milestones for disbursement of incentives will be detailed out in the Operations Manual of the Policy, which will also set the respective development milestones.

b. Brownfield Textile Parks:

Cluster based development strategy will be continued for development of the existing industrial estates having textile units. The aim is to achieve sustainable growth and become internationally competitive through expansion or technology up-gradation.

i. **Eligibility:**

- Individual/ Special Purpose Vehicle (SPV) comprising of a group of entrepreneurs with minimum of one or five members from the user industry and / or Industry Associations for the purpose of developing common facilities for the existing industrial estates having minimum 5 textile units.
- Common Infrastructure with new facilities such as CETP, testing facilities, design center, training center, trade center/display center/buying houses.

ii. **Funding:** The Individual/SPV would be provided one time grant support for the development of common infrastructure for Brownfield cluster of up to 40% of the Project Cost or INR 10.00 crores per industrial estate project, whichever is less irrespective of the Zones they are in. The milestones for disbursement of incentives will be detailed out in the Operations Manual of the Policy, which will also set the respective development milestones.

iii. **To Support Indigenous Textile Machinery Manufacturing units**:

With an objective of Indigenous Textile Machinery Manufacturing new units at **Belagavi** are eligible 5% additional subsidy.

11.10. Focused Talukas for investment & Development: One District - One Taluk – One Global Textile Product (OD-OT-OP).

In order to achieve the Investment targets, utilization of local Raw material & employment generation, the micro level focusing Taluk as a unit and proposed One District - One Taluk – One Global Textile Product (OD-OT-OP) for the overall development of Textile Sector (Chapter 8.2).

a. **Investment Focused Objectives:**
   - To attract MSME and Large investment in Tier-2 & Tier-3 Talukas.
   - To create Taluka as a unit for investment facilitation instead of only Bengaluru.
   - To provide last mile capital support for land, building, machinery, etc., to support state Govt agencies like KHDC, KSTIDCL, KHTI, Cauvery Handlooms, Khadi Board, WPOs/Textile NGOs & any other Agencies specified by the Govt.
   - To give thrust to Export of GI products, Handlooms, Textile and Apparel, Textile Handicrafts & Khadi to reach target of USD 8 Bn by the end of 2031.

b. **Development Focused Objectives:**
   - To upgrade existing Handloom, Powerloom & Readymade Garment clusters with critical infrastructure.
   - To establish Common Facility Centres (CFC), Marketing Complex, Sustainable Projects, Branding & Promotion, Testing Labs, Design Studios & Boutiques at Taluka level.
   - To ensure end-to-end value chain from fibre to fashion within the Taluka.
   - To promote local raw material like Cotton in Kalyana Karnataka Regions, Silk in Shidlagatta, Handloom in Ilkal etc.

c. **Employment & Inclusive Growth:**
   - To generate employment with focus on women employment in Focused Talukas.
   - To promote SC/ST, Minority & Women entrepreneurs.
   - To integrate weavers, Khadi & artisans with formal apparel industry.

d. **Eligible Components:**
   - Infrastructure support to state Govt agencies like KHDC, KSTIDCL, KHTI, Cauvery Handlooms, Khadi Board, assistance for establishment of CFC, Mini Textile Park, Plug & Play sheds, Testing Lab, Marketing Complex, ETP etc. on need based.
   - Land should be in the name of Implementing Agency.
   - Skill & Design: convergence with GoI SAMARTH Training.
   - Market Linkage: by Govt. agencies to support, Buyer Seller Meets, E-commerce onboarding, Brand promotion & EDPs etc., as per the policy.

e. **Selection of talukas criteria:**
   - Presence of Handlooms, Hi-Tech looms, GI Products, Textile units & Readymade Garments. Raw material base of Cotton/Silk/Wool/any new age fibers.
   - Availability of KSSIDC / KIADB / Textile Parks etc.
   - Backwardness index preference to Kalyana Karnataka, Textile Export Champion & Aspirational District related Talukas.

f. **Convergence:**
   - This fund will convergence with GoI Schemes such as PM MITRA, SAMARTH, Silk Samagra 2.0, MSE-CDP Infrastructure Development, PM Vishwakarma etc. GoK Schemes such as Textile & Apparel Policy 2026-31, KKRDB Funds etc.

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11.11 Cap on Incentives

The total incentives drawn as per the provisions under the Textile & Apparel Policy 2026-31 shall not exceed as follows.

Even when there is a provision of availing multiple incentives (including all regular and additional subsidies) by a firm or unit - the total amount of incentive drawn under Textile & Apparel Policy 2026-31 policy shall not exceed 100% of total Fixed Capital Investment made by all enterprises (MSME or a Large or a Mega unit / enterprise) in any of the zones.

12 . PROMOTING HANDLOOM SECTOR

12.1 Vision

To position Karnataka's handloom sector as a globally recognized, premium, and sustainable craft ecosystem that delivers dignified livelihoods, traceable quality, and contemporary design value anchored in the state's cultural heritage.

12.2 MISSION:

Enable equitable market access, strengthen value chains, foster design-led innovation, and expand domestic and export demand through unified branding, retail presence, digital aggregation, public procurement, tourism integration, and sustainability-led traceability.

12.3 Objectives:

- Market Access: Ensure 100% cluster coverage via aggregated e-commerce and premium retail channels.
- Infrastructure: Assistance for Market infrastructure such as for establishment of Haath /Complex and Production Centre
- Public Procurement: Achieve ≥30% mandated sourcing of Textiles by state entities.
- Export Readiness: On-board of all GI crafts under a unified export brand with traceability, packaging, and compliance standards.
- Tourism Integration: Operationalize at least 5 handloom tourism circuits with live-loom experiences and direct sales.
- Sustainability & Traceability: Implement QR/Digital tagging for 80% of products marketed via state-supported channels.
- Karnataka's handloom sector, strengthened by state and central support, leverages rural craftsmanship and women's inherited skills to meet rising demand for traditional weaves. However, obsolete technology, poor market access, and limited innovation curtail its growth.
- To provide equal domestic and international marketing opportunities including direct market linkages for handloom workers with a special focus on talented and uncovered weavers to enhance their incomes, while simultaneously promoting the development and revival of unique clusters at the intersection of handlooms and handicrafts, particularly those untouched by commercialization, nurturing languishing crafts, and unlocking their export potential.
- This policy targets these gaps to secure the sector's future through following measures:
- Retail and Experience Centre Provision: To enhance market visibility and premium consumer access, the policy shall permit the establishment of new handloom retail outlets, experiential galleries, and exhibition spaces within Zone-4 (Bengaluru Urban). This provision shall apply exclusively to sales and promotional activities, while

manufacturing operations will remain restricted to rural zones in alignment with the dispersal objectives of the policy. To enable a strong urban presence for the handloom sector, the State shall provide rental subsidies of up to 50% (subject to a notified cap per square foot per month) to KHDC, registered cooperative societies, and eligible producer collectives for a period of 3 years with a cap of maximum INR 1 lakh per annum.

- Unified E-Commerce Aggregation: To expand digital market access and ensure higher value realization for weavers, the State shall establish a unified e-commerce aggregation mechanism under KHDC. This initiative will consolidate all registered weaver cooperatives, producer groups, and cluster enterprises under a single, State-managed online storefront known as the "Karnataka Store".
- Government-First Procurement Mandate: All State Government departments, public sector undertakings (PSUs), urban and rural local bodies, educational institutions, hospitals, and correctional facilities shall mandatorily procure a minimum of 30% of their annual textile requirements including uniforms, furnishings, linen, and other textile items from KHDC and registered handloom cooperatives. This mandate ensures stable, large-volume institutional orders, providing reliable income streams for weaver families.
- Handloom Tourism & Cultural Experience Circuits: To strengthen cultural identity, enhance consumer awareness, and generate direct market linkages, the State shall promote Handloom Tourism Circuits in collaboration with the Department of Tourism.
- Weaver Village Tourism Circuits
- The State shall establish themed tourism routes connecting weaving clusters with nearby cultural and heritage destinations. These include:
- Silk Circuit
- Mysuru – Silk weaving heritage
- Ramanagara – Silk cocoon markets
- Molakalmuru – Traditional silk sarees
- These circuits shall offer immersive handloom experiences designed to increase tourist footfall and cluster-level sales.
- Airports & Transit Hubs as Global Windows: To enhance national and international visibility for Karnataka's handlooms, the State shall reserve rotating, subsidized pop-up spaces at Bengaluru, Mangaluru, and Hubballi airports, with expansion to select railway and metro hubs. These outlets will follow a quarterly cluster rotation, supported by digital displays showcasing weave stories and GI heritage. The State shall also enable airport-assisted duty-paid export parcel services so international travelers can easily purchase and ship authentic handloom products.
- The handloom sector represents one of Karnataka's most culturally significant and employment-intensive traditional industries. Strengthening its marketing ecosystem is essential for enhancing the incomes of weavers, expanding domestic and global market presence, and preserving heritage textiles.
- The objective of the handloom marketing assistance program is to strengthen and promote marketing channels in both domestic and international markets, while creating an integrated and holistic linkage between the two. The components of this assistance will include the following sub-components:
- Domestic Market Promotion: The domestic marketing promotion component focuses on strengthening the visibility and reach of handloom products across the country by organizing expos, events, and craft melas; developing a dedicated web portal to

support e-marketing initiatives; and undertaking a range of publicity, awareness, and brand-building activities to enhance consumer recognition and demand.

- Marketing Infrastructure Development: The marketing infrastructure development component in Karnataka aims to strengthen market access for handloom artisans by establishing Urban Haats in key cities, setting up dedicated retail stores, developing state-level marketing hubs, and creating display-cum-Common Facility Centres (CFCs) with quality-testing facilities to improve product standards and competitiveness.
- Handloom Export Promotion: The handloom export promotion component in Karnataka aims to strengthen the international market presence of the state's handloom products by supporting export-oriented projects, facilitating participation in major international fairs and exhibitions, organizing reverse buyer–seller meets to connect global buyers with Karnataka's weavers and exporters, and undertaking a range of additional promotional activities to expand export opportunities and enhance the state's visibility in global handloom markets.

12.4 Incentives:

All state level schemes under Handlooms sub-sector (especially for Weaver's assistance) that are conceived and implemented by Department of Handlooms and Textiles Karnataka, are applicable.

In addition to the existing state schemes, the following schemes to support Handloom sector in **all the zones:**

a. **Technology intervention:** New weaving units installing a minimum of five looms and incorporating technologies such as pedal looms, electronic jacquard, modernized looms, and related accessories to reduce manual Labour are eligible for incentives of up to 75% of technology upgrade costs, capped at INR 20 lakh.

b. **Assistance for Design Development and Product Diversification:** To enable existing handloom entrepreneurs/units for developing new products through design development:

➢ One-time funding support of 50% of the Project cost or INR 20 lakhs, whichever is less, for design development on reimbursement basis.

➢ The project components may include- Cost of Designers engaged in Design & Product Development, Cost of Raw Materials, Specialized Machinery, Handloom accessories, etc. Testing, Standardization and certification expenses.

c. **R&D Assistance:** To foster sustainable innovation, the state will fund R&D assistance to Govt. agencies like KHTI, NID, NIFT, UAS Dharwad Textile Division and other textile institutes covering natural dye extraction, banana and plant-fiber utilization, and related practices. Each approved project may receive a one-time grant of up to INR 10 lakh toward product development, limited to the first 10 projects on a first-come, first-served basis. The implementing agencies shall collaborate with NGOs/Handloom Co-operative societies/WPOs/Handloom manufacturing units and registered design units.

d. **Handloom Schemes Eligibility:**

• Individuals or Co-operative Societies or Weaver's Producers Organizations (WPOs) or Handloom Weaver's NGOs' having minimum of 5 looms in the unit.

• All Handloom Schemes applies for MSMEs / Govt agencies / Co-Operative societies / Apex societies and they should avail either incentives & concessions under chapter 11 or chapter 12.

e. **Handloom Cluster Physical Infrastructure Support Scheme:** Under the Handloom Cluster Physical Infrastructure Support Scheme, financial assistance shall be provided to

strengthen last-mile physical infrastructure in handloom clusters through support for Common Facility Centres, loom sheds and workspaces, common dyeing, pre-loom and post-loom units, storage, packaging and quality-testing facilities, along with essential utilities such as power, water, ventilation and safety equipment; eligible handloom cooperatives, weaver producer companies, NGOs and KHDC may receive a capital subsidy of up to **75% of the approved project cost, subject to a ceiling of INR 2 crore per cluster,** with the intervention aimed at improving productivity, ensuring quality consistency, reducing drudgery and production losses, and fostering stronger cluster-level economies of scale.

f. **Handloom Market Access & Branding Support:** Under the Handloom Market Access & Branding Support Scheme, eligible handloom cooperatives, weaver producer companies, NGOs and KHDC shall be provided marketing assistance of up to **50% of eligible expenditure, subject to a ceiling of INR 50 lakh per entity per year with a maximum of two claims annually**, for activities including participation in **national and international exhibitions** and trade fairs, development of cluster-level branding, packaging, catalogues and storytelling assets, establishment or upgradation of handloom retail outlets, Haats and experience centres, and conduct of buyer–seller meets, export facilitation workshops and institutional marketing initiatives, with the objective of enhancing domestic and export market access for Karnataka handlooms and enabling higher price realization, stronger brand identity and improved export readiness for weavers.

g. **Export Promotion Incentive:** Reimbursement of up to INR 5 lakh per unit for product certification and international quality-testing fees, offered to the first 100 eligible industries in a year on a first-come, first-served basis.

h. **Digital Design & CAD/CAM Adoption Support**: Up to INR 10 Lakhs / unit for maximum 10 units/year for installing CAD/CAM systems.

i. **Handloom Digital & Virtual Marketing (E-Commerce) Enablement Scheme:** Under the Handloom Digital & Virtual Marketing Enablement Scheme, eligible handloom cooperatives, weaver producer companies, NGOs and KHDC shall be provided a one-time subsidy of up to **50% of eligible digital marketing and technology-enablement costs, subject to a ceiling of INR 25 lakh per unit for maximum 10 units/year,** for activities including onboarding onto approved e-commerce platforms, development of websites, product cataloguing, professional photography and videography, digital advertising, social media campaigns, influencer collaborations, QR-based traceability, digital tagging and creation of virtual showrooms, with the objective of enabling handloom enterprises to access digital markets and virtual sales channels, thereby expanding their reach beyond physical geographies while enhancing transparency and traceability, especially for GI-tagged handloom products.

j. **Infrastructure Support:** For construction of marketing Hath/ complex / production unit at Bangalore, Molkalmuru, Chinthamani, Anekal, Y.N Hoskote, Ilkal, Guledagudda, Gajendraghad & Udupi through KHDC/Cauvery Handlooms 75 % of Assistance of viability fund or Maximum of INR 5 crore whichever is less. Land should be in the name of implementing agency.

k. The eligible components will be detailed in the Operational Manual of the Textile & Apparel Policy 2026-31.

13. PROMOTING GREEN AND SUSTAINABLE PRODUCTION

Textile sector will be transformed in terms of resource usage such as materials, energy, water, and chemicals. Chemical inputs are used in various phases of production such as dyeing, processing & finishing etc. Wastewater treatment and Legal regulations to prevent air and water pollution will impose major limitations on the textile sector. Sustainability

arrangements will aim at a better environment and will become a significant factor of competition in the textile sector.

The State Government is very keen to adopt eco-friendly and green technologies for sustainable production. Through this policy, following incentives will be provided to MSMEs:

13.1. Incentives for Sustainability/Quality measures

a. **Compliance and Certification:** 50% or maximum INR 5 lakhs per unit on Reimbursement of certification fees for **Textile and Apparel firms** in obtaining sustainability certificate verified by global firms like Global Organic Textile Standard (GOTS), OEKO-TEX etc. For the first 100 Existing/New MSMEs per year who undertakes certification during the policy period on the first-cum-first-serve basis.

b. **On boarding in Traceability platforms:** 50% or INR 20 lakhs, whichever is lower, reimbursement on the cost paid by MSME units for first year platform registration and service fee for using sustainability and traceability platforms such as SME Climate Hub, Sustainable Apparel Coalition etc. For the first 10 Existing/New MSMEs per year who undertakes certification during the policy period in the first-cum-first-serve basis.

c. Textile Recovery centres: Department will tie up with Municipal bodies/Resident Welfare Associations (RWAs) for supporting establishment of textile recovery centres in each district to handle post-consumer textile/apparel waste, acting as a central hub for recycling/upcycling activities.

d. Encourage the adoption of Industry Best practices in Textile and Apparel sector.

e. Highlight sustainability and traceability as key focus areas for major retailers in Europe and the USA, ensuring alignment with global market trends and requirements.

13.2. Assistance for Standards & Quality Measures for Exports

a. 50% of fee payable for National/International Export Certification such as Mandatary Regulatory compliance by market (US, European union, United Kingdom, Japan etc.), Voluntary Product Certifications (OEKO-Tex Standard 100, GOTS etc.) Social Compliance & Good Practice Certification (SA 8000, ISO 9001, ISO 14001, WRAP etc.)

b. 50% cost of testing equipment and machinery required for that certification totaling maximum amount of INR 10 lakhs during the policy period.

c. For the first 100 Existing/New MSMEs per year who undertakes certification during the policy period in the first-cum-first-serve basis.

d. The eligible Sub-components will be detailed in the Operational Manual of the Textile & Apparel Policy 2026-31.

The textile and apparel manufacturing industries are polluting industries and need to comply to stringent environmental compliances. The State Government is very keen to adopt environmentally friendly and green technologies for sustainable production. Through this policy, the State Government will provide following incentives:

13.3. Effluent Treatment Plant (ETP)

To encourage setting up of Effluent Treatment Plant (ETP)/Zero Liquid Discharge (ZLD) projects for **standalone New or Existing integrated and processing units**.

Effluent Treatment Plant Subsidy (ETP)/Zero Liquid Discharge (ZLD)				
Segments	**Zone 1**	**Zone 2**	**Zone 3**	**Zone 4**
All Textile and Apparel units	**For New units,** 50% capital subsidy or INR 10 crore whichever is less and **For Existing units with expansion and upgradation,** 50% capital subsidy or INR 5 crore whichever is less			

13.3. Common Effluent Treatment Plant/ZLD

New firms making fresh investments for setting up Common Effluent Treatment Plant (CETP) for centralized operation under a **brownfield or greenfield industrial estate** having minimum 5 running textile units and Zero Liquid Discharge (ZLD) units undergoing expansion shall be included under the scope of the CETP. The following incentives are applicable:

Common Effluent Treatment Plant Subsidy				
Segments	**Zone 1**	**Zone 2**	**Zone 3**	**Zone 4**
All Textile and Apparel units	50% capital subsidy or INR 10 crore whichever is less			

14. Promoting PM MITRA Park

The Ministry of Textiles, Government of India has approved the establishment of Pradhana Mantri-Mega Integrated Textile Region & Apparel (PM-MITRA) Park in seven (07) states across the country: 1. Tamil Nadu 2. Karnataka 3. Gujarat 4. Madhya Pradesh 5. Uttar Pradesh 6. Telangana 7. Maharashtra. Decided, Accordingly, the Project Approval Committee has officially notified the selection for the establishment of Greenfield PM-MITRA Park in Kalaburagi, Karnataka on 25-08-2023. The PM MITRA Mega Textile Park in Kalaburagi district (Zone 1) of Karnataka state, will be established as a globally competitive, fully integrated textile ecosystem spanning fiber-to-fashion on 1,000 acres of world-class infrastructure. By clustering advanced manufacturing facilities, the park will lower production costs, streamline approvals, and enhance ease of doing business. It is projected to create over 1 lakh direct jobs, invigorate local industry, attract significant foreign investment, and strengthen Karnataka's leadership in textile and apparel sector.

Segments	Applicable for	Incentive
. Credit Linked Capital Subsidy (MSME)	Additional Subsidy (only for	Additional 10% capital subsidy for firms setting up the units in

. Credit Linked Capital Subsidy (Large Enterprise)	New Units) in PM MITRA Park	PM Mitra Park for all categories *(Additional incentives other than provisioned for Textile & Apparel sectors under Chapter 11 except Focused Taluk Benefits)*
. Power Subsidy for MSMEs & Large Enterprises	PM MITRA Park units	Subsidized power rate of INR 5/unit for 05 years OR actual rate/unit, whichever is lower.
. Water Subsidy for MSMEs & Large Enterprises	PM MITRA Park units	Subsidized water rate of INR 24 KLD for 05 years

15. HUMAN RESOURCE DEVELOPMENT AND SKILL ENHANCEMENT

The Policy envisions to fulfill skilling needs across Karnataka's textile value chain by developing sub-sector-specific competencies, deploying technology-enabled up skilling and reskilling programs, and expanding training infrastructure. It aims to generate at least 5 Lakh jobs and train unemployed youth during the policy period.

i. **Training centres under Department of Handloom and Textiles:**

Allocate INR 5 crore to upgrade infrastructure, R&D and testing facilities at the following textile training and service centres:

- Karnataka Handloom Training Institute, Gadag
- Garment Research, Training, Design and Development Centres, Bellary and Doddaballapura
- Advanced Handloom Training Institute, Jamkhandi
- Handloom Design Training Centre, Chennapannadoddi, Mandya district and Shirangala, Kodagu district
- Four designated Powerloom Service Centres (PSC)

ii. **Skill Support:** Support for skill upgradation courses to 200 fresh textile engineering graduates and diploma students of the state studying at NIFT, NID, ATDC, CSB, government Textile Research Associates (TRAs) and other government recognized institutes during the policy period towards skill upgradation (short-term courses) fees paid by the students to the institutions to the maximum of INR 1 Lakh per student or actuals, whichever is lower.

iii. **Support to New Project Implementation:** In case, if large enterprises are equipped with necessary infrastructure and the capacity to train and place beneficiaries in the textile and apparel sector, they would be supported through state or central government skill development schemes (like SAMARTH etc.).

iv. **Skill enhancement:** The department is currently imparting training in sewing machine operation (SMO), Handloom and Power loom through 145 SDCs (Skill Development Centre) and 180 NGOs (Non-Governmental Organization). Funding interventions by Department of Handlooms & Textiles would include support towards training cost of 18-35 years old, 8th Standard pass, unemployed youths of the state to the maximum of 25,000 beneficiaries per year.

i. **Funding**:

a) Training providers with Department-funded infrastructure and proven placement capacity in the textile and apparel sector shall receive per-beneficiary support of INR 9,500 for SDCs

and INR 11,000 for private centres for 45-day training programs. The detailed segregation of the training cost would be as follows:

- Training Beneficiary Stipend- INR 3,500
- Support towards Raw Materials- INR 1,000
- Institutional Fee Support- INR 5,000 for SDCs and INR 6,500 for private training centers.

Any modifications to this effect will be decided by the HLEC.

ii. **Milestones:** The grant support from the Government of Karnataka for the training program through existing training centers will be based on two milestones:

- The First milestone will be completion of training program- 100% stipend to the beneficiary and 50% of the eligible fund will be made to the Training Centers on achieving the first milestone.
- The Second milestone will be on completion of 60 days, post placement of beneficiary: Remaining 50% of the eligible payment will be made to the Training Centers on achieving the second milestone.

16. INNOVATION AND RESEARCH INITIATIVES

16.1 Center of Excellence (CoE) for Sustainability

a. Karnataka's textile and apparel sector, anchored by Bengaluru (India's garment capital), is set to meet booming domestic and export demand.
b. The rise of ultra-fast fashion, low-quality products, and rock-bottom prices has driven an explosion in textile waste.
c. Global buyers and technology-driven markets now insist on sustainable, environmentally responsible manufacturing, especially as water- and energy-intensive processes like dyeing and finishing face scrutiny.
d. To sustain leadership and leverage major new investments, **Karnataka will establish a Sustainability Centre of Excellence** (CoE) to:
e. Drive innovation in eco-friendly materials
f. Develop recycling and waste-management solutions
g. Offer advanced training and certifications via industry–academia partnerships
h. Aligned with India's climate commitments and global market trends, the CoE will safeguard the environment, boost economic growth, and create skilled jobs across the state.

16.2 Center of Excellence (CoE) for Technical Textiles

i. To establish a Technical Textiles Centre of Excellence in Karnataka to drive innovation, research, and industry collaboration.

ii. Leverage the state's textile ecosystem leading manufacturers, research institutes, and skilled workforce to reinforce Karnataka's leadership in advanced textile production.

iii. Provide state-of-the-art R&D, testing, and prototyping facilities focused on medical, geotextiles, protective, and smart textiles through academia–industry–government partnerships.

iv. Offer specialized training, workshops, and certifications that integrate nanotechnology, sustainable fibers, and digital printing to upskill MSMEs and large enterprises.

v. Deliver policy advocacy and regulatory support standardization, compliance assistance, incubation, funding, and market-access facilitation to accelerate startup growth in technical textiles.

vi. Back the CoE with a robust policy framework and targeted incentives for research, infrastructure development, and industry partnerships to generate jobs, promote sustainable practices, and boost economic growth.

Government is committed to develop at least 2 Centre of Excellence for Technical Textiles in the state and if any investor wants to develop Centre of Excellence for Technical Textiles in the state will be funded by the State Government up to a grant of INR 5 crore or 50% of the fixed capital investment, whichever is lower, during the policy period.

16.3 Startup convergence

To position Karnataka as the innovation hub for Technical Textiles, the State aligns with the National Technical Textiles Machine (NTTM)

• State Top-Up: Startups domiciled in Karnataka the secure funding under the Central 'Grant for Research & Entrepreneurship across Aspiring Innovators in Technical Textiles (GREAT)' Scheme shall receive an additional 20% Matching Grant or maximum up to *INR* 10 lakhs, whichever is less from the State to cover operational costs.

• Incubation: New incubation Centre established in any Zone hosting Tech-Textile startups will receive a Rental subsidy of 50%.

16.4. Dovetailing of Support under other Schemes:

The assistance available under various schemes of Central Govt. such as ATUFS, Handloom sector schemes etc. of Ministry of Textiles, Govt. of India may be dovetailed by the group of entrepreneurs/industry association/ SPVs/ units with the support available under this policy. However, the contribution by the industry shall not be less than 15 percent of the cost of each project, in case of such dovetailing.

The projects approved under this policy will not be eligible to claim incentives and concessions under State Industrial Policy.

17. EASE OF DOING BUSINESS

17.1 Investment Desk

Establishment of Investment Desk which shall facilitate attraction of foreign direct investment (FDI) into the textile and apparel sector. It will also help boost inflow of domestic investments to strengthen the sector and enable an investor friendly experience for the foreign and domestic investors.

17.2 Leveraging Single Window System (SWS)

i. **Karnataka Textile Incentive Management System (K-TIMS)**: The department will establish a standalone end-to-end online platform for applications, claims and disbursements of specific incentives and concessions within the specific time frame.

ii. **Integration with Udyog Mitra**:

- The department will engage with industries department to integrate K-TIMS with existing Single Window System (Udyog Mitra) for seamless statutory approvals within the specific time frame.
- A dynamic application checklist shall be integrated with SWS, whereby investor shall be intimated about the application requirements prior to submission. Further, the portal shall be updated regularly to provide a seamless user experience.

- Investor Feedback mechanism shall be integrated with Single Window System to facilitate data collection and improve service delivery.
- System of auto-notifications to the investor through SMS or Email for renewal of licenses and payment of fees shall be integrated in the Single Window System.
- The Inspection System shall be integrated with the Single Window System. The state would strengthen the computerized system developed for identifying units that needs to be inspected based on risk assessment.

17.3. Project Clearance Mechanism

A project clearances mechanism established as per Karnataka Industries (facilitation) Act 2002 shall be applicable for clearance of projects set up by Government of Karnataka. (Further details in **Annexure III**)

i. Projects with investments up to INR 15 crore will be cleared by District Level Single Window Clearance Committee.
ii. Projects with investments more than INR 15 crore and less than INR 500 crores will be cleared by the State Level Single Window Clearance Committee.
iii. Projects with investments more than INR 500 crore will be cleared by the State High Level Clearance Committee (under the Chairmanship of the Honorable Chief Minister).

18. Monitoring, Evaluation and Feedback Mechanism

The following committees would ensure the effective implementation of this policy:

a. **High-Level Empowered Committee (HLEC):** set up under the Chairmanship of the Minister for Textiles, Govt. of Karnataka. Commissioner for Textile Development and Director of Handlooms and Textiles shall be the Member Secretary/Convener of the Committee. The Committee will comprise of representatives of the related Departments of the Government of Karnataka, R&D institutions and Industry Associations. The HLEC shall be responsible for taking necessary decisions to implement the Policy and for monitoring the projects under the policy. It shall periodically review the policy implementation and also carry out re-allocation of funds across various interventions, depending on the demand from the industry. It shall also help in ensuring complete utilization and providing advisory inputs to the State Level Project Implementation Committee (SLPIC) for effective implementation of the policy.

b. **State Level Project Implementation Committee (SLPIC):** has been set up under the Chairmanship of the ACS/ Principal Secretary/ Secretary (MSME) to Government, Commerce and Industries Department, Govt. of Karnataka. Commissioner for Textile Development and Director of Handlooms and Textiles is the Member Secretary/Convener of the Committee. The Committee comprises of representatives of the related Departments of the Government of Karnataka, R&D institutions and Industry Associations. SLPIC is responsible for development of detailed operational procedures for implementation of the policy, sanction and monitoring of the incentives for the projects under the policy. All units which come under above INR 100 Crores for enterprises including Anchor enterprises, the approval and sanctioning of the projects will be done by the SLPIC.

c. **Head Office Approval Committee (HOAC):** Will be set up under the Chairmanship of the Commissioner for Textile Development and Director of Handlooms and Textile. Additional Director (Policy), Handlooms and Textile shall be the Convener of the Committee. The committee shall comprise of representatives of the related Departments of the government of Karnataka such as BESCOM, KSPCB, DIC, KUM etc. Banks, R&D Institutions and Industry Association. HOAC shall examine the various investment

proposals for mega projects, Green Field textile parks, Brown Field textile parks, establishment of textile industries in areas earmarked as Backward Areas. The proposals along with suitable recommendations shall be placed before the State Level Project Implementation Committee (SLPIC) for approval. All units which come under above INR 1 Crore and Below INR 100 Crores Project cost enterprises (SMEs), the approval and sanctioning of projects will be done by the HOAC.

d. **District Office Approval Committee (DOAC):** will be setup under the Chairmanship of Divisional Joint Director. The committee shall comprise of representatives from District Industries Center, ESCOM, Lead District Manager, and KSPCB Officer. The committee would have power of sanctioning and approval for below INR 1 Crore Project cost enterprises.

e. Detailed operating guidelines for each of the components of the policy will be prepared and published separately.

19. GOVERNANCE AND ADMINISTRATION OF THE POLICY

a. The Department of Handlooms & Textiles will implement the policy with focused and coordinated efforts. The Department will be responsible for administering the policy throughout the State in a structured format. The current format of administration will be reviewed.

b. To administer the policy, the Department of Handlooms and Textiles would co-ordinate with various committees and stakeholders of the industry from time-to-time for implementation of the policy.

c. **Project Management Consultancy (PMC):** To support the structured rollout of the Textile & Apparel policy 2026-31 and to support in achieving the Investment & Employment Target, the Department of Handlooms and Textiles shall appoint a Project Management Consultant (PMC) for the policy period. The PMC shall be a professional consulting organization with demonstrated experience in the textile and apparel value chain, in government policy and scheme implementation, and in project management, and shall be selected through a KTPP Act 1999. The PMC shall be appointed initially for a period of 24 months and extended based on the Key performance Indicators such as new Investment and Employment Generations with the overall development of Textile Sector.

d. Expenditure for Project development and management under the policy will be 10% of the grant corpus earmarked for all activities carried out by the Department of Handlooms and Textiles.

e. The technical textiles sub-sector is gaining considerable prominence in the textile value chain. Consequently, it is essential for the Department of Handlooms & Textiles to have the necessary in-house capacity to address the industry's needs. This format will enable the Department to respond effectively to the industry needs and bridge the knowledge gap between all concerned stakeholders.

f. The various activities to be carried out as a part of administering the policy in the State shall include, but not be limited to the following:

- Dissemination of the Policy and its benefits to the industry
- Conducting G-to-B and B-to-B workshops at various locations in the State
- Printing of brochures / flyers
- Hosting of website and maintaining the same
- Karnataka Textile Incentive Management System (K-TIMS): Setting up and maintaining of online platform for claims and disbursing department specific incentives and concessions.

- Organizing road shows, participation in national/ international trade fairs and inviting industry players.

g. Visits of Officers of the Department of Handlooms and Textiles abroad for accompanying industry stakeholders in various road shows and market building initiatives.

h. Setting up of IT infrastructure for monitoring progress of implementation.

i. Expenses associated with establishing a marketing intelligence unit, and guidance on export promotion, technological advancements, model project profiles within the Department of Handlooms & Textiles, or for outsourcing such activities, in order to create databases on marketing, labor information, etc. and aggregating inputs from various districts.

j. Active liaising and visits to units of the industry and various other stakeholders such as training institutes and other agencies.

k. Appointment of various consultants in case of carrying out specialized set of activities as may be desired from time to time.

l. For dissemination and implementation of the policy, new vehicles shall be provided to Head office, Division office and district offices.

m. Separate Operational Guidelines for administration of these incentives and concessions will be issued for the guidance of the concerned agencies / officers with the approval of the State Level Project Implementation Committee (SLPIC).

n. SLPIC shall be the authority to interpret the policy measures, incentives and concessions detailed in this policy (including those in previous policies) and its decision shall be final.

o. The investors who have set up investments during the previous policy period and have claimed incentives during the previous policy period would continue to be supported under the previous policy. Investors who have set up during the previous policy period but have not claimed any incentives under the previous policy, will be given a time frame of 6 months (from the date of announcement of the new policy) to claim incentives under the new policy.

p. New Textile and Garment Policy 2019-2024 will be applicable for the investments made during last policy period till the announcement of New Policy. From the date of issue of Government Order, the New Textile & Apparel Policy 2026-2031 shall be valid for a period of 5 years or till a new Policy is announced.

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ANNEXURE I

Snapshot of Previous Policy New Textile and Garment Policy 2019-2024

Government of Karnataka has announced the **New Textile and Garment Policy 2019-24** on 4th November 2019 with ambitious target to attract investment of INR 10,000 crore and generate employment of 5 lakhs over a period of 5 years. However, the actual investment was INR 4953.37 Crore which is 49.53% of the targeted investment and the employment generated is 96,824 which is 19% of the targeted employment. The above target was not achieved due to several factors as mentioned below.

- Less Demand in products during and after Corona virus Pandemic globally
- Due to lack of demand in retail, the product stocks have increased, and hence the fresh new orders have reduced in Bulk business
- Indian Textile and Apparel industry has seen drop in sales due to which the industry is not looking at capacity expansions
- Russia Ukraine war has also affected the worldwide markets and also the middle east crisis has fueled the lack in demand
- Textile & Apparel industries are mainly looking at two requirements- competitive Subsidized Power rates and Wage subsidies
- Competitive subsidies from other states in India are trying to pull out Textile industries from Karnataka to their states
- Many International and National companies are also investing in Vietnam, Africa and Bangladesh for getting cheap labor.
- Garment industries are concentrated in and around Bangalore, this is Zone 4 and hence does not have many benefits as compared to other zones
- Many underdeveloped countries are getting the benefit of "Least Developed Country" status. This status helps them to get Duty free access to the world market thereby making them more competitive in the Textile and Apparel business

Under the **New Textile and Garment Policy 2019–24** Karnataka attracted a total investment of ₹4953.37 crore across the sector. This includes ₹1,343.22 crore in MSME projects, ₹543.74 crore in large-scale initiatives, and ₹1,794.41 crore in mega projects. Additionally, subsidiary companies contributed ₹1,272.00 crore in investments across various districts during the policy period.

Investment across Various sectors:

(Amount in INR Cr.)

Sl. No.	Sector	Investment
1	Ginning & pressing	270.92
2	Spinning	33.84
3	Weaving	158.92
4	Readymade Garment	368.5
5	Processing	27.78
6	Technical Textiles	941.38

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7	Printing	11.3
8	Embroidery	0.68
9	Others	73.64
10	Mega Projects	3,066.41
	Total	**4,953.37**

- Karnataka is one of the PM-MITRA State, where a complete Textile value chain activities on a land parcel of 1000 acres at Kalaburagi is planned. This is also aimed at attracting investment of INR 10,000 Crore and generate 1 Lakh direct and 2 lakhs indirect employment to avoid seasonal migration. Special Incentives and Concessions may be considered for the Industries that will be setup in the proposed MITRA Park at Kalaburagi. The State Cabinet has approved a grant of INR 390.26 crore for road, water and electricity up to the park gate.
- Shiggaon Textile Park as Government LED anchor park is established at Khursapura village, Shiggaon Taluk, Haveri District at Sy No.43 in an extent of 58 acres 31 guntas. Government of Karnataka has sanctioned an amount of INR 31.25 crore for the common infrastructure Development of the park during the Policy period. In Shiggaon Textile Park M/s Texana World Pvt. Ltd., unit has been setup as an anchor promoter unit in an extent of 14 acres. With an investment of about INR 80.00 crore of about 1200 employment

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ANNEXURE II

Budget Outlay for New Textiles and Garment Policy 2026-2031

(Amount in INR Cr.)

Financial Outlay for incentives under New Textiles & Apparel Policy for Karnataka 2026-2031						
Incentives	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
General Incentives						
Credit Linked Capital Subsidy	75.00	225.00	325.00	525.00	550.00	1700.00
Interest Subsidy	25.00	125.00	145.00	95.00	95.00	485.00
Power Subsidy	41.00	75.00	75.00	75.00	75.00	341.00
ETP subsidy	20.00	20.00	20.00	20.00	20.00	100.00
CETP Subsidy	5.00	5.00	5.00	5.00	5.00	25.00
ESI & EPF Subsidy	25.00	40.00	45.00	45.00	45.00	200.00
Employment Generation Incentive	73.00	125.00	150.00	175.00	175.00	698.00
Sub Total (a)	**264.00**	**615.00**	**765.00**	**940.00**	**965.00**	**3549.00**
Additional Incentives						
Spinning (first 5 firms)	20.00	20.00	20.00	20.00	20.00	100.00
Handloom sector (Tech+MA+R&D+DDPD+GI+Export+Digital Design+Digital Marketing)	21.40	21.40	21.40	21.40	21.40	107.00
Recycling and Waste Mgt (first 5 firms)	0.75	0.75	0.75	0.75	0.75	3.75
Sustainability Measures						
Buying Units incentive	0.25	0.25	0.25	0.25	0.25	1.25

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Export Promotion	0.30	0.30	0.30	0.30	0.30	1.50
Hill Area Transport Support	0.10	0.10	0.10	0.10	0.10	0.50
Bio Textile Incentives (Agricultural Waste Valorization)	0.20	0.20	0.20	0.20	0.20	1.00
Common Infrastructure for Greenfield	10.00	10.00	10.00	20.00	20.00	70.00
Brownfield Cluster Development	5.00	5.00	10.00	10.00	10.00	40.00
Quality Measures	10.00	10.00	10.00	10.00	11.00	51.00
HRD and skill development	0.75	0.80	1.20	1.00	1.25	5.00
CoE for TT and Sustainability	0.75	0.75	0.75	0.75	0.75	3.75
CoE for Design Studio	0.25	0.25	0.25	0.25	0.25	1.25
Project Management Expenditure-IEC activities, Karnataka Textile Incentive Management (K-TIMS), Portal development, organizing road shows, IT infrastructure, Bharath Tex (BSM) etc,	8.00	8.00	8.00	8.00	8.00	40.00
Project Management Consultancy (PMC)	2.00	2.00	2.00	2.00	2.00	10.00
Sub Total (b)	**79.75**	**79.80**	**85.20**	**95.00**	**96.25**	**436.00**
Silk Reeling/Spinning sector industries.	2.00	2.00	2.00	2.00	2.00	10.00
Khadi Sector industries	1.00	1.00	1.00	1.00	1.00	5.00
Sub Total (c)	**3.00**	**3.00**	**3.00**	**3.00**	**3.00**	**15.00**
Total (a + b + c)	**346.75**	**697.80**	**853.20**	**1038.00**	**1064.25**	**4000.00**
Budget outlay for Focused Talukas						
Focused Talukas for investment & Development: One District - One	Additional 5% capital subsidy on the value of Fixed Assets for units set up in the 34 Focused Talukas					

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Taluk – One Global Textile Product (OD-OT-OP). (34 Talukas)						
Grand Total (a + b + c)	**346.75**	**697.80**	**853.20**	**1038.00**	**1064.25**	**4000.00**

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ANNEXURE III

Snippet from 'The Karnataka Industries (Facilitation) Act, 2002'[10] for project approval framework

State High Level Clearance Committee- (1) The State Government may by notification constitute a single point clearance committee called on State High Level Clearance Committee [under the chairmanship of the Chief Minister] consisting of such members as may be specified therein. (2) The Committee shall examine and consider the proposals received from any entrepreneur relating to any industrial and other projects to be set up in the State, with an investment of rupees [five hundred crores] and above in each case. (3) Member of the Committee shall personally attend the meeting and in case he is unable to attend the meeting, he may depute a senior level officer to attend the meeting with a written authorization to take appropriate decision in the meeting.

Functions of the Committee- (1) The Committee shall meet at such times and in such places and shall adopt such procedure to transact its business as may be prescribed. (2) The Committee shall examine the proposals for setting up any industrial undertakings referred to in sub-section (2) of section 3 and shall take a decision and communicate its decision to the entrepreneur and the concerned departments or authorities within such time as may be prescribed.

Powers of the Committee- The Committee shall be the final authority in granting approvals for the projects placed before it. The approvals given by the Committee shall be binding on all the concerned departments or authorities and such departments or authorities, shall issue the required clearances within the stipulated time and subject to compliances by the entrepreneur undertaking of the provisions of the applicable Central or State Acts and the rules made thereunder.

State Level Single Window Clearance Committee- (1) The State Government may by notification constitute a single window clearance committee for the State called as the 'State Level Single Window Clearance Committee' [under the chairmanship of the Minister in charge of major and medium industries] consisting of such members as may be specified therein.

(2) The State Level Single Window Clearance Committee shall examine and consider proposal received from the entrepreneurs relating to industrial and other projects to be set up in the State with an investment of more than [fifteen crores rupees and less than rupees [five hundred crores] each.]

(3) A member of the Committee shall personally attend the meetings and in case he is unable to attend the meeting he may depute a senior level officer with a written authorization to take appropriate decision in the meeting.

Functions of the Committee- (1) The State Level Single Window Clearance Committee shall meet at such times and such places and shall adopt such procedures to transact its business as may be prescribed.

(2) The State Level Single Window Clearance Committee shall examine the proposals for setting up industrial undertakings referred to in sub-section (2) of section 6 and shall take a decision and communicate its decision to the entrepreneur and the departments or authorities concerned within one week of the meeting.

Powers of the Committee- The State Level Single Window Clearance Committee shall be the final authority in granting approvals for the projects placed before it. The approvals given by the

[10] industries.karnataka.gov.in

Committee shall be binding on the departments or authorities concerned and such departments or authorities shall issue the required clearance within the stipulated time subject to compliances by the entrepreneurs with the provisions of the applicable Central or State Acts or rules made thereunder.

District level Single Window Clearance Committee- (1) The State Government, may, by notification constitute a single point clearance committee at the district level called the 'District Level Single Window Clearance Committee' consisting of such members, as may be prescribed. The District Level Single

Window Clearance Committee shall examine and consider proposal received from entrepreneurs relating to industrial projects with the investment of upto [INR 15 crores] each to be set up in the respective districts. (2) A member of the Committee shall attend the meetings personally and in case he is unable to attend the meeting he may depute a senior level officer with the written authorization to take appropriate decision in the meeting.

Functions of the Committee- (1) The District Level Single Window Clearance Committee shall meet at such times and such places and shall adopt such procedures to transact its business as may be prescribed. (2) The District Level Single Window Clearance Committee shall examine the proposals for setting up industrial undertakings referred to in sub-section (1) of section 9 and shall take a decision and communicate its decision to the entrepreneurs and the departments or authorities concerned within such time as may be prescribed.

Powers of the Committee- The District Level Single Window Clearance Committee shall be the final authority in granting of approvals for the projects placed before it. The approvals given by the Committee at the district level shall be binding on the departments or authorities concerned and such departments or authorities shall issue the required clearance within the stipulated time subject to compliances by the entrepreneur of provisions of the applicable Central or State Acts and the rules made thereunder.

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ANNEXURE IV

Abbreviations

S. No	Abbreviation	Full Form
1.	**ATDC**	Apparel Training and Design Centre
2.	**AHTI**	Advanced Handloom Training Institute
3.	**BESCOM**	Bangalore Electricity Supply Company
4.	**CCTV**	Closed-Circuit Television
5.	**CETP**	Common Effluent Treatment Plant
6.	**CoE**	Center of Excellence
7.	**CSB**	Central Silk Board
8.	**DGCI&S**	Directorate General of Commercial Intelligence and Statistics
9.	**DGFT**	Directorate General of Foreign Trade
10.	**DIC**	District Industries Center
11.	**DIPP**	Department of Industrial Policy and Promotion
12.	**DOAC**	District Office Approval Committee
13.	**DoCP**	Date of Commercial Production
14.	**DMF**	District Mineral Fund
15.	**EC**	Executive Committee
16.	**EOU**	Export Oriented Units
17.	**ETPs**	Effluent Treatment Plants
18.	**FCI**	Fixed Capital Investment
19.	**FDI**	Foreign Direct Investment
20.	**FPS**	Focus Product Scheme
21.	**GDP**	Gross Domestic Product
22.	**GI**	Geographical Indication
23.	**GMP**	Good Manufacturing Practice
24.	**GoI**	Government of India
25.	**GoK**	Government of Karnataka
26.	**GOTS**	Global Organic Textile Standard

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S. No	Abbreviation	Full Form
27.	**GPS**	Global Positioning System
28.	**GRTDC**	Garment Research Training Design and Development Centre
29.	**HLEC**	High-Level Empowered Committee
30.	**HOAC**	Head Office Approval Committee
31.	**K-TIMS**	Karnataka Textile Incentive Management System
32.	**ISI**	Indian Standards Institute
33.	**ISO**	International Organization for Standardization
34.	**KIADB**	Karnataka Industrial Areas Development Board
35.	**KHDCL**	Karnataka Handloom Development Corporation Limited
36.	**KHTI**	Karnataka Handloom Training Institute
37.	**KKRDB**	Kalyana Karnataka Regional Development Board
38.	**KSICL**	Karnataka Silk Industries Corporation Limited
39.	**KSSIDC**	Karnataka State Small Industries Development Corporation
40.	**KSTIDCL**	Karnataka State Textile Infrastructure Development Corporation Limited
41.	**KSPCB**	Karnataka State Pollution Control Board
42.	**KUM**	Karnataka Udyog Mitra
43.	**MMF**	Man-made Fibre
44.	**KMERCL**	Karnataka Mineral Ecological Restoration Corporation Ltd
45.	**MSME**	Micro, Small & Medium Enterprises
46.	**NID**	National Institute of Design
47.	**NIFT**	National Institute of Fashion Technology
48.	**NTTM**	National Technical Textiles Mission
49.	**OEKO-TEX**	International Association for Research and Testing in the Field of Textile and Leather Ecology
50.	**PLI**	Production-Linked Incentive
51.	**PM MITRA**	Pradhan Mantri Mega Integrated Textile Region and Apparel Parks
52.	**PPP**	Public-Private Partnerships
53.	**R&D**	Research & Development

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S. No	Abbreviation	Full Form
54.	**RMG**	Ready-made Garments
55.	**RWAs**	Resident Welfare Associations
56.	**SDC**	Silk Development Center
57.	**SEZ**	Special Economic Zones
58.	**SLPIC**	State Level Project Implementation Committee
59.	**SME**	Small, Medium Enterprise
60.	**SPV**	Special Purpose Vehicle
61.	**SR**	Schedule Rates
62.	**SWS**	Single Window System
63.	**TRA**	Textile Research Associates
64.	**UAS**	University of Agricultural Sciences
65.	**USD**	United States Dollar
66.	**WHO**	World Health Organization

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ಮುದ್ರಕರು ಹಾಗೂ ಪ್ರಕಾಶಕರು:– ಸಂಕಲನಾಧಿಕಾರಿಗಳು, ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ, ಸರ್ಕಾರಿ ಕೇಂದ್ರ ಮುದ್ರಣಾಲಯ, ಬೆಂಗಳೂರು

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