

**GOVERNMENT OF INDIA
MINISTRY OF TEXTILES
OFFICE OF THE TEXTILE COMMISSIONER
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Date: - 27th May, 2004

**Circular No. 2
(2004-2005 Series)**

Sub: Technology Upgradation Fund Scheme (TUFS).

1. Co-option of additional banks / financial institutions by Nodal Agencies.

- (i) Industrial Development Bank of India (IDBI), the nodal agency (NA) for textile industry (Non-SSI) under Technology Upgradation Fund Scheme, vide letter No. IDBI.HO.TUFS(6)/269, 283 and 367 dated.07-04-2004, 16-04-2004 and 23-04-2004 respectively has co-opted the following additional banks for textile industry under the TUF Scheme:

- (1) BNP Paribas.
- (2) Standard Chartered Bank.
- (3) HDFC Bank Ltd.

- (ii) Small Industries Development Bank of India (SIDBI), the nodal agency (NA) for textile industry (SSI) under Technology Upgradation Fund Scheme, vide letter No. DFID/RTUF dated. 16-04-2004 has co-opted The Panchsheel Mercantile Co-operative Bank Ltd., Surat for textile industry under the TUF Scheme:

2. Decisions taken by Inter-Ministerial Steering Committee (IMSC) in its 16th meeting held at New Delhi on 29th April, 2004.

- (i) **Inclusion of second hand jacquard (shedding formation device) along with second hand rapier looms.**

Second hand jacquard (shedding formation device) imported along with second hand rapier looms has been made an eligible machinery under TUFS by amending the existing entry in para 3.2 (2) (b) of the G.R. on TUFS as under :

Para 3.2 (2) (b) - Air jet, Projectile, Rapier and Waterjet shuttleless looms fitted with or without electronic jacquard / electronic dobby and with or without high speed direct beam warper with creel and/or sectional warping machine with auto stop and tension control of upto 10 years' vintage and with a residual life of minimum 10 years.

(ii) Inclusion of second hand warping machine along with second hand warp & raschel knitting machine.

Second hand warping machine along with second hand warp and raschel knitting machine has been made an eligible machinery under TUFS by amending the existing entry in para 3.2 (2) (h) of the G.R. on TUFS as under:

Para 3.2 (2) (h) - Warp and Raschel knitting machine with or without warping machine meant for warp knitting / raschel knitting machine with yarn tensioning device upto 10 years vintage and with residual life of minimum 10 years.

(iii) Inclusion of second hand electronic dobby / electronic jacquard on stand alone basis.

Second hand electronic dobby / electronic jacquard on stand alone basis has been made an eligible machinery under TUFS by inserting an additional entry at para 3.2 (2) (m) of the G.R. on TUFS as under :

Para 3.2 (2) (m) - Second hand electronic dobby / electronic jacquard on stand alone basis of upto 10 years vintage with minimum 10 years residual life.

(iv) Eligibility of machinery specified for one segment (annex) for the other segments for which the same machinery is not listed under TUFS.

Government has approved that machinery eligible for one segment may be made eligible for other segments / activity also unless its eligibility is specifically restricted for a particular segment.

(v) Amendment in the provisions in regard to down stream value addition / MES stipulation when the existing Knitting & Garmenting and Powerloom units setup new spinning units.

- (i) The existing Knitting and Garmenting units, desirous of setting up of spinning units for captive consumption of yarn have to fulfil the MES requirement for cotton ring spinning system of 25,000 spindles under TUFS. However, the investment in down stream value addition would take into account the existing knitting and garmenting facility also and additional incremental capacity only need to be installed.
- (ii) The minimum economic size (MES) stipulation for the powerloom units to set up new spinning unit for captive yarn requirement without attracting MES stipulation has been amended as “new powerloom units”. In other words, the existing powerloom units desirous of setting up spinning units for captive consumption of yarn have to fulfil the MES requirement for cotton ring spinning system of 25,000 spindles under TUFS in order to become eligible under TUFS.

Accordingly, the entry at para 3.2 (9) of the G.R. on TUFS has been amended as under:

Para 3.2 (9) (i) - New Composite units with knitting and garmenting facility are permitted to install equivalent / matching capacity in spinning. In such cases, MES for spinning facility will not be applicable. However, the existing Knitting and Garmenting units, intending to set up spinning units for captive consumption of yarn are required to fulfil the MES of 25,000 or more spindles for cotton ring spinning system under TUFS. However, the investment in down stream value addition for such units would take into account the existing knitting and garmenting facility also and additional incremental capacity only need to be installed.

(ii) New powerloom units can also set up equivalent capacity in spinning, without applicability of MES for spinning capacity. However, the existing power-loom units intending to set up spinning units for captive consumption of yarn are required to fulfil the MES of 25,000 or more spindles for cotton ring spinning system under TUFS. However, the investment in down stream value addition for such units would take into account the existing weaving facility also and additional incremental capacity only need to be installed.

(vi) Waiver of minimum stipulated width in respect of shuttleless looms for decentralized powerloom sector.

The minimum stipulated width for all types of shuttleless looms under TUFS has been waived off.

(vii) Waiver of downstream value addition condition for the spinning units expanding their capacity from 12,000 to 25,000

The downstream value addition condition for the spinning units expanding capacity from 12,000 to 25,000 spindles has been waived **in respect of first one hundred cases.**

(viii) Period of repayment under TUFS.

Period of repayment is to be decided between lending agencies and the textile units. However, banks are free to give loan for more than 10 years but subsidy will be given only for a period of 10 years including two years moratorium.

The above modifications may please be brought to the notice of all concerned.

(Smt Shashi Singh)
(Director)

To: -

1. Secretaries (Textiles) of all states
2. All PLIs of IDBI and SIDBI
3. To all Major Textile Industry Associations/ Trade Associations/All India Industry Associations/Chambers of Commerce & Industry.
4. Officer Incharge of all Regional office of the Textile Commissioner,
5. Secretary, Textiles Committee, Mumbai
6. Officer Incharge of all Powerloom Service Centers,
7. The Directors of all TRAs
8. Executive Directors of all EPCs
9. Development Commissioner (Handlooms)
10. Development Commissioner (Handicrafts)
11. Jute Commissioner
12. Member-Secretary, Central Silk Board
13. Director General , NIFT

14. Prominent News Agencies.

With a request to bring the above message to the notice of all concerned, by publishing / covering the above amendments/modifications in the TUFS, in the news papers/ periodicals / magazines etc

Copy for information to:

1. All members of IMSC & TAMC.
2. Shri Atul Chaturvedi, Joint Secretary, Ministry of Textiles, New Delhi - 11
3. Shri Ajoy Kumar, Director, Ministry of Textiles, New Delhi – 110 011

(Smt Shashi Singh)
Director