

**GOVERNMENT OF INDIA  
MINISTRY OF TEXTILES  
OFFICE OF THE TEXTILE COMMISSIONER  
POST BAG NO. 11500, MUMBAI - 400 020.  
Fax: 022 – 2002495, E-mail: [texcomindia@ermiu1.bom.nic.in](mailto:texcomindia@ermiu1.bom.nic.in)**

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Date: - 20<sup>th</sup> March, 2002

**Circular No. 7  
(2001-2002 Series)**

**Sub: Technology Upgradation Fund Scheme (TUFS).**

1. **Co-option of additional banks / financial institutions by Nodal Agencies.**
  - a. Industrial Development Bank of India , the Nodal Agency for non-SSI Textile sector under TUFS vide letter No. IDBI.HO.TUFS. (6)/30 dated.10-1-2002 has co-opted ‘ Uco Bank’ as a PLI for non-SSI textile sector under TUF scheme.
  - b. Small Industries Development Bank of India (SIDBI), the nodal agency (NA) for SSI textile industry under Technology Upgradation Fund Scheme, has co-opted the following financial institutions / banks for SSI textile industry under the TUF Scheme.
    - (i) National Small Industries Corporation (NSIC) Ltd.
    - (ii) Gujarat Industrial Co-operative Bank Ltd., Surat.
2. **Clarifications issued by Technical Advisory-cum-Monitoring Committee (TAMC) of TUFS in its 12<sup>th</sup>, 13<sup>th</sup> and 14<sup>th</sup> meetings held at Mumbai on 27<sup>th</sup> Dec., 2001 , 29<sup>th</sup> Jan., 2002 and 6<sup>th</sup> March 2002 respectively.**
  - (i) **Nomination of additional members/replacement of members in the TAMC.**
    - (a) President, All India Modern Textile Processors Association (AIMTEX) Coimbatore, has been co-opted as a member of Technical Advisory cum Monitoring Committee (TAMC) of TUFS.
    - (b) The President, Indian Powerloom Federation, Mumbai, who is a member of TAMC, has been replaced with the nominee of Powerloom Development and Export Promotion Council (PDEXCIL), Mumbai
  - (ii) **Coverage of post spinning / twisting yarn processing plants on stand alone basis to produce two fold twisted yarn or singening yarn without putting up yarn spinning unit.**

Post spinning/twisting of yarn processing plant on stand alone basis to produce two fold twisted yarn or singening yarn without putting up yarn

spinning unit are covered under TUFS. The machinery required by such units are however, already included in G.R. on TUFS as per details given below:

<u><b>Name of the machinery</b></u>	<u><b>Existing entry in G.R. on TUFS</b></u>
a) Two for one twistors operating at the speed of the minimum of 8000 r.p.m.	Annex B, a.13
b) Automatic cone winders operating at the speed of 1500 meters per minute and above. (if required)	Annex B, a.11
c) Assembly winders	Annex B, a.11
d) Gassing machine	Annex F-1, III.1

**(iii) Inclusion of compact yarn device for replacing existing drafting system in ring frames under TUFS.**

In situ upgradation of existing ring frames by changing the existing drafting system to compact spinning drafting system has been covered under TUFS.

**(iv) Eligibility of Vision Shield, Unifloc & Uniclean under TUFS.**

It is clarified that foreign fibre detector with CCD camera (Vision Shield), Automatic Bale Plucking Machine (Unifloc) & sophisticated cleaning machine (Uniclean) equipment in the existing blow room line are covered under TUFS.

**(v) Inclusion of various energy saving and process improvement instruments / attachments under TUFS.**

It is clarified that the following instruments are covered under TUF scheme:

- (a) Auto cono: -Multichannel Pre-set yarn length monitoring and controlling system for ring spinning, open end spinning, drawing frames, winders, twistors, texturising and crimping machines.
- (b) Chemical concentration indicator & controlling system: - For scouring, bleaching –mercerizing processing machines.
- (c) Fabric Profile System:- To monitor and control the speed of stenter machine while heat-setting/drying/finishing for process and quality improvement.
- (d) Loom Data Monitor: - Indicating no. of picks, no of stops, running and down time, speed (picks per minute), length as meters of the programmed piece & how is needed to complete the piece etc.

- (e) Fabric defect analyzer: - Low cost micro processors based system to record all types of defects in the fabrics which helps in locating the defect arisen point i.e whether at loom, spinning, knitting stage etc.
- (f) Cotton contamination analyzer:- Quality control system to classify the particles in terms of type/size, fibre length etc. Helpful for improvement of Ginning & spinning processes.
- (g) Moisture indicator and automatic controller:- Drying automatic system with software to control moisture level of sizing/stenter of fabric drying, to ensure natural regain of the fibre, which helps in even pick up during Drying and Printing.
- (h) Fabric Centering & Spreading system:- Web guiders with steering rollers and combined with full width scroll rollers assure crease free center line guiding of textile webs.
- (i) Automatic Fabric Straighting system:- Use for a fabric with perfect web when the manual control failures on high speed ranges.
- (j) Weight/Denier reduction process control:- It is used as concentration control system for polyester and polyester cotton blended fabrics in principle of weight reduction process using sodium hydroxide solution.
- (k) Web Guiding System:- Used for unwind, rewind printing, trimming, quoting, laminating, folding, slitting in an industry like paper, plastic, rubber, metal, textile etc.
- (l) Stop Motion for Spinning & Knitting :- It is used in carding, comber machine, roving frames / speed frames, drawing frames and knitting frames.
- (m) Weft Accumulator :-Used as weft feeder or shuttleless weaving machines with the weft instruction rate of 900 to 1500 mtrs. per minute per colour.
- (n) Warp Stop Motion, Yarn Inspector :-Optical electronic yarn instructor to detect yarn break / faults during the weaving /warping and weaving process.
- (o) Production Data Monitor:- Electronic multi shift counter with pre-determining measured length, control and pre-signal warning, designed for spinning machines both for ring and open-end, draw frame, twistors, doublers and cards, knitting machine, shuttleless loom, warping machine, sizing machine, shearing machine and fabric processing machines.

**(vi) In-situ upgradation of ordinary looms upto width of 140 cms.**

It is clarified that in-situ upgradation of existing ordinary looms of 140 cms. width to semi automatic shuttle loom with additional features like weft stop motion, warp stop motion, positive/semi-positive let off motion with or without dobby/jacquard, is permitted to decentralised powerloom sector.

**(vii) Restriction of Minimum Economic Size of 12 looms for decentralised SSI weaving sector.**

As per the GR on TUFS, units in the decentralised powerloom sector upgrading their existing ordinary powerloom to semi automatic loom are permitted to add new semi automatic looms so as to reach a MES of 12 looms. However, expansion beyond 12 looms by semi automatic looms while retaining the existing ordinary looms shall not be permitted. It is clarified that the limitation of 12 looms is only applicable when the unit retains its existing ordinary looms and install additional semi-automatic looms. This limitation clause will not be applicable to:

- a) In-situ upgradation of ordinary looms to semi- automatic looms without addition of new semi automatic looms.
- b) New/existing units installing automatic shuttle looms or shuttleless looms.

**3. Decision taken by the Inter Ministerial Steering Committee (IMSC) in its 11<sup>th</sup> meeting held on 15<sup>th</sup> Feb. 2002.**

**(i) Coverage of investment made in TUFS compatible projects after 01.04.1999 funded by other sources (other than bank loan) under TUFS.**

The investment made in TUFS compatible projects after 01-04-1999 funded by other sources (other than bank loan) are covered under TUFS. The general guidelines for coverage of such units are as under:

“As long as the technology upgradation project is executed within the TUFS period (i.e. the initial funding from other sources is after 01/04/1999) and meets the bench-marked technology and other eligibility norms and provided the units have approached the bank / FI for financial assistance prior to making their own investment in the project, initial funding from another source should not deprive the unit of the benefit of TUFS, if it is covered by an appropriate term loan in due course. However, the benefit of TUFS interest incentive will be coterminous with the loan disbursal.”

**(ii) Coverage of financial assistance extended under deferred payment guarantee scheme (DPG) under TUFS.**

“In principle” approval has been accorded in respect of DPG cases involving payments in Indian rupee. Office of the Textile Commissioner will prepare the operational guidelines in this regard.

**(iii) Installation of downstream value addition machinery calculated on higher counts instead of 30s count to avoid idle capacity in downstream value addition.**

Henceforth, the downstream value addition of the existing units may be worked out on the basis of actual production of actual count of yarn. The monthly production returns submitted by the units to the Office of the Textile Commissioner should be the basis for the production of actual count of yarn by concerned unit.

**(iv) Eligibility of High Speed Draw Frame with Gill Box.**

The existing entry in para 3.2(2) f(iii) in the G.R. on TUFS dated 31.03.1999, i.e., “High Speed Draw Frame / Gill Box” has been amended as follows :

3.2(2) f (iii) as “High speed Draw Frame with Gill Box”.

**iv) Eligibility of device for manufacture of core spun yarn in ring frame.**

Device for manufacturing core spun yarn in ring frame at Sr. No. a.18 under Annexure – B has been included as under:

“a.18 Device for manufacturing core spun yarn”.

**v) Assistance under TUFS for loan sanctioned by the consortium banks when some banks of the consortium are not co-opted by the Nodal Agency.**

In cases of consortium finance, the entire project is to be covered under TUFS even if some of the consortium FIs/banks are not co-opted by the Nodal Agencies. In such cases the interest reimbursement claim to the Nodal Agencies may be routed through the co-opted bank including the claim in respect of the loan disbursed by non co-opted banks. The co-opted bank would ensure that the project was meeting the technology and other norms prescribed under the Scheme.

**vi) Inclusion of second hand imported high tech open end machine.**

Second hand imported high tech open end machine has been covered under TUFS by making a separate entry in para 3.2(2)(i) as under:

“3.2 (2)(i) Automatic open end spinning machine with a speed of more than 75,000 rpm and 10 years vintage with a residual life of minimum 10 years.”

**vii) Coverage of weak but potentially viable textile units under TUFs.**

Relaxation in norms for cash profit, promoters' margin, debt equity ratio and revaluation of assets could be considered by Financial Institutions and Banks while preparing restructuring proposals for the industry.

**viii) Effective date of eligibility of interest reimbursement under TUFs consequent to the amendments / modifications.**

Interest reimbursement will be eligible from the date of disbursement of loan for CPP provided technology upgradation of plant & machinery is implemented within 1 year of the disbursement of loan for CPP. In case technology upgradation of plant & machinery has been implemented after 1 year of installation of CPP, interest reimbursement on CPP will be available retrospectively for a period of one year only. Interest reimbursement will not start until the eligibility therefor is established, i.e., the technology upgradation is actually implemented.

**ix) Grant of TUFs loan to small scale power-loom units on the strength of co guarantee provided by the yarn supplier / master weavers with sound financial position and ability to meet banking norms.**

Such matters are to be decided by FIs/banks. However, if in such cases term loans/finance was provided by the FIs/banks, benefits under TUFs would be available as per approved guidelines.

**x) Relaxation in the condition of having additional features, viz., pneumatically controlled filter mechanism, electro-static precipitator and micro dust collectors in respect of Husk fired Boilers.**

Requirement of having additional features, viz., pneumatically controlled filter mechanism, electro static precipitator and micro dust collector in respect of Husk Fired Boilers below 15 TPH having cyclone/Multi cyclone device has been relaxed subject to the condition that specific approval or no objection of respective State Pollution Control Board would be obtained.

**xi) Relaxation of condition of in-house weaving preparatory for non-SSI non-woollen weaving units under TUFs.**

The condition of in house weaving preparatory in respect of non-SSI non-woollen weaving units under TUFs has been relaxed by deleting the existing entry at para 4.4 (a).I.(ii)

**xii) Exempting compact yarn manufacturing from MES stipulation and downstream value addition requirement.**

New units set up for manufacture of compact yarn have been exempted from the stipulation of Minimum Economic Size and downstream value addition norms under TUFS.

**xiii) Inclusion of “String Thrusting Machine” for garment manufacturing.**

String Thrusting Machine for garment manufacturing has been covered under TUFS in Annexure-E of the G.R. on TUFS as under:

a.55. String Thrusting Machine.

**xiv) Inclusion of second hand “Tow Top Converter”**

Second hand “Tow Top Converter” with vintage of 10 years and residual life of more than 10 years has been covered under TUFS as new entry at para 3.2 (2) (c) (vii) of the G.R. on TUFS as under :

3.2 (2) c) (vii) Tow Top Converter.

**xv) Eligibility of coal fired boiler of 8 M.T. per hour capacity under TUFS with attachment.**

Coal fired boiler of 8 M.T. per hour capacity has been covered under the TUFS with relaxation of norms as allowed in case of coal fired boilers upto 5 M.T. per hour capacity with multiple cyclone separator and collection of dust from Chimney and mechanical fly – ash separator attachment subject to the condition that specific approval or no objection of the respective State Pollution Control Board would be obtained.

**xvi) Inclusion of Parallel Winding Machine.**

Parallel winding machine in conjunction with twisting machine has been covered by making a new entry at Sr. No.a.19 in Annexure-B as under:

a.19. Parallel Winding Machine with individual control arrangement and length measuring device.

The above modification 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 Sudhir Bhargava, Joint Secretary, Ministry of Textiles, New Delhi - 11
3. Shri P.K.Gera, Director, Ministry of Textiles, New Delhi – 110 011

(Smt. Shashi Singh)  
Director