

**GOVERNMENT OF INDIA
MINISTRY OF TEXTILES
OFFICE OF THE TEXTILE COMMISSIONER
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No. 28(19)/2008-MS/

Date : 28th July, 2008

**Technology Upgradation Fund Scheme (TUFS)
(01-04-2007 to 31-03-2012)**

**Circular No. 4
(2008-2009 Series)**

1. Decisions taken by reconstituted Technical Advisory-cum-Monitoring Committee (TAMC) in its 2nd meeting held at Mumbai on 25th July, 2008.

a) Coverage of processing units eligible for 10% CLCS under TUFS:

- (i) The cut-off date under the scheme is based on the date of disbursement. However, since lending agencies do not make payments directly to suppliers of machinery but disburses loan in 2-3 tranches in a 'No-lien' account. Thus disbursements are made by lending agencies towards the project as a whole and not for a specific machinery / equipment. A one-to-one correlation between the acquisition of a particular machinery and the disbursement made therefore can not therefore be established. Also, the disbursement/s made, at times, may be in the nature of reimbursement of capital expenditure already incurred by the company. In view of the above, it was decided that in addition to the present norms obtaining (i. e. date of disbursement/s being the cut-off dates), the date of acquisition of textile processing machinery will also be considered for 10% capital subsidy.
- (ii) A machinery may comprise of various components, ordered and received on various dates (e.g. Multi Chamber Stenter, which comprises of various components, is supported by multiple invoices). It was decided that in such cases, the earliest date of invoice will be reckoned as the date of acquisition of the machinery.

b) Inclusion of wool carbonising line / plant under TUFS:

Wool carbonising line / plant has been covered under Annex-B-2 (a) of GR on TUFS for 5% interest reimbursement as under :

Annex – B-2 (a) 16 : Wool carbonising line / plant.

c) Inclusion of additional machinery for spinning sector under TUFS:

The following spinning machinery have been included in the Annex B-1 (a) of the GR on TUFS for 4% interest reimbursement as under :

Annex – B-1 (a) 23 : Ring Data Management System.

Annex – B-1 (a) 24 : Plant Efficiency Management System.

Annex – B-1 (a) 25 : Cabling Machine.

d) Inclusion of sample machines under TUFS:

The committee decided to cover all sample machines for all eligible machinery under TUFS for 5% / 4% interest reimbursement for other than spinning and spinning machinery respectively. In the erstwhile TUFS also lab version of the eligible machines were covered for 5% interest reimbursement.

e) Inclusion of automatic beam storage system under TUFS:

Automatic beam storage system has been covered in the Annex D-1 (a) of the GR on TUFS for 5% interest reimbursement as under :

Annex – D-1 (a) 24 : Automatic beam storage system.

f) Inclusion additional machinery for processing sector under TUFS:

The following processing machinery have been included in the Annex-F of the GR on TUFS for 5% interest reimbursement as under :

Annex – F 70: Multi Cross Linking Resin Finishing Machine.

Annex – F 71: Pile Lifting Machine.

Annex – F 72: Foaming Device for Coating Line.

Annex – F 73: Latex mixing and dispensing system for Coating Line.

Annex – F 74: Multilayer stenter.

g) Inclusion additional machinery for garment / made-up manufacturing under TUFS:

The following machinery have been included in the Annex-E (a) of the GR on TUFS for 5% interest reimbursement as under :

Annex – E (a) 102: Paddle Dyeing machines for Rugs / Garments / Made-ups.

Annex – E (a) 103: Open Pocket Dyeing Machines for Rugs / Garments /
Made-ups.

Annex – E (a) 104: Automatic Length & Cross Cutting Machine for Sheets /
Towels.

Annex – E (a) 105: Automatic machine for length and cross hemming machinery for Flat / Fitted Sheet / Towels / Pillow / Pillow Sham.

Annex – E (a) 106: Automatic folding and stacking machine for Flat / Fitted Sheets / Towels & Pillow /Pillow Sham / Dust Ruffle.

Annex – E (a) 107: Automatic Comforter shell making machine.

Annex – E (a) 108: Compression Bagger for Packing (electronic pneumatic bagging machine).

Annex – E (a) 109: Automatic machine for flange Pillow case.

Annex – E (a) 110: Blending, Opening and Pillow Filling Lines.

Annex – E (a) 111: Vacuumising Packing Units for Filled Pillow & Quilts.

Annex – E (a) 112: Die Cutting Machine.

Annex – E (a) 113: Table Top Tufting Machine.

Annex – E (a) 114: Moustache Former.

Annex – E (a) 115: Bed filling machine.

Annex – E (a) 116: Ball fibre machine.

h) Inclusion of knotting machine and position driven compressor stand assembly for weaving under TUFS:

(a) Knotting machine has been covered. Annex-D-2 (d) 7 : Net making machine by warp knotting system of the GR on TUFS is accordingly modified as under :

Annex – D-2 (d) 7 : Machines with warp knotting system.

(b) Position driven compressor stand assembly for weaving has been covered in the Annex-D-2 (c) 8 of the GR on TUFS for 5% interest reimbursement under TUFS:

Annex – D-2 (c) 8 : Position driven compressor stand assembly.

i) Inclusion of machines manufacturing felt under TUFS:

The complete plant making felt has been covered in the Annex-D-2 (f) 13 of the GR on TUFS for 5% interest reimbursement under TUFS:

Annex – D-2 (f) 13 : Complete plant for making felt.

j) Coverage of the electrical installations with other specified investments upto 25% of the cost of machinery under TUFS:

The electrical installations with other specified investments upto 25% of the cost of the machinery has been covered under para 3.3 (2) of GR on TUFS as under :

Para 3.3 (2) (i) : Electrical installations

k) Change in the description of Annex-J 26:

The description of Annex-J 26 has been modified as under:

Annex – J 26 : PLC based fully Automatic Rotary Screen Printing Machine with magnetic / Air flow squeegee system, on line washing arrangement, quick change over facility, automatic design setting/ flying design change (FDC) system.

l) Amendment / additions in the operational guidelines of MMS @ 15%:

The following amendments/additions have been made in Annex –Q relating to the operational guidelines of MMS @15%:

- Filing of Entrepreneurs Memorandum with concerned DIC Centre is a pre requisite for availing of assistance under 15% MMS.
- (a)However where two or more undertakings are set up by the same person as a proprietor each of such industrial undertakings shall be considered to be controlled by the other undertaking or undertakings

OR

(b)Where two or more undertakings are set up as partnership firms under the Indian Partnership Act, 1932 (1 of 1932) and one or more partners are common partner or partners in such firms, each of such industrial undertakings shall be considered to be controlled by the other undertaking or undertakings.

OR

(c)Where industrial undertaking are set up by companies under the Companies Act, 1956 (1 of 1956) and where one or more Directors are common/same person who have already availed subsidy in their individual capacity for a proprietary/partnership firm, such undertakings shall be considered to be controlled by the other undertaking or undertakings.

m) Clarifications issued by TAMC:

- (i) It was clarified that accessories / attachments / spares received along with the machinery upto the value of 20% of the machinery cost or actual value whichever is lower was covered under erstwhile TUFS and this provision is valid in modified TUFS also.
- (ii) It was also clarified that whatever circulars have been issued under previous TUFS would be considered as applicable for modified TUFS also unless specified otherwise.
- (iii) It was clarified that under TUFS as per para III I iii a1 interest reimbursement is available for a period of 10 years including 2 years of implementation and moratorium. It was informed that this point has been provided in the N-1 format prescribed for determination of eligibility under modified TUFS. In other words, TUFS subsidy would be available for 2 years of moratorium / implementation and 8 years of repayment period. The implementation period is considered as actual date of completion of the project minus date of commencement of implementation of the project. While moratorium period is considered as repayment start date minus the actual date of completion of the project. A TUFS beneficiary is eligible for TUFS subsidy during 2 years of moratorium and implementation period. The implementation and moratorium period can be more than 2 years but interest reimbursement for implementation and moratorium period will be limited to 2 years only.

2. Various queries have been received regarding coverage of ECB under TUFS.

It is clarified that ECB availed of from overseas branch of an Indian bank / foreign bank having Indian branch (being co-opted PLI) is eligible for TUFS benefits prescribed for foreign currency loan under the scheme, i.e., either 5% cover for exchange rate fluctuation from the base rate or forward cover premium limited to 5% per annum. However, in the case of spinning machinery, for the cases sanctioned w.e.f. 01.04.2007, the exchange rate fluctuation / forward cover premium will be limited to 4% per annum.

3. Submission of data for release of subsidy under MMS@15%-TUFS.

The lending agencies opting for **Option-2** under MMS@15%-TUFS are required to submit the information in Format-III for release of subsidy. The information submitted directly by the lending agencies to the Office of the Textile Commissioner for individual cases as per Format prescribed in Appendix-1 & 2 for release of subsidy will not be accepted w.e.f. 31st July, 2008. In other words, all

cases of MMS@15%-TUFS under **Option - 2** would only be considered for release of subsidy if submitted in prescribed Format-III through online system of Office of the Textile Commissioner.

4. Co-option of banks by IDBI

IDBI has co-opted following banks for non-SSI sector under TUFS.

- i) Deutsche Bank AG
- ii) Kotak Mahindra Bank Ltd.

The above clarification / procedure in the TUF Scheme may please be brought to the notice of all concerned.

(Smt Shashi Singh)
Joint Textile Commissioner

To: -

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

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. Dr. J.N.Singh, Joint Secretary, Ministry of Textiles, New Delhi - 110011
3. Shri B. N. Sinha, Director, Ministry of Textiles, New Delhi – 110 011
4. Shri Vijay Kumar, Section Officer, Ministry of Textiles, New Delhi – 110 011

(Smt Shashi Singh)
Joint Textile Commissioner