

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

Date : 28.01.2009

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

**Circular No. 8
(2008-2009 Series)**

Sub: Technology Upgradation Fund Scheme (TUFS)

1. Decisions taken by reconstituted Inter-Ministerial Steering Committee (IMSC) in its 1st meeting held at New Delhi on 19th January, 2009.

(i) Decision of reconstituted IMSC on issues mentioned in GR on modified TUFS

A) Para 6 xi) of GR on modified TUFS states that machineries for CAD, CAM and design studios and likes will be included in the separate heading of the guidelines of the scheme with a financial cap to be determined by the IMSC.

IMSC noted that machineries for CAD, CAM and designs studio and likes have already been included in the separate **Annex – M** of the GR on modified TUFS and decided that in view of the present scenario in the textile industry financial cap may not be imposed as of now, however, decision may be reviewed later on.

B) Para 4.2 a) (i) of GR on modified TUFS states that in the cotton ring spinning system, new units, capacity expansion and modernisation of the units with eligible MES will be permitted. The MES will be decided by the IMSC.

IMSC decided that existing spinning units may be covered under TUFS for modernisation / expansion subject to the TUFS norms of scrapping of old and obsolete spindles (as per TUFS norms, ring frames older than 15 years and backup machinery / equipment older than 20 years should invariably be scrapped). Existing weaving / knitting / processing / garmenting / made-up units can set up spinning capacity under TUFS without any MES norms.

However, with regard to MES of stand-alone new spinning units, the issue should be discussed again in the TAMC.

C) Para 3.4 of GR on modified TUFs states that investment in common infrastructure facilities owned by the association, trust or co-operative society of the units participating in the TUF Scheme, to the extent necessary for this purpose, including the following only upto 25% of the cost of TUFs eligible machinery of the participating in the TUFs modernization with a maximum of financial cap to be determined by the IMSC:

(1) Common utilities, viz., water supply, power substation etc.

(2) Common captive power generation(including non-conventional sources).

(3) Common effluent treatment plant.

IMSC noted that ceiling of 25% of the cost of TUFs eligible machinery of the participating units has already been prescribed in the modified TUFs and decided that in view of the present scenario in the textile industry, financial cap may not be imposed as of now, however, decision may be reviewed later on.

(ii) Designation of nodal bank status to other nationalized banks under TUFs and determination of eligibility of SSI cases by co-opted private sector commercial banks:

(a) IMSC designated following 25 additional public sector and private sector commercial banks as nodal banks:

Sr. No.	Name of the Nodal Bank	Sr. No.	Name of the Nodal Bank
1	Allahabad Bank	14	Axis Bank
2	Bank of Maharashtra	15	ING Vysya Bank Ltd.
3	Corpoartion Bank	16	Karur Vysya Bank Ltd
4	Dena Bank	17	South Indian Bank Ltd.
5	Oriental Bank of Commerce	18	Tamilnadu Mercantile Bank Ltd.
6	Punjab and Sind Bank	19	Catholic Syrian Bank Ltd.
7	Syndicate Bank	20	Federal Bank Ltd.
8	UCO Bank	21	Indusind Bank
9	United Bank of India	22	Jammu & Kashmir Bank Ltd
10	Vijaya Bank	23	Karnataka Bank Ltd.
11	Life Insurance Corporation	24	City Union Bank
12	Rajasthan State Investment Corporation	25	Laxmi Vilas Bank Ltd.
13	Haryana State Financial Corporation		

These nodal banks will set up a separate TUFs Cell under a nodal officer to handle expeditiously TUFs cases of its branches.

(b) Co-opted private sector commercial banks of SIDBI will determine the eligibility of SSI cases under TUFs and submit the claims through SIDBI to Office of the Textile Commissioner. Funds for such banks will continue to be channelized through SIDBI.

(iii) **Inclusion of Wool Carbonising Line / Plant and Position Driven Compressor stand assembly for weaving for 10% Capital Subsidy**

Annex – J 64) Wool Carbonising Line / Plant

Annex – K c. 8) Position Driven Compressor stand assembly for weaving.

(iv) **Submission of claims under TUFs :**

a) i) Benefits under TUFs will not be extended to those units who have been sanctioned loan on or after 1st April 2008 but lending agencies do not raise a claim for reimbursement / capital subsidy with the Office of the Textile Commissioner within one year of date of sanction of loan in the prescribed quarterly format I, II, & III.

ii) The units which do not get adequate response from the lending agencies may appeal to Office of the Textile Commissioner during 10th month after the sanction of the loan. The appeal has to be made through website <http://www.txcindia.com/appeal/appeal.asp> .

iii) For example, the claims for the loan sanctioned during the period 1st April 2008 to 3^{0th} June 2008 should be included by the lending agencies in the formats for the quarter ending June 2009. In case of inadequate response by the lending agencies, the appeal should be made during the month of April 2009.

b) i) Benefits under TUFs will not be extended to those units who have been sanctioned loan during the period 1st April 2007 to 31st March 2008 but lending agencies do not raise a claim for reimbursement / capital subsidy with the Office of the Textile Commissioner by the quarter ending June 2009 in the prescribed quarterly format I, II, & III.

ii) The units which do not get adequate response from the lending agencies may appeal to Office of the Textile Commissioner during the

month of April 2009. The appeal has to be made through website <http://www.txcindia.com/appeal/appeal.asp> .

- c) The units which appeal to Office of the Textile Commissioner through website <http://www.txcindia.com/appeal/appeal.asp> are required to fill up a small format online giving the details like name of the unit, project cost, date of sanction of the loan and name and address of the branch of the lending agency and they will get automatically an acknowledgement which can be printed and kept for the records of the unit. On receipt of the appeal, the Office of the Textile Commissioner will take up with the concerned lending agency for coverage of their cases under TUFS.

(v) Extension of period for the principle term loan payment, in addition to the two years' moratorium period already permitted under TUFS.

IMSC agreed to the suggestion provided it is within the 10 years repayment period including two years moratorium / implementation period under TUFS and subject to the approval of the lending agency and compliance of the RBI guidelines.

(vi) Delay in fund allocation and disbursement of TUFS assistance by banks and financial institutions to the beneficiary.

Lending agencies should disburse the funds to the TUFS beneficiaries within one month of the receipt of the funds from the Govt. and nodal agencies should disburse the funds within 15 days to their co-opted PLIs.

2. Co-option of banks by SIDBI

SIDBI has co-opted The Karad Urban Cooperative Bank Ltd., for SSI sector under TUFS.

The above modification/ clarification/ procedure in the TUF Scheme may 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.

(Smt Shashi Singh)
Joint Textile Commissioner

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. Smt Anita Puri, Under Secretary, Ministry of Textiles, New Delhi – 110 011

(Smt Shashi Singh)
Joint Textile Commissioner