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No. 28(19)/2008-MS/

Date : 16.2.2010

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

**Circular No. 1
(2009-2010 Series)**

Sub: Technology Upgradation Fund Scheme (TUFS)

1. Decisions taken by reconstituted Technical Advisory-cum-Monitoring Committee (TAMC) in its 4th meetings held at Mumbai on 25th November, 2009 .

- (i) IDBI bank has represented to clarify which machinery out of the machinery stated in Annex – B1 (List of machines eligible under TUFS for spinning, silk reeling and twisting / synthetic filament yarn texturising crimping and twisting) of GR on modified TUFS, are eligible for 4% interest subsidy .**

The Committee clarified that machinery stated at sr. no. 1 to 25 of Annex – B-1 are eligible for restricted 4% interest reimbursement while the other machinery is eligible for 5% interest reimbursement.

2. Decisions taken by reconstituted Inter-Ministerial Steering Committee (IMSC) in its 2nd meeting held at New Delhi on 11th January, 2010.

- (i) Under TUFS imported and indigenous machinery of benchmarked technology are eligible and no distinction is made between imported and indigenous machinery. However, under operational guidelines for 20% CLCS/MMS-TUFS, the eligible machinery is indicated in Para 5.1 and 5.2 as follows:**

“Para 5.1: The eligible machinery under the scheme include indigenously manufactured automatic looms, shuttle less looms with or without specified loom accessories and specified weaving preparatory machinery.

Para 5.2 : The new imported looms as well as second-hand imported shuttleless looms upto 10 years’ vintage with residual life of 10 years as per TUFS norms will also be eligible under the scheme.”

IMSC noted that the non-inclusion of imported eligible machinery excluding imported looms appears to be anomaly and hence approved that anomaly may be corrected. IMSC decided that imported and indigenous machinery of benchmarked technology may be made eligible for 20% CLCS/MMS-TUFS.

(ii) Fixation of Minimum Economic Size (MES) for cotton ring spinning.

During the 1st meeting of reconstituted IMSC on TUFS held at New Delhi on 19th January, 2009, 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. Existing weaving/knitting/processing/garmenting/made-ups units can set up spinning capacity under TUFS without any MES norms. However, with regard to MES of stand-alone new spinning units, as desired by IMSC the issue was again discussed at the 4th meeting of the reconstituted TAMC held on 25th November, 2009. TAMC observed that below 8000 spindles the blowroom capacity will not be fully utilised and therefore, the unit will not become financially viable. Therefore, the IMSC decided to approve to reduce the MES of new spinning units from 12000 spindles to 8000 spindles.

(iii) Inclusion of Two for One twister (TFO) and Prewinder / Rewinder to be eligible for 20% MMS-TUFS

IMSC agreed that it is a better technology. IMSC decided to include Two for One Twister (TFO) and Prewinder / Rewinder for powerloom units only as a complimentary to their production under 20% MMS-TUFS with prospective effect only.

(iv) 15% MMS cases sanctioned by co-opted PLIs through the route of office of the Textile Commissioner.

As per norms under modified TUFS for 15% MMS, the entrepreneur has the option to chose either the route of office of the Textile Commissioner or the lending agency for availing of 15% MMS. Since SIDBI is facing problems in determining the eligibility of cases of various co-opted PLIs and the process of claiming the funds is getting delayed, IMSC decided that 15% MMS cases sanctioned by co-opted PLIs (i.e. other than nodal banks/nodal agency/co-opted private commercial banks) may be routed through the O/o. Textile Commissioner to reduce the burden on SIDBI and expedite the process of release of subsidy to the SSI units. SIDBI will only determine the eligibility for 5% interest reimbursement in case of its co-opted PLIs.

3. Co-option of banks by SIDBI

SIDBI has co-opted following additional banks, for SSI sector under TUFS.

- (i) Janta Sahakari Bank Ltd., Pune
- (ii) NKGSB Co-Op. Bank Ltd., Mumbai

(iii) Akhand Anand Co-operative Bank Ltd., Surat

4. Co-option of Regional Rural Banks (RRBs) of bank of Baroda under TUFs

Following RRBs of Bank of Baroda have been co-opted under TUFs

- i. Baroda Uttar Pradesh Gramin Bank
- ii. Baroda Rajasthan Gramin Bank
- iii. Baroda Gujarat gramian Bank
- iv. Nainital Almore Kshetriya Gramin Bank
- v. Jhabu Dhar Kshetriya Gramin Bank

Bank of Baroda will function as nodal bank for these RRBs on similar lines as SBI is functioning as a nodal bank for its seven associate banks, under TUFs. Thus, Bank of Baroda will determine the eligibility and release the TUFs benefit in respect of all the cases financed by them as well as their RRBs under TUFs and will be responsible for verifying the claims of these RRBs 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. Smt. Monika Garg , Joint Secretary, Ministry of Textiles, New Delhi - 110011
3. Shri M.K. Gupta, 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