

Minutes of the 9th Meeting of the Technical Advisory-cum-Monitoring Committee (TAMC) under A-TUFS held on 20.12.2017 at 11.30 A.M in the Office of the Textile Commissioner, Mumbai.

The 9th meeting of the TAMC under Amended Technology Upgradation Fund Scheme (ATUFS) was held under the Chairpersonship of Dr. Kavita Gupta IAS, Textile Commissioner on 20.12.2017 at 11.30 a.m. in the Conference Hall of the Office of the Textile Commissioner, Mumbai. The list of participants is enclosed as **Annexure – I**.

At the outset, the Textile Commissioner welcomed all the participants. Thereafter, agenda points were taken up for discussion.

Agenda No.1: Confirmation of the minutes of the 8th TAMC meeting held on 11.07.2017

Minutes of the 8th TAMC meeting was forwarded to all members on 14.07.2017 by the Office of the Textile Commissioner (OTxC), Mumbai.

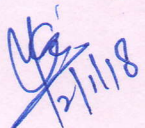
As, no comments/suggestions are received from the members of TAMC, **the minutes are taken as confirmed.**

Agenda No.2: Review of Progress of TUFS

The Committee reviewed the progress of TUFS. The Textile Commissioner informed that, there are no claims pending with Office of the Textile Commissioner. Subsidy claims for the period ending June 2017 of Rs. 350 crores have been sent to Ministry of Textiles which is under process at MOT. The Textile Commissioner urged the banks to submit the pending claims for the period ending upto September 30, 2017 immediately with all necessary certificates such as Sanction Order, Pre-receipt, NMFC, Asset Verification, Claim Correctness etc **along with an undertaking regarding the release of subsidy by using PFMS (EAT) module** in order to utilize the complete fund allocated under TUF Scheme for the year 2017-18.

In regard to pending UID applications under RRTUFS, the Textile Commissioner informed that the applications which have been submitted both by a unit **and** the bank on or before 12.01.2016 will only be considered as eligible under RRTUFS. The Industry representatives and banks stated that this would not be legally tenable situation since the Para 2 of Resolution dated- 13.01.2016 clearly allow all applications to be considered under RRTUFS which were as per records maintained by the Office of the Textile Commissioner. Nowhere in said Resolution, it was stated that the application has to be submitted both by the unit and the bank. They also stated that earlier only the banks were the only channel for submission of applications for issuance of UID and there would be a number of such applications where only banks had submitted applications for issuance of UIDs under RRTUFS. The members informed that, the pending applications which have not been issued UIDs will later become like 'left out' cases as had happened during the earlier versions of TUFS.

The representative of CITI requested that cases in which UIDs have been issued under RRTUFS, but claims have not been received so far by this office, may be cancelled after giving due notices so that the amount which is therefore rendered available within the subsidy cap allocated for RRTUFS cases may be utilized for issuance of pending UID applications under RRTUFS. In this regard, the Textile Commissioner informed that, this office has already sent letters to banks including nodal agencies to inform the reason for non-



claiming the subsidies to such cases. However, many lending agencies are yet to respond to the communication. She further stated that letters will be written to the individual units also giving them due opportunity to expedite their claims and pursue their cases with the banks for submission of claims. A period of 15 days would be given to them for the said purpose failing which they will be informed that their UIDs would be cancelled. After this exercise it will be known how much fund is rendered available for issuance of new UIDs under RRTUFS. The Committee decided that this fund which is rendered available could be utilised for issuance of new UIDs submitted upto 12.01.2016 through online server for this purpose.

Thereafter, the Committee reviewed the progress of ATUFS. The Representative of CITI informed that UIDs have been issued only for Rs. 1,032.91 crores out of a total allocation of Rs. 5,151 crores in two years indicating that the progress of the scheme is not encouraging. Lower response to ATUFS is due to a lower rate of subsidy under the scheme. Members of CITI & SIMA suggested that, the subsidy for weaving machines for MSME units may be increased from 10% to 30% under ATUFS, since the weaving units in the decentralized sector need greater financial support for upgradation of technologies due their weak financials and wafer thin profit margin. This will strengthen the powerloom sector which is a weak link in the textile value chain and will also increase the utilization of fund allotted to ATUFS. **The Committee decided to recommend the same to the IMSC.**

In regard to the progress of SPELSGU, Textile Commissioner informed that, the progress is not picking to the expected levels and she urged the industry to avail full benefits of special package for Garment and Made ups in which the industry has been given adequate support through the six components. **The Textile Commissioner requested the Industry Associations to take concerted efforts for better progress of the scheme. The Industry Association assured the Textile Commissioner that they will make all out efforts to promote investments in garments and made-up sectors which also generate additional employment.**

The representatives of SIMA and CITI informed that, the spinning segment is the backbone of the Textile Industry but has not been given benefits under ATUFS due to over capacity of spindleage. In order to maintain a high level technology, it is essential that benefits for spinning is extended for up-gradation / modernization / replacement of old or obsolete spindleage. The Textile Commissioner informed that TUFS benefits have been extended to the spinning industry for a longer period and the Spinning sector has availed substantial benefit under the scheme. She informed that now since spinning sector is strong enough, it requires to sustain itself through its own investments. The industry representative informed that, as per RBI data, the profit margin of spinning industry is only 3 to 6 % and at the same time, the cost of investment in this sector is much higher. Further, due to high rate of interest in India, the spinning industry does not have a level playing field in the international market.

The Industry representatives further submitted that the TUFS scheme was originally introduced to provide a level playing field to textile sector by ensuring capital investment at internationally competitive interest rate. They pointed out that after excluding the spinning sector for TUFS benefits, the spinning sector has not been able to update the technology and other countries like Vietnam are overtaking India in the share of export market in Cotton yarn. The Industry representatives therefore stated that it is important for the Government to support the segment in upgrading the technology level so that the Competitiveness of the Indian yarn sector can be maintained in the International market. The industry representatives also stated that after the spinning segment was excluded from the TUF Scheme, some of the unit in the Industry in this segment are tending to become NPAs.

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So, the Industry Association requested to reconsider the inclusion of spinning segment under ATUFS for the purpose of replacement of obsolete spindleage.

The TAMC noted the submission of the Industry representatives in the said regard.

Recommendations of TAMC:

The TAMC recommended that it may be proposed to the IMSC to increase the TUFs subsidy for weaving machines for MSME units from 10% to 30% under ATUFS in line with the MMS Scheme which was earlier in operation, since the weaving units in the decentralized sector need greater financial support for upgradation of technologies due to their weak financials and wafer thin profit margin. This will strengthen the powerloom sector which is a weak link in the textile value chain and will also increase the utilization of fund allotted to ATUFS.

Agenda No 3: Proposed Amendments in the guidelines of ATUFS regarding Time line and Condonation under ATUFS:

A. The Textile Commissioner informed that, there are many instances of breach of the guidelines by the banks / lending agencies in respect of timelines fixed for UID applications. The time line of **two months** for first submission and **one month in case of resubmission** by banks are adequate enough and violation of above timeline is a breach of the guidelines. The Textile Commissioner requested all banks to submit the applications within the stipulated timelines and also asked the reason for non-submission of application within the time limit. The SBI representative informed that earlier under R TUFs & RR TUFs, the nodal cell of the respective bank needed to forward the applications, whereas under ATUFS, respective branches are forwarding the applications directly to the TXC server. Many branch officials do not know the procedure and are also not well equipped to handle this issue which results in delay.

The Textile Commissioner requested the banks to train the officials within the next 15 days and in this regard, an online training module could also be formulated. The Textile Commissioner also informed that approximately 98 representations were received for condonation of delay which could not be submitted within the set timeline. (40 such representations were recommended by TAMC in its previous meetings to IMSC). It is expected that more such applications will come in future for condonation of delay. The Textile Commissioner stated that such delays should not happen in future and all the submissions have to be made within the stipulated timelines.

CITI requested that the request for condonation may be accepted as the ultimate sufferer is industry and as such, requested to amend the ATUFS guidelines to extend the time line for submission and re-submission (after correction) of UID application by the banks as under:

- Timeline for Submission of application by the bank: From 2 months to 3 months.
- Timeline for Resubmission of the application after correction by the bank: From 30 days to 45 days.

The industry representative urged that this matter may be placed before IMSC for kind consideration.

B. It was also pointed out by the Textile Commissioner that the stipulated time period of 88 days for completing and submitting the JIT report are not being adhered to mainly since the units are not responding to the ROs for various queries in time. Further, there are common

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discrepancies like wrong selection of machinery manufacturer, submission of incomplete documents and mismatch in the name of machinery in the Invoices etc. She therefore stated that the units should go through the checklist and ensure that discrepancies do not occur at their end due to above reasons and also due to other points mentioned in the checklist so that the overall timeline for submission of complete JIT report by ROs can be adhered to.

The industry representatives agreed regarding the same and it was decided by the Committee that units should necessarily respond to the queries raised by ROs in the JIT documents submitted by unit within 20 days from the date RO communicates the query to the applicant unit. **The overall time line for submission of Completed JIT report by Regional Office shall remain unchanged i.e. 88 days for inspection and 2 days for uploading the JIT report.**

The industry representatives and banks further recommended that for smooth running of the Scheme it would be helpful to amend the ATUFS guidelines to authorise the Textile Commissioner to condone delays in all timelines on a case to case basis based on merit at her level so that delays in the said respects could be avoided. It was decided to place the above recommendations of the industry and banks to IMSC for decision.

The Committee was also of a strong view that, in order to promote the ease of doing business, the Textile Commissioner may be empowered for making modifications in the operational procedures in scheme guidelines, as was earlier authorised till MTUFS period i.e. upto 28.06.2010.

Recommendations of TAMC:

The Committee made the following recommendations to be taken to the IMSC:

- 1. Extension of time limit for submission and re-submission (after correction) to be taken to the IMSC of UID application by Bank:**
 - Timeline for Submission of application after correction by the bank may be revised from 2 months to 3 months in ATUFS guidelines.
 - Timeline for Resubmission of the application after correction by the bank may be revised from 30 days to 45 days in ATUFS guidelines.
- 2. JIT request: The units should necessarily respond to the queries raised by ROs in the JIT documents submitted by the unit within 20 days from the date RO communicates the query online to the applicant unit. The overall time line for submission of Completed JIT report by Regional Office shall remain unchanged i.e. 88 days for inspection and 2 days for uploading the JIT report.**
- 3. For smooth running of the Scheme it was recommended to request the IMSC to amend the ATUFS guidelines to authorise the Textile Commissioner to condone delays in respect of all timelines, on a case to case basis, based on merit at her level so that delays in the said respects could be avoided.**
- 4. Further, the TAMC recommended that to promote the ease of doing business, the Textile Commissioner may be empowered to make modifications in operational procedures given in the scheme guidelines as was earlier authorised till MTUFS period i.e. upto 28.06.2010.**

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Agenda No. 4: Procedure for enlistment of importers/authorised stockists who are stocking the imported machinery of garments, apparels and made-ups in Custom bonded Warehouse.

The Committee observed that many of the MSME units of Garment segment procure stitching machines from custom bonded warehouses to avoid complex import procedures. However, there is no specific provision for enlistment of importers/authorised stockists who are stocking the imported machinery of garments, apparels and madeups in Custom bonded Warehouse.

However as per Para 4.2.1 of ATUFS guidelines dated 29.02.2016, machinery manufacturer and their authorised agents are required to be notified by the Textile Commissioner on recommendation of TAMC.

After due deliberations, it was decided in the TAMC to recommend to the IMSC to provide for enlistment of importers/authorised stockists who are stocking the imported machinery of garments, apparels and madeups in Custom bonded Warehouse and amend the guidelines to accommodate the same..

Recommendations of TAMC:

1. TAMC recommended to the IMSC to make a provision in the ATUFS guidelines for enlistment of Importers/Authorised Stockists who are stocking the imported machinery of garments, apparels and madeups in Custom bonded Warehouse and accordingly amend the guidelines to accommodate the same.
2. The TAM Committee further decided that if IMSC approves the above modification in ATUFS guidelines, the following procedures may be adopted for enlistment of the Importers/ Authorised Stockists who are stocking the imported machinery for garments, apparels and made ups in the custom warehouse, in addition to Authorised agent of Textile Machinery Manufacturers in terms of Para 4.2.1. of ATUFS guidelines:
 - i. The Parent machinery manufacturer has to be enlisted under ATUFS.
 - ii. An MoU should be entered between the Parent machinery manufacturer and Importers/Authorised Stockists who are stocking the imported machinery of garments, apparels and madeups in Custom bonded Warehouse.
 - iii. The MoU between machine manufacturer and Importers/Authorised Stockists should clearly spell-out about the commission to be charged by the agent on basic price of the machinery.

Agenda no.5: Exemption from enlistment of machinery manufacturer under ATUFS for the cases sanctioned under RR-TUFS period and applied under ATUFS.

Vide minutes of the 8th meeting of TAMC held on 11.07.2017, the TAMC had recommended to place the matter before the IMSC for allowing the applications of RRTUFS guidelines to cases where term loan had been sanctioned by the lending agencies under RRTUFS but which had applied under ATUFS. The Textile Commissioner informed the TAMC that due diligence was done again on the RR TUFS and ATUFS guidelines and after the same it was concluded that in view of para 4.6.5 and para 6 of the ATUFS guidelines dated 29.02.2016, the enlistment of machine manufacturers in the cases which



were sanctioned by the lending agencies earlier to 13.01.2016 but which had applied for subsidy benefits under ATUFS is not required.

Decision of TAMC:

The Committee decided that in view of para 4.6.5 and para 6 of the ATUFS guidelines dated 29.02.2016, the enlistment of machine manufacturers in the cases which were sanctioned by the lending agencies earlier to 13.01.2016 but which had applied for subsidy benefits under ATUFS is not required. The Committee therefore decided that the said agenda for obtaining exemption for enlistment of machinery manufacturers under ATUFS for the cases sanctioned under RRTUFS period and applied under ATUFS may be dropped from the IMSC agenda.

Agenda No.6: Submission of additional documents like ISO certificate etc as specified in Circular No. 3 (2017-18 series) dated 22.05.2017 from the already enlisted Machinery manufacturers.

The Committee was apprised about the progress of details / documents received from the 1257 enlisted machinery manufacturers under ATUFS. The Committee observed that, the response received from the machinery manufacturers is not satisfactory.

The members informed that for taking ISO certificate specifically in China, it takes almost 9 to 11 months. As such , the time limit for submission of required documents by these 1257 units may be increased to one year from the date of issue of Circular No. 3 dated 22.05.2017.

Accordingly, the Committee decided to increase the time limit for submission of documents to one year from the date of issue of Circular no 3 dated 22.05.2017 ie upto 21.05.2018.

Further, members of ITTA and TMMA (I) requested that other Accreditation agencies should also be recognised for ISO certification .The Industry representatives and members of ITTA and TMMA(I) requested that all ISO Accreditation agencies /Authorities which are empanelled by International Accreditation Forum be recognised for the purpose of certifying the machine manufacturers in addition to the Accreditation agencies which are recognised vide QMS of QCI and Appendix 2I of FTP 2015-20.

The Textile Commissioner was of the view that since QMC of QCI and Appendix 2I of FTP 2015-20 is the list of empanelled accreditation agencies/authorities recognised by the Government of India, hence it is necessary to limit to this list so that quality machines of the required quality standards come into Indian market.

The industry representatives ITTA and TMMA (I) however requested that if more Accreditation agencies /Authorities are allowed and recognised by this forum for ISO Certification of Textile machinery Manufacturers, it would give flexibility for importing standard and high technology machines which do not have ISO Certification from QCI or FTP empanelled agencies.

With due deliberations, it was agreed that a Sub-committee may be constituted under the Chairpersonship of the Textile Commissioner with the representatives of NABC ,Industry ,ITTA and TMMA(I) to examine the list of accreditation agencies /Authorities which would be recognised for the purpose of giving ISO Certificates to the machine manufacturers who could be empanelled for supplying the machinery which are eligible for ATUFS benefits.

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Decision of the TAMC:

1. **The Committee decided to increase the time limit for submission of documents for enlistment of machinery manufacturers to one year from the date of issue of Circular No. 3 dated 22.05.2017 i.e. upto 21.05.2018.**
2. **The Committee decided that a Sub-committee under the Chairpersonship of the TXC may be constituted with the representatives of NABC, Industry, ITTA and TMMA (I) to examine the list of accreditation agencies /Authorities which would be recognised for the purpose of giving ISO Certificates to the machine manufacturers who could be empanelled for supplying the machinery which are eligible for ATUFS benefits. This Sub-committee will put up its recommendations to TAMC for decision.**

Agenda No.7: Inclusion of Machinery under ATUFS

The Committee discussed and decided to include the **machine i.e. “Fully Computerised Flat Knitting machine for Shoe Vamps”** in the list of Machinery for Manufacture of Technical Textiles (MC-3) with the following specifications:

- i. Bed design and Strong Take down roller capable to produce Shoe Vamps*
- ii. Width of the machine – maximum upto 40”*

Agenda No.8: Ratification of inclusion of machinery manufacturer under ATUFS

The Committee discussed the empanelled list of machinery manufacturers as given in the agenda and after due deliberations ratified the same.

Decision of the TAMC:

The Committee ratified the inclusion of machinery manufacturers as given in the agenda. The ratified the list of machinery manufacturer is at Annexure II.

Agenda No. 9: Clarification on In-Principal approval of Loan as loan sanctioned under A-TUFS with the date mentioned therein would be the date of communication of sanction of Term Loan.

It was brought to the notice of the Committee that in a few cases, the units have produced invoices which are prior to the actual loan approval but have argued that they had received in principle term loan approval prior to the invoice date.

The Committee deliberated on the said issue and pointed out that as per guidelines of ATUFS (para 4.6.1), “The date of sanction of term loan shall be the date of the letter of the lending agency vide which the sanction of term loan is communicated to the entrepreneur”. Therefore there is no scope for in-principle term loan approval under ATUFS.

Decision of the TAMC:

The Committee decided that the date of sanction of term loan would be the date of actual sanction of term loan and not the date when in principal approval was given by the bank.

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Agenda No. 10: Clarification on Two Term Loan Account in UID application:

The Committee discussed that as per guidelines of ATUFS, the Bank/unit has to submit the Loan account number in the UID application and subsidy will be released to the beneficiary in the loan account number. SIDBI had sought clarification on consideration of two account numbers for one term loan (i.e. quasi-equity account [soft loan] and another as term loan account) under ATUFS. The matter was discussed and it was clarified that there is no provision in ATUFS guidelines to give subsidy on two account numbers of a Bank for one term loan. The Committee therefore decided that as per the guidelines, only one term loan account per project per bank is allowed under ATUFS.

Decision of the TAMC:

The Committee decided that as per the ATUFS guidelines, only one account per bank per project could be considered for ATUFS benefits.

Supplementary Agenda No. 1: Representation received from SIMA for increasing Time limit for submission of UID application by unit to the bank

SIMA informed that several member mills of the association particularly from MSME sector are finding it difficult to submit their UID applications within the prescribed time limit of 6 months.

The Textile Commissioner informed that the timeline of 6 months provided in the guidelines for submission of UID application under ATUFS by unit to the bank is adequate enough and needs no relaxation. However, representative of SIMA informed that although many of the units are applying within the timeline of 6 months, it has been observed that in some cases where project proposal undergoes any changes/ revision, the unit gets delayed in submission of applications and is unable to submit the application within 6 months. Further, the Industry represented that under RTUFS and RRTUFS the timeline for submission of UID applications by units was one year. They also stated that some of the units particularly small entrepreneurs which are located in remote areas find it difficult to adhere to the timeline of 6 months.

The Committee was informed that 168 representations (approx.) have been received for condonation of delay in submission of UID applications (74 such representations were recommended by TAMC in previous meetings for consideration by IMSC). It is expected that more such applications may come in future for condonation of delay.

The Industry Association and Banks urged that, the timeline for submission of UID application by units may be increased from six months to one year from the date of sanction of Term Loan. Further, the Industry also urged that the Textile Commissioner may be authorised to condone genuine cases on a case to case basis, based on merit beyond the above relaxed timeline.

Recommendations of the TAMC:

- 1. It may be proposed to the IMSC that timeline for submission of UID application by units may be increased from six months to one year from the date of sanction of Term Loan.**

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2. It may be proposed to the IMSC that the Textile Commissioner may be authorised to condone genuine cases on a case to case basis, based on merit beyond the above relaxed timeline.

Supplementary Agenda No. 2: Representation received from SIMA for increasing Time limit for Submission of JIT request by unit.

Representative of SIMA informed that as per ATUFS guidelines the unit has to submit the JIT request within 1 year from the date of sanction of Term loan which can be extended upto 2 years on a case to cases basis with the approval of the Textile Commissioner. However in many cases it has been observed that industry is facing difficulty in complying with these timelines due to many issues like delay in getting shipments, extended machinery delivery schedules, delay in processing disbursal of the loans, delay in implementing the project due to market crisis and financial crunch etc. Hence, SIMA requested to increase the time limit suitably to accommodate such cases.

The Committee was informed that, 184 representations (Approx) have been received for condonation of delay in submission of JIT request beyond 2 years. (80 such representations were recommended by TAMC in previous meetings for consideration by IMSC). It is expected that more such applications may come in future for condonation of delay.

It was discussed that as per para 4.6.5 of the ATUFS guidelines, cases where term loan had been sanctioned by lending agencies under RRTUFS, but the period of one year from the term loan was not over upto 12.01.2016 and in those cases where the UID applications have not been uploaded in the TXC server using iTUFS upto 12.01.2016 midnight, such cases were allowed to be uploaded for benefits as per ATUFS scheme within a period of six months from the date of issuance of Resolution No. 6/5/2015-TUFS dated 13.01.2016. In such cases, the UID could have been issued as late as 1½ years from the date of sanction of the term loan. Some of the units might have purchased their machinery only after the issuance of UID and shipments and installation might have taken a further period of one year. Further since the TXC had authority to extend the JIT request only upto a period of two years, the JIT extension beyond two years could not be done at the TXC level and had to be put up before the IMSC. The IMSC would now be considering condoning such delays only in February, 2018 in its next meeting which would mean that, there would be a delay of more than three years. In such cases the timeline for JIT request would therefore have to be extended beyond three years. The TXC may be allowed to condone such cases on case to case basis after examining the merit of these cases.

The industry urged to extend the timelines for submission of JIT request as below:

- Under ATUFS, the time line was requested to be extended from 1 year (extendable to 2years) to 2 years (extendable to 3 years) after examination of the request on a case to case basis.
- **The RRTUFS cases allowed under ATUFS, the Textile Commissioner may be authorised to condone the delay beyond 3 years at her own level on a case to case basis based on the merits of the case.**

The industry further urged that the Textile Commissioner may be authorised to condone the delay at her own level based on the merit of the case.

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Recommendations of the TAMC:

It is recommended to the IMSC that:

- 1. Under ATUFS guidelines, the time line be extended from 1 year (extendable to 2years) to 2 years (extendable to 3 years), after examination of the request on a case to case basis by the Textile Commissioner.**
- 2. For the RRTUFS cases allowed under ATUFS, the Textile Commissioner may be authorised to condone the delay beyond 3 years at her own level on a case to case basis based on the merits of the case.**

Supplementary Agenda No. 3: Representation has been received from CITI regarding release of Committed Liabilities under M-TUFS & R-TUFS

The industry representatives stated that due to delay in the third party Evaluation Study of NABCONS, the industry is going through a tremendous financial stress which is also resulting into units becoming NPAs. CITI and other industry associations mentioned that their members have not received any subsidy in respect of their accounts categorised as MTUFS (List-II) from Dec 2014 onward and in about 351 accounts categorised as MTUFS (List-I), since September 2012 onward. Moreover, the industry representative pointed out that the Chief Executive Officer of NABCONS had assured the Industry in the Evaluation Committee meeting held on 07.09.2017 that the Report complete in all respects will be submitted within 15 days i.e. by 22.09.2017. They requested the Chairperson, TAMC to inform the status of long due subsidy of such accounts under MTUFS and RTUFS. The Chairperson, TAMC told that NABCONS personnel have been called for this meeting to present the status before the members and requested them to submit the position before the Committee. The members of the TAMC including representatives of Industry were extremely unhappy on delay in completion of NABCONS study which is resulting into a lot of stress in Industry.

Dr. Premi stated that delay in completion of the work is due to the additional data like sanction data, disbursement date etc. required by Textile Commissioner's office. They have to now collect this additional information. They have collected the data as per the format given in the scope of work and submitted. Further, each account has atleast 400-500 pages of documents which they will submit after taking certification from the bank. They can now approach the banks once the data is compatible for authentication.

In this regard, the Textile Commissioner clarified that no additional data whatsoever has been called for and all the details sought are only as per terms of agreement. She pointed out that NABCONS was to evaluate the committed liability of all accounts with the lending agencies concerned and compute the data in the format which would be provided by the Textile Commissioner. The formats given in the agreement are end/output formats and as per the clauses 1(h) NABCONS has to provide data to OTXC as per the formats which would be provided by the TXC. However NABCONS has not conformed to the terms of agreement and has not submitted the data in the format which was provided by the Textile Commissioner. Due to this, the submitted data could not be validated and compared with the data available with the Textile Commissioner. She also pointed out that even though the terms of agreement in Para 2(d) clearly states that "the system developed for the purpose of input format and output generation should be provided to the Office of the Textile Commissioner alongwith the computations contained in a CD, no such system was developed by the NABCONS and

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thus the Office of the Textile Commissioner had to themselves develop a software so that the data provided by NABCONS could be compared and checked against data available on records of the Textile Commissioner for the duplication/incorrect figures.

Dr. B. R. Premi, Vice President, NABCONS claimed that they have submitted data for 5587 accounts and next 1312 accounts on 20.12.2017 totalling to 6899 cases, which is compatible to be migrated into the software developed for the purpose. He clarified that 6729 accounts are ready along-with documents, and 2099 accounts are pending due to non availability of documents or discrepancies, totalling to 8828 accounts. He further stated that for 476 accounts, banks have not furnished any records thus totalling to 9304 accounts.

TxC informed that NABCONS was expected to submit the report by March 2017 as per the agreement having signed the contract on 09/01/2017. Despite having a series of meetings, review meetings, discussions and correspondence, the study remained incomplete as on date. NABCONS had submitted certain data in respect of about 5587 accounts out of approximately 9304 accounts in the format suggested by the TxC office in the month of November 2017, stating that remaining accounts will be submitted shortly after 15 days. However, they were not able to adhere to their commitment. However the TxC pointed out that while NABCONS had submitted information for 5587 accounts, it has not given the following information regarding these accounts as required as per the terms of Agreement:

- i. As per terms of Agreement, the reassessment by the consulting agency will be based on the term loan records and if there is any significant variation case wise committed liability (old and revised), the consulting agency was to record such reasons as provided by the lending agency or as would arise during re-evaluation exercised after consulting the lending agency. (Clause 1(g) of terms of Agreement)
- ii. After evaluating committed liability of all accounts with lending agency concerned, the consulting agency was to compute the data in a format provided by the Textile Commissioner mentioning therein account wise and quarter wise committed liabilities, claims made so far, exact reason for variation in committed liabilities and claims thereof etc. And also consolidated for each of the lending agencies. (Clause 1(h) of terms of Agreement)
- iii. The consulting agency will take out the printed version computations prepared after evaluation, sign the same and thereafter obtaining the signatures of the officer in-charge of TUF cell which will be countersigned by the officer in-charge of TUF Cell of the concerned lending agency. (Clause 1(i) of terms of Agreement)
- iv. Further as per clause 1(j) of agreement, after completing all the exercise, consulting agency should prepare the report and submit it to the Textile Commissioner along with the soft copy of the data/details so computed.
- v. She also pointed out that as per the terms of agreement clause 1(f) the consulting agency was also required to examine all the concerned term loan documents such as ledger of each account available with lending agency and make an evaluation, examination and assessment of committed liability of each case afresh based on the eligible term loan amount disbursed, subsidy received till date and likely liability of each case upto 31.3.2017 or up to the end of full tenure of the term loan.

Further she stated clearly that the formats in which the data was prescribed to be given vide format I, II III are the final output formats, however to arrive at these formats one

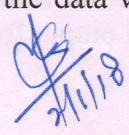
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requires to carry out all the exercise as required in Para 1(e),1(f), 1(g), 1(h), 1(i), 1(j). However, she stated that NABCONS produced certain data in format I,II &III in excel sheet format without substantiating as how they arrived on these figures. She informed the TAMC that in the absence of this, it became difficult for the Textile Commissioner to ascertain the correctness of the data, especially since no authenticated supporting documents were furnished by NABCONS in the said regard.

The Textile Commissioner further informed that as such, the study has remained incomplete as on date. The NABCONS had submitted certain un-authenticated data in respect of about 5587 accounts in November 2017 in the format provided by the TxC office, as per clause 1(h) of the agreement. While scrutinising the said data on sample basis, serious deficiencies/ discrepancies were observed, which creates doubt on the integrity of the data. These deficiencies/discrepancies were as follows:

- i. The data furnished is not authenticated by the lending agency, and not supported with authenticated documents from the lending agencies.
- ii. MTUFS cases were shown with the date of sanction of term loan which were reported beyond 28.06.2010 (**the last date** of MTUFS).
- iii. There were cases reported which have been disbursed after six months from the date of sanction of term loan, however letter of revalidation from the lending agencies were not produced. NABCONS was required to check such cases at lending agency level to ascertain on whether the revalidation was provided by the lending agencies in such cases.
- iv. Sample check by the Office of the Textile Commissioner showed there were a number of cases where the committed liability for a particular quarter was more than the committed liability of the previous quarter. This cannot happen and ought to have been checked/verified by NABCONS.
- v. Sample checks by the Office of the Textile Commissioner also showed in number of cases where the eligible term loan amount for subsidy was shown as more than the sanctioned total term loan amount. This also cannot happen and the same therefore ought to have been checked/verified by NABCONS in the records of lending agencies.
- vi. Sample check by the Office of the Textile Commissioner also found a number of cases where the name of unit and lending agency both in MTUFS list (List In and List II cases). The two lists are mutually exclusive and no account can appear in both the lists. NABCONS ought to have reconciled this data.

Dr. Premi explained that at the Bank level, there is a problem in the data. He informed that out of 5587 accounts submitted earlier, 35 accounts were found where the date of sanction of term loans are beyond 28.06.2017 and 254 accounts had a gap of more than one year between the date of sanction of term loan and disbursement date. He further informed that 861 accounts had a committed liability of more than the committed liability in the previous quarter and 13 cases showed eligible term loan amount more than sanctioned term loan. He also informed that they will provide the old name and new name wherever they find a name change. He assured that he will verify all the discrepancies as pointed out by the OTxC. The TxC however, stated that during a simple check carried on by her office there were such discrepancies in more than 50% of the data which would mean the quantum of

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work required to be done by NABCONS is manifold than what has been stated here by Dr. Premi.

The Textile Commissioner informed the Committee that the discrepancies are very serious and NABCONS has not correctly evaluated the data from the Lending Agencies or verified the data collected. The data submitted by NABCONS involves great financial implications to the Industry and to the Government. However, considering the serious discrepancies observed as stated above, the data submitted is found at present to be unreliable.

Shri V. K. Ladia representing CITI stated that the Industry is very upset and disappointed with NABCONS about the study. He pointed out that the industry now has serious doubts about the competence of NABCONS to carry out this study. He further stated that the same was pointed out to them during various meetings. He cited that NABCONS' own internal circulars were defective **since these circulars included ATUFS** also in the scope of the work, however the evaluation of ATUFS is not in the purview of NABCONS study. They outsourced the work and utilised retired employees, who had no domain knowledge about the Scheme. He also pointed out that the assignment was signed on 09.01.2017 with time period to complete the work within two months. However, it is almost a year now and the work has not been completed.

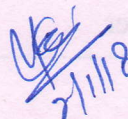
Shri Ladia informed that Industry is already suffering and a lot of damage has been done due to the delay. The Consulting Agency has handled the work in an unprofessional and incompetent manner. In the last review meeting in September 2017, NABCONS promised that work will be completed in 15 days. He said that looking at the current position, NABCONS' can never complete the study hence the study may be scrapped. He proposed that a task force comprising persons from the Textile Commissioner's office, specialised experts from industry, senior level people from SBI etc may be constituted for the same and the correct position of committed liabilities in MTUFS List I & List II cases be reached.

In the end the Textile Commissioner stated that the Office of the Textile Commissioner has been working in every possible manner so as to facilitate the completion of NABCONS study. While she pointed out that it is a third party evaluation, none-the-less the officers of the Textile Commissioner will sit with the NABCONS on a continuous basis to monitor and endeavour the progress in the study.

Recommendations of TAMC:

While the Industry representatives were strongly of the opinion that NABCONS study should be scrapped and a task force comprising persons from the TxC Office, specialized experts from the industry, senior level people from SBI etc., should assist to reach the correct position of committed liabilities in MTUFS List-I and List-II cases, the TxC recommends that NABCONS be given another two more months to complete the study for including/addressing all the requirements as defined in Terms of Agreement and to the satisfaction of Evaluation Committee constituted under the TxC in the said regard to determine reliability and correctness of the report.

Since there was no further agenda to discuss, the meeting ended with a vote of thanks to the chair.



Annexure I

List of Participants of the 9th TAMC Meeting held on 20.12.2017

| Sr. No. | Name & Designation of the participants | Organization |
|--------------------------|--|------------------------------------|
| Committee Members | | |
| 1. | Dr. Kavita Gupta, Textile Commissioner & Chairperson | Office of the Textile Commissioner |
| 2. | Shri O. M. Prabhakaran, Deputy Director General | Office of the Textile Commissioner |
| 3. | Shri S.P.Verma, Joint Textile Commissioner | Office of the Textile Commissioner |
| 4. | Shri Ajay Pandit, Director | Office of the Textile Commissioner |
| 5. | Shri. S. Balaraju, Executive Director. | SRTEPC |
| 6. | Dr.V. K. Ladia, TUF Committee Chairman | CITI |
| 7. | Dr. K. Selvaraju | SIMA |
| 8. | Ms. Saeeda Patel | AEPC |
| 9. | Shri S.K. Chandra | I.J.M.A. |
| 10. | Shri T. Ramesh Rao, Nodal Officer, TUFS Cell, H.O. | Bank of India |
| 11. | Shri K. Kishore Hegde | Punjab national Bank |
| 12. | Shri Anup Rakshit , ED | ITTA |
| 13. | Shri Sachin Arora, Secretary | TMMA (I) |
| 14. | Shri K. Rangarajan, President | SISPA |
| 15. | Shri. Vikas Gupta | Bank of India |
| 16. | Shri Arpit Singh, Asstt. Manager | Union Bank of India |
| 17. | Shri Atulkumar Hadole, Sr. Manager (TO) | Central Bank of India |
| 18. | Shri Karan Kumar | Bank of Baroda |
| 19. | Shri Rahul Khaparde | Bank of Baroda |
| 20. | Shri Nilanjan Haldhar, Manager | State Bank of India |
| 21. | Shri S. Ramaiah, DGM | IDBI Bank |

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| 22. | Shri Pramod katole, AGM | IDBI Bank |
| 23. | Shri Rajat Jain, Manager. | SIDBI |
| 24. | Shri Murali Kumar, AGM | SIDBI |
| 25. | Shri A.Ravi Kumar, Joint Director | TEXPROCIL |
| 26. | Shri V.K. Sharma, Senior Consultant | NABCONS |
| 27. | Dr. B.R.Premi, Vice President | NABCONS |

Invitees

| | | |
|-----|---|------------------------------------|
| 28. | Shri.S.K.Singh, Deputy Director | Office of the Textile Commissioner |
| 29. | Shri.A.Paramasivan, Assistant Director | Office of the Textile Commissioner |
| 30. | Shri.Sivanand Bachagundi Assistant Director | Office of the Textile Commissioner |
| 31. | Shri.S.Dhanasekaran, Assistant Director | Office of the Textile Commissioner |
| 32. | Shi. Sourav Mukherjee, Assistant Director | Office of the Textile Commissioner |
| 33. | Shri. Santosh Pakhare, Assistant Director | Office of the Textile Commissioner |
| 34. | Smt.R.Revathi, Technical Officer | Office of the Textile Commissioner |
| 35. | Shri.G.S.Sivakumar, Technical Officer | Office of the Textile Commissioner |
| 36. | Shri D. Jeyaram, Technical Officer | Office of the Textile Commissioner |

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Annexure II

**The Ratified Machinery Manufacturers list in the 9th TAMC Meeting held on
20.12.2017**

| Sr. No. | Name of the Machine Manufacturer |
|-------------------|--|
| Indigenous | |
| 1 | M/s. Harish Textile Engineers Pvt. Ltd, Valsad |
| 2 | M/s. Heatex Industries Limited, Surat |
| 3 | M/s. Atlas Copco (India) Ltd, Pune, Maharashtra, |
| 4 | M/s. Textile Engineering Co, Thane, Maharashtra, |
| 5 | M/s. Jakob Muller (India) Pvt. Ltd, Bangalore, Karnataka |
| 6 | M/s. Weavetech Engineers, Silvassa |
| 7 | M/s. Stenford Industries, Surat |
| 8 | M/s. Tony Engineerings, Palladam |
| 9 | M/s. Hi-Tech Engineers, Baroda |
| 10 | M/s. Ramsons Garment Finishing Equipments Pvt. Ltd, Bangalore |
| 11 | M/s. Nuva Machine Works India Private Limited, Tirupur |
| 12 | M/s. Anil Metal Industries, Ahmedabad |
| 13 | M/s. Mutu Machinery Manufacturers, Palladam |
| 14 | M/s. Amar Jacquard, Ludhiana |
| 15 | M/s. Briltex Industries LLP, Surat |
| 16 | M/s. Batliboi Ltd, Mumbai (Authorized Agent of M/s. Ferraro SPA, Italy) |
| 17 | M/s. Manish Textile Engineers, Surat |
| 18 | M/s. Clartech Engineers Private Limited, Ahmedabad |
| 19 | M/s. Mahashiv Textile Industries, Surat |
| 20 | M/s. Mahashiv Textile Engineering Pvt.Ltd, Surat |
| 21 | M/s. Alpine Knits India Pvt Ltd., Tirupur (Authorized Agent of M/s. Pegasus Sewing Machine PTE Ltd, Singapore, M/s. Brother Machinery (Asia) Ltd, Hong Kong and Eastmen – C.R.A (Hong Kong) Ltd, Hong Kong). |
| 22 | M/s Paramount Looms Pvt. Ltd, Surat |
| 23 | M/s Kishan Textile Industries, Surat |
| 24 | M/s Shreenath Engineering, Surat |

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| Sr. No. | Name of the Machine Manufacturer |
|-----------------|---|
| Imported | |
| 1 | M/s Tokai Industrial Sewing Machine Co., Ltd., Japan |
| 2 | M/s. Itema (Asia) Limited, Hong Kong (Authorized Agent) |
| 3 | M/s. Espritech GmbH, Switzerland |
| 4 | M/s. N.V.Bonas Textile Machinery Belgium |
| 5 | M/s. Magetron Srl, Italy |
| 6 | M/s. Pai Lung Machinery Mill Co., Ltd, Taiwan |
| 7 | M/s. Stoll Financial Services GMBH, Reulingen (authorised agent of M/s. H. Stoll GmbH & Co., KG.) |
| 8 | M/s. Fukahama Machinery Co., Ltd, Taiwan |
| 9 | M/s. Qingdao Tianyi Group Red Flag Textile Machinery Co., Ltd, China |
| 10 | M/s. Qingdao Liwei Mechanical Manufacturing Co., Ltd, China |
| 11 | M/s. Murata Machinery Ltd, Japan |
| 12 | M/s. Zhejiang Huahai Heli Science & Technology Co., Ltd, China |
| 13 | M/s. Tajima Industries Ltd, Japan, (Authorized Agent of M/s. Tokai Industrial Sewing machine Co., Ltd). |
| 14 | M/s. Qingdao Haifu Machinery manufacturer Co., Ltd, China |
| 15 | M/s. Termoelettronica Srl, Italy |
| 16 | M/s. Lisky Technology Co., Ltd, Taiwan |
| 17 | M/s. MHM Machines Highest Mechatronic GmbH, Austria |
| 18 | M/s. Arvee International PTE Ltd, Singapore (Authorized Agent of M/s. Tsudakoma Corp. Japan) |
| 19 | M/s. Zhuji Maya Electric Appliance Machinery Co., Ltd, China |
| 20 | M/s Qingdao Wanhua Machinery Co. Ltd, China |
| 21 | M/s Smart Machinery Co. Ltd, Taiwan |
| 22 | M/s J. Zimmer Maschinenbau GmbH, Austria |
| 23 | M/s Corino Macchine S.P.A., Italy |
| 24 | M/s SPG Prints Austria GmbH, Austria |

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