

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

Date: 12th March, 2009

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

**Circular No. 9
(2008-2009 Series)**

Sub: Technology Upgradation Fund Scheme (TUFS).

1. Additional nodal banks under TUFS.

The reconstituted Inter-Ministerial Steering Committee (IMSC) in its 1st meeting held at New Delhi on 19th Jan., 2009 decided to co-opt additional 25 nodal banks under TUFS for the cases financed by them. Out of the identified 25 lending agencies, 23 lending agencies have given consent to become nodal banks under TUFS. The names of the 23 lending agencies are as under :

1) Allahabad Bank	2) Bank of Maharashtra
3) Dena Bank	4) Oriental Bank of Commerce
5) Punjab and Sind Bank	6) Syndicate Bank
7) UCO Bank	8) Vijaya Bank
9) Rajasthan State Industrial Investment Corporation	10) AXIS Bank
11) ING Vysya Bank	12) Karur Vysya Bank
13) Tamilnad Mercantile Bank	14) Catholic Syrian Bank
15) Federal Bank	16) Indusind Bank
17) Jammu & Kashmir Bank	18) Karnataka Bank
19) City Union Bank	20) Laxmi Vilas Bank
21) United Bank of India	22) Corporation Bank
23) South Indian Bank	

- (i) The above nodal banks have accepted to set up a separate TUF Cell with appropriate staff strength under a nodal officer to handle expeditiously TUFS cases of its branches.

- (ii) The nodal banks will inform the name, designation, address along with Tel. No., Fax and E-mail address of nodal officer of the dedicated TUFs Cell to the Office of the Textile Commissioner. In case of any change, in name and other details of nodal officer the same will be informed immediately.
- (iii) The nodal banks will determine the eligibility and release the TUFs benefit in respect of all the cases financed by them under TUFs including non-SSI, SSI and also cases covered under 15% MMS –TUFs for SSI sector and 10% capital subsidy for specified processing / garmenting / technical textile machinery.
- (iv) **The cut-off date for additional nodal banks is 1st April, 2009.** In respect of ongoing cases under TUFs, Nodal Banks **shall administer interest reimbursement for the quarter January-March 2009 (payable from April 1, 2009) and onwards.** In respect of new cases and past cases (for which interest reimbursement has not been claimed from IDBI Bank / SIDBI for some reason altogether or for some period), interest reimbursement shall be administered by Nodal Banks from April 1, 2009, though the claim/s may pertain to period earlier than quarter January-March 2009.
- (v) The Nodal Banks shall examine eligibility of cases from TUFs-angle before a project becomes eligible to the benefit of interest reimbursement (IR) / capital subsidy (CLCS) / margin money subsidy (MMS) under TUFs.
- (vi) In case of consortium financing, the consortium leader shall assess eligibility of the project under TUFs for itself and also for other members of the consortium, provided the consortium leader is a nodal bank. In case consortium leader is not a nodal bank, the nodal bank with major share of term loan shall assess the eligibility of the project for 5% IR, 15% MMS / CLCS for SSI units and also determine eligibility of 10% capital subsidy for specified processing /garmenting / technical textile machinery.
- (vii) In case of financing by multiple banks, the bank with major share of term loan shall assess eligibility of the project under TUFs for itself and also for other banks, provided the said bank is a nodal bank. In case bank with a major share of term loan is not a nodal bank, the nodal bank with major share of term loan shall assess the eligibility of the project for 5% IR, 15% MMS / CLCS for SSI units and also determine eligibility of 10% capital subsidy for specified processing / garmenting / technical textile machinery.
- (viii) In case of consortium financing / financing by multiple banks, the individual banks shall administer interest reimbursement / capital subsidy to their assisted units, provided the banks are nodal banks. However, IDBI Bank / SIDBI shall administer interest reimbursement to those banks of the

consortium / multiple banking arrangement which are not nodal banks, for which purpose IDBI Bank / SIDBI shall be endorsed / forwarded a copy of eligibility certificate by the nodal bank, issued to such banks.

- (ix) Nodal Banks shall examine eligibility of new cases, as well as of existing cases (i.e., already assessed by IDBI Bank / SIDBI) in case of change in scope (on the lines as if fresh case) / change in repayment schedules / funding of interest / takeover of loan / conversion of Rupee Term Loan (RTL) to Foreign Currency Loan (FCL) and vice versa, etc., **from 1st April, 2009.**
- (x) **IDBI Bank / SIDBI shall examine all the cases received upto March 31, 2009.** The references / proposals which are not cleared by IDBI Bank / SIDBI under TUFS for want of additional information, the same shall be attended to by new nodal banks in the light of the query made / raised by IDBI Bank / SIDBI.
- (xi) Nodal Banks would have retained correspondence on their files in respect of existing cases examined by IDBI Bank / SIDBI under TUFS. IDBI Bank / SIDBI shall, therefore, retain the existing case files for the time being. The files shall be transferred to respective nodal banks in due course of time.
- (xii) Nodal Banks shall submit the data for unit-wise claims under TUFS in prescribed Formats I – III (quarterly on cumulative basis) and progress of TUFS in prescribed Format – IV (monthly on cumulative basis) by 5th of the following month through the online system developed by the Office of the Textile Commissioner.
- (xiii) The release of funds under TUFS has been linked to the online system for submission of data in the Format (I to IV) prescribed by the Office of the Textile Commissioner. The funds will not be released until the unit-wise data in the prescribed format is submitted to the Office of the Textile Commissioner.
- (xiv) Nodal Banks shall submit utilisation certificate to MoT, GoI, New Delhi in prescribed formats on monthly / quarterly basis and also indicate the quarter-wise subsidy released in the prescribed quarterly formats to Office of the Textile Commissioner before submission of next quarterly claim in the prescribed format.
- (xv) As funds will be placed by MoT, GoI, New Delhi, with Nodal Banks in advance, they shall open a dedicated account for keeping the funds so released by MoT, GoI, New Delhi. Any interest that may accrue on the balances lying pending release in the dedicated account shall be deposited every quarter by the Banks to the Pay and Account Office, Ministry of

Textiles, New Delhi. The Demand Draft for such an amount may be drawn in favour of the Pay and Accounts Officer, Ministry of Textiles, New Delhi.

- (xvi) Funds to the nodal banks will be paid only through the Electronic Clearing Service (ECS) / Real Time Gross Settlement (RTGS). For this each nodal bank will provide details of dedicated account such as name of the bank, branch, account no., RTGS code, MICR code of the bank etc. to the Ministry of Textiles.
- (xvii) Nodal Banks shall maintain requisite database of company / project-wise eligibility established / pending references for TUFS-eligibility / interest reimbursement effected, etc. for information to Office of the Textile Commissioner, Mumbai / MoT, GoI, New Delhi, and parliament questions, if any.
- (xviii) IDBI Bank / SIDBI would render advisory services to Nodal Banks during the formative stage and will organise work shops in association with Office of the Textile Commissioner for the benefit of the nodal banks.
- (xix) In case of any doubts regarding eligibility of a case or any other related issue nodal banks may contact IDBI Bank / SIDBI or office of the Textile Commissioner for guidance / assistance.
- (xx) **The nodal banks will decide the TUFS eligibility of a case within 4-6 weeks of sanction of the loan, subject to the condition that interest reimbursement is released to the TUFS beneficiary within one month of the receipt of the funds from the Govt.**

2. **Determination of eligibility of SSI cases by co-opted private sector commercial banks.**

The reconstituted Inter-Ministerial Steering Committee (IMSC) in its 1st meeting held at New Delhi on 19th Jan., 2009 decided that 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 may continue to be channelized through SIDBI.** The names of the co-opted private sector commercial banks are as under :

1	Bank of Rajasthan Ltd.
2	Development Credit Bank Ltd., Bombay
3	Dhanalakshmi Bank Ltd.
4	HDFC Bank
5	Ratnakar Bank Ltd.
6	Yes Bank Ltd.
7	Nainital Bank Ltd.

- (i) The above co-opted private sector commercial banks will have to set up a separate TUF Cell with appropriate staff strength under a nodal officer to handle expeditiously SSI cases under TUFS of its branches.
- (ii) The co-opted private sector commercial banks will inform the name, designation, address along with Tel. No., Fax and E-mail address of nodal officer of the dedicated TUFS Cell. In case any change, the same will be informed from time to time.
- (iii) The co-opted private sector commercial banks will determine the eligibility in respect of all the SSI cases financed by them under 5% IR and also cases covered under 15% MMS –TUFS for SSI sector and 10% capital subsidy for specified processing / garmenting / technical textile machinery and submit the claims through SIDBI to Office of the Textile Commissioner.
- (iv) Co-opted private sector commercial banks shall examine eligibility of new cases, as well as of existing cases (i.e., already assessed by SIDBI) in case of change in scope (on the lines as if fresh case) / change in repayment schedules / funding of interest / takeover of loan / conversion of Rupee Term Loan (RTL) to Foreign Currency Loan (FCL) and vice versa, etc., **from 1st April, 2009.**
- (v) **SIDBI shall examine all the cases received upto March 31, 2009.** The references / proposals which are not cleared by SIDBI under TUFS for want of additional information, the same shall be attended to by co-opted private sector commercial banks in the light of the query made / raised by SIDBI.
- (vi) Co-opted private sector commercial banks shall maintain requisite database of company / project-wise eligibility established / pending references for TUFS-eligibility / interest reimbursement effected, etc. for information to Office of the Textile Commissioner, Mumbai / MoT, GoI, New Delhi, and parliament questions, if any.
- (vii) SIDBI would render advisory services to Co-opted private sector commercial banks during the formative stage and will organise work shops in association with Office of the Textile Commissioner for the benefit of these banks.
- (viii) The funds to these banks for the SSI sector will be channelized through SIDBI and they will forward claims in respect of 5% IR, 15% MMS/ CLCS and 10% capital subsidy for specified processing / garmenting / technical textile machinery to Office of the Textile Commissioner under existing online system.

- (ix) With regard to Non-SSI cases the existing system of determination of eligibility by IDBI Bank will continue.

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

(Smt Shashi Singh)
Joint Textile Commissioner