

**GOVERNMENT OF INDIA
MINISTRY OF TEXTILES
OFFICE OF THE TEXTILE COMMISSIONER
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No. 28(19)/2000-MS/

Date: - 7th June, 2002

Circular No. 2

(2002-2003 Series)

Sub: Technology Upgradation Fund Scheme (TUFS).

Clarifications issued by Technical Advisory-cum-Monitoring Committee (TAMC) of TUFS in its 14th & 15th meeting held at Mumbai on 23rd May, 2002.

(1) Coverage of Captive Power Plant (CPP) under TUFS.

- a. Ceiling in investment in CPP set up along with technology upgradation project vis-a-vis on stand-alone basis.**

Since CPP on stand alone basis is permitted without any restriction of overall investment in eligible P&M, such restriction for CPP along with technology upgradation project also stand removed from same date (i.e., 23.10.2001). However, the investment in CPP may be restricted to lending agencies assessment of overall present and anticipated future power requirement of the unit to ensure in house consumption.

- b. Cut-off date for eligibility of CPP set up on stand-alone basis.**

The approval for coverage of CPP on stand-alone basis was given in the 10th IMSC meeting held on 23.10.2001. Therefore, the cut off date for stand alone CPP can be considered as date of IMSC, i.e., 23-10-2001.

- c. Date to be reckoned for assessing eligibility of CPP set up on stand-alone basis.**

The date of first disbursement for CPP may be considered for

assessing the eligibility of CPP set up on stand-alone basis.

(2) Financial norms approved by TAMC.

a. Eligibility of projects with 100% equity holding by foreign company under TUFs.

It is clarified that Textile / Jute units with 100% foreign equity are also covered under TUFs.

b. Transferring the TUFs loan from one bank / FI to another bank / FI as well as closing down one term loan account under TUFs and availing of fresh term loan.

It is clarified that the outstanding principal amount under TUFs loan account from one bank / FI can be transferred to another bank / FI subject to the condition that portfolio (i.e. balance principal amount) remains unchanged and the overall repayment period does not exceed 10 years. However, this facility will be provided only once to a project.

c. Conversion of rupee term loan into foreign currency loan.

It is clarified that rupee term loan under TUFs granted by one bank / FI can be transferred / taken over by another co-opted bank / FI and the same can be converted into a foreign currency loan subject to the condition that portfolio remains unchanged and overall repayment period does not exceed 10 years. This facility will be provided only once to a project. However, after conversion instead of 5% interest reimbursement on rupee term loan, the unit will be eligible to coverage of exchange rate fluctuation limited to 5% as admissible to FC loan.

d. Approval of nodal agency for the loan sanctioned by co-opted PLI with their own prudential norms without effecting the technology norms under TUFs.

It is clarified that Nodal Agencies have already agreed that co-opted PLIs under direct finance scheme can fix their own prudential norms without effecting the technology norms under TUFs and can interpret a bankable project in their own way. Nodal Agencies should approve the projects under TUFs which are sanctioned by co-opted PLIs as per their own prudential norms and in compliance with the technology norms of TUFs.

e. Deferred Payment Guarantee (DPG) Scheme under TUFs.

Operational Guidelines for implementing the Deferred Payment Guarantee (DPG) Scheme under TUFS are as follows :

1. The DPG in respect of rupee loan only will be covered under TUFS w.e.f. 23rd March, 2002.
2. The assistance under DPG will cover major equipments and also cases involving both DPG and normal term loan in a single project. In all cases, however, the project per-se has to meet the technology and other eligibility norms of the TUFS.
3. The margin money in case of equipment exclusively under DPG, shall be assumed as 20% for the purpose of interest subsidy under TUFS. However, in respect of cases involving both DPG and term loan, margin money may be taken based on project cost excluding DPG component.
4. The period of the deferred payment will be from the date of execution of the bills/promissory notes and should not exceed 7 years including moratorium period not exceeding one year.
5. Only rupee loan will be covered under the TUFS and buyers bank who is giving the guarantee has to be bank co-opted under TUFS.
6. The intending purchaser-user of indigenous / imported machinery who is not in a position to offer immediately full cash payment for the required machinery will approach the machinery manufacturer / local agent of foreign supplier seeking deferred payment facility. The manufacturer– seller will prepare separate usance bill / promissory note for each installment together with interest payable on the deferred installments.
7. The bills drawn by the seller will be accepted by the purchaser/user and guaranteed by the purchaser/users bank. Alternatively, these bills are drawn by the purchaser/users and guaranteed by his banker.
8. These bills/promissory notes are then delivered to the seller, who gets them discounted with his banker, thus realising the cost of the machinery; the discount payable by him to his banker is included in the amounts of the bills by way of interest for the period of deferred payment.
9. The buyers bank will retire the bills on the respective dates by debiting the account of the buyer and for the full face value of the bill including principal amount and interest on deferred payment. After receipt of the 5% interest reimbursement from nodal agency, the reimbursement amount will be refunded by the buyers bank to the buyer.
10. After ensuring compliance with all the provisions of TUFS, the buyers bank will approach respective nodal agencies for interest reimbursement. The buyers bank will be required to furnish complete details i.e., invoice value of equipment, discounting rate (%), usance period (months) for each bill, periodicity and entire

repayment schedule indicating break-up of principal components for the entire period of repayment.

11. An example of repayment schedule under DPG is annexed for ready reference.

(3) Modifications / Additional Machinery considered by TAMC in its 14th & 15th meetings.

I. Annexure G of GR on TUFS

- a. The existing entry b.1 to b.7 be read as: -
 - b.1 All Screw Gills
 - b.2 All Jute Drawings
 - b.3 Flyer Twisting frame
- b. k. "Modern Industrial Humidification system for controlling relative humidity and temperature" the existing entry at k may be read as l.
- c. e.6 Jacquard card punching machine

I. Annexure D-1 of GR on TUFS

- b. 15 Jacquard and Dobby on stand-alone basis.

II. Annexure B of GR on TUFS.

a.2. (i) Sophisticated blow room machinery for cotton fibre and its blends consisting of pre-cleaners, opening and cleaning machine with chute feeding system or lap making system, metal detector, microdust remover and de-dusting condensers (for open end rotor spinning) with or without foreign fibre detector/remover.

a.2. (ii) Sophisticated blow room machinery for synthetic/regenerated fibres and their blends consisting of opening and cleaning machines with chute feed system or lap making system, metal detector with or without foreign fibre detector/remover.

a.2 (iii) Foreign fibre Detector with CCD camera, Automatic Bale Plucking machines & sophisticated cleaning machine equipment in existing blow room line under TUFS.

g.6 Micro Slitter and Winder for manufacturing metallised yarn.

III. Annexure-E of GR on TUFs.

a.15) Power driven cloth cutting machine/ laser fabric cutting machine

a.56) Plastic Staple attacher.

IV. Annexure-C of GR on TUFs.

b) i) Machinery for Viscose Staple Fibre

1. Pulp pre-treatment – electron
2. Automatic pulp feeding system
3. Pulp slurry mixer with automatic slurry consistency control system
4. Twin Roll Slurry Press with Shredder
5. Ageing Drum
6. Automatic Alkali cellulose conveying / feeding system
7. Alkali Cellulose Cooler – Fluidized bed type with automatic temperature control
8. Lye filter (Candle filters)
9. Automatic Charge lye and Charge water mixing and cooling system
10. Xanthator with automation
11. Continuous Dissolving System with homogenisers
12. Ripening room with automatic process control, Continuous Filters with auto back flush features , Hydraulic Filter press, Centrifuge for reject viscose recovery, Screw / gear type viscose pump, viscose heating system, basket type viscose deaerators, continuous spinning tanks.
13. Distributed control system for the viscose section.
14. Automatic spinbath preparation, Circulation, Filtration, Heating &

- Evaporation system
15. Hastelloy-C Hexa Rollers Stretch Unit
 16. High-speed automatic rotary cutters.
 17. Hastelloy - C for Carbon Di -Sulphide recovery Trough
 18. Carbon Di -Sulphide recovery system with scrubbers and condensers
 19. Sump Zone cooling and filtration system
 20. After-treatment line for washing fibre, conveying of fibre and chemical treatment
 21. After-treatment chemicals Filtration system
 22. Pneumatic fibre squeezing system, wet fibre opener, fibre dryer and dry fibre opener with automatic conveying system
 23. Fully Automatic baling press with process controls of bale weight, moistures etc.
 24. Automatic bale handling system
 25. Distributed control system for spinning to Baling press

ii) Machinery for Dyed Fibre

1. Distributed control system for colour slurry preparation and injections
2. Spectrophotometer based computerised colour matching system
3. Colour slurry injection pumps
4. On line fibre quality monitoring equipments
5. On line fibre Contamination, Checking and removal systems
6. Automatic fibre sampling system (Robotics type)

iii) Utility

1. Both for viscose filament and viscose staple fibre - refrigeration system for process cooling & ripening room air conditioning energy efficient cooling towers.

iv) **Lyocell fibre plant**

1. Pulpers
2. High viscose reactors operating vacuum
3. Thin film evaporators
4. Polymer Pumps
5. Polymer Filters
6. Spinning Module
7. Fibre washing and treatment machines
8. Fibre dryers
9. Fibre openers
10. Bailing press
11. Agitated reactors
12. Distillation tower with accessories
13. Multi stage evaporators
14. ION exchange purification plants

v) **High wet modulus viscose fibre**

1. Modal (HWM) machine line
2. Pumps for soda station
3. Brine PHE
4. Heat exchanger for dissolver
5. 3% Caustic PHE
6. Rotary air lock for maturing drum
7. Charge water tank with level control system
8. Dope tank with stirrer
9. Viscose circulation pumps
10. Heat exchanger before flash tank
11. Spinning pump
12. Heat exchanger after spinning pump
13. Complete system from spinning to bailing

14. Spin bath tanks & pumps
15. Zinc dissolving system
16. Spin bath filters and exhaust fans
17. Heat exchanger for spin bath cooling
18. Rotary vacuum filter & Pumps

I. Inclusion of Promise-ProWin range of online production monitoring and speed control systems for spinning machines under TUFS.

These are process control instruments and therefore TAMC decided to cover online production monitoring and speed control systems for spinning machines.

The above modifications may please be brought to the notice of all concerned.

(Smt Shashi Singh)
(Director)

To: -

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

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. Shri Sudhir Bhargava, Joint Secretary, Ministry of Textiles, New Delhi - 11
3. Shri P.K.Gera, Director, Ministry of Textiles, New Delhi– 110 011

(Smt. Shashi Singh)

Director

Annexure

REPAYMENT SCHEDULE UNDER DPG

| | | |
|----------------------------|---|---------------|
| Name of the Party | : | M/s ABC Ltd. |
| Invoice Price | : | Rs. 42,25,000 |
| Less:Margin Money 20% | : | Rs. 8,45,000 |
| Principal Amount | : | Rs. 33,80,000 |
| Rate of interest (%) | : | 15 % |
| No. of Installments | : | 26 |
| Each Principal Installment | : | Rs. 1,30,000 |

(in Rs.)

| Sr.No. | No. of Months | Principal Amount | Interest Payable 15% | Face Value of the Bill | 5% ir reimbu to th |
|--------|---------------|------------------|-------------------------|------------------------|--------------------------|
|--------|---------------|------------------|-------------------------|------------------------|--------------------------|

| | | | | | |
|--------------|----|----------------|----------------|----------------|----|
| 1 | 9 | 130000 | 380250.00 | 510250.00 | 12 |
| 2 | 12 | 130000 | 121875.00 | 251875.00 | 4 |
| 3 | 15 | 130000 | 117000.00 | 247000.00 | 3 |
| 4 | 18 | 130000 | 112125.00 | 242125.00 | 3 |
| 5 | 21 | 130000 | 107250.00 | 237250.00 | 3 |
| 6 | 24 | 130000 | 102375.00 | 232375.00 | 3 |
| 7 | 27 | 130000 | 97500.00 | 227500.00 | 3 |
| 8 | 30 | 130000 | 92625.00 | 222625.00 | 3 |
| 9 | 33 | 130000 | 87750.00 | 217750.00 | 2 |
| 10 | 36 | 130000 | 82875.00 | 212875.00 | 2 |
| 11 | 39 | 130000 | 78000.00 | 208000.00 | 2 |
| 12 | 42 | 130000 | 73125.00 | 203125.00 | 2 |
| 13 | 45 | 130000 | 68250.00 | 198250.00 | 2 |
| 14 | 48 | 130000 | 63375.00 | 193375.00 | 2 |
| 15 | 51 | 130000 | 58500.00 | 188500.00 | 1 |
| 16 | 54 | 130000 | 53625.00 | 183625.00 | 1 |
| 17 | 57 | 130000 | 48750.00 | 178750.00 | 1 |
| 18 | 60 | 130000 | 43875.00 | 173875.00 | 1 |
| 19 | 63 | 130000 | 39000.00 | 169000.00 | 1 |
| 20 | 66 | 130000 | 34125.00 | 164125.00 | 1 |
| 21 | 69 | 130000 | 29250.00 | 159250.00 | |
| 22 | 72 | 130000 | 24375.00 | 154375.00 | |
| 23 | 75 | 130000 | 19500.00 | 149500.00 | |
| 24 | 78 | 130000 | 14625.00 | 144625.00 | |
| 25 | 81 | 130000 | 9750.00 | 139750.00 | |
| 26 | 84 | 130000 | 4875.00 | 134875.00 | |
| Total | | 3380000 | 1964625 | 5344625 | |