

GOVERNMENT OF INDIA
MINISTRY OF TEXTILES
OFFICE OF TEXTILE COMMISSIONER
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No.12(1) /ATUFS/Policy/2019/TUFS/Del. of Fin Prs/

Dated: 11/05/2020

CIRCULAR

Subject: Operation guidelines for release of subsidy against Bank Guarantee under ATUFS

Ministry of Textiles vide Order No.6/5/215-TUFS dated 13th April, 2020 has notified the modifications in the Revised Resolution for ATUFS dated 02.08.2018 by inserting the following at the end of para 10.5.2:

‘Entities can exercise an option for getting the JIT recommended subsidy released prior to scrutiny of the JIT reports by respective authorities as per delegated powers, subject to submission of Bank Guarantee (BG) equivalent to recommended subsidy. BG should be equivalent to the amount of subsidy recommended by the JIT in its report. The BG should be valid for one year (to be submitted within a month of its issue by bank) and extendable further, if required. Subsequently, the BG will be forfeited to the extent of excess payment made along with penal interest as applicable under the rules, in case the eligible subsidy amount approved for release after scrutiny of JIT report by respective authority works out to be lower than the amount recommended by the JIT’.

2. In pursuance of the above, Textile Commissioner vide Circular No.12(1)/ATUFS/Policy/2019/ Del.of Fin Prs dated 14th April 2020 has operationalized a window in iTUFS portal till 25th April 2020 facilitating units to submit their willingness to get subsidy released against Bank Guarantee. The units which have submitted their option in iTUFS portal/ through email for release of subsidy against Bank Guarantee will require to submit BG equivalent to the subsidy amount recommended in JIT report by 12th October 2020 i.e., within six months from the date of issue of the Ministry of Textiles’ Order No.6/5/215-TUFS dated 13th April 2020.

3. The detailed procedure to be followed for release of subsidy against BG under ATUFS is given below:

- (i) The units which have exercised the option for getting released the JIT recommended subsidy are required to submit a Bank Guarantee for 90% of the amount of subsidy recommended by JIT. Considering the percentage of rejection of subsidy claims under ATUFS post JIT, owing to deficiencies in the claims and various other discrepancies including procurement of below benchmarked machinery etc., observed during verification, examination of JIT reports by respective authorities, 80% of the JIT recommended subsidy will be released to the units. Upon verification and final settlement of the claim, necessary adjustments will be carried out in terms of the provisions of para 3(xii) & 3 (xiii) of this Circular.

- (ii) The BG should be valid for 12 months and extendable further, if required. BG should be issued in favour of The Textile Commissioner, Mumbai by the same bank and branch from which the Term Loan has been sanctioned submitted in the prescribed format (enclosed). In case of consortium finance, BG in prescribed format to be issued by any one of the multiple lending agencies which have sanctioned loan for the project along with No Objection letter from the remaining lenders.
- (iii) A copy of the BG should be uploaded by the unit on i-TUFS through a dedicated link for the purpose which will be made available shortly. All details related to the BG such as issuing agency, date of issue and expiry, amount and machineries purchased from enlisted manufactures or not, requisite pre-receipt payments/documents in PFMS etc should be duly filled in/uploaded while submitting the copy online.
- (iv) The hard copy of Bank Guarantee should be submitted by the unit to the Regional Office (RO) which has conducted the joint inspection. The BG may be accepted by the RO after cross verification with the copy uploaded online and matching details entered by the unit thereof. Upon acceptance, the RO will upload attested copy of BG in i-TUFS. ROs will also get the authenticity of the BG verified from the respective banks prior to consideration of the claims to release of subsidy against BG.
- (v) The RO will be safe custodian of all BGs (irrespective of the authority as per the delegation of financial power) submitted online and /physically by the units to them. ROs situated in containment Zones /Municipal Corporations/Cities declared as 'Red Zone' as per the instructions of Central /State Government in view of COVID-19 outbreak, specified date (s) for submission of BG by the units to such ROs will be notified separately.
- (vi) Based on the JIT report, attested copy of BG uploaded online and submission of pre-receipt payments/documents in PFMS, approval for release of 80% of the JIT recommended subsidy against the BG already submitted, will be accorded by the Competent Authority, as per the delegation of powers, subject to enlistment of manufacturer.
- (vii) In case the units want to withdraw the option exercised even after submission of BG but prior to approval for release of subsidy by the competent authority, such units will have to submit an online request through iTUFS portal so as to consider and returning of the BG to the units.
- (viii) Manufacturers which are not enlisted may be done by the Internal Technical Committee and notified by TAMC on fast track basis.
- (ix) FIFO for release of such claims will be the date of physical inspection by JIT and date of uploading of attested copy of the bank guarantee by the RO.
- (x) Challans for such claims will be created based on approval accorded by the Competent Authority.
- (xi) Post release of subsidy against BG, the claim (i.e., JIT report) will be processed on FIFO as per the date of physical inspection by JIT.

- (xii) If the amount of eligible subsidy is found to be higher than subsidy released against BG during regular scrutiny by Competent Authority, the difference will be released to the unit.
- (xiii) In the scenario of eligible subsidy being lower, the unit may explore the option of refund of the amount to the extent of excess payment and penal interest @ 10% p.a. (computed as simple interest on excess amount released from the day of release of subsidy) within a fortnight of communication of refund order, otherwise the authority will forfeit the BG. If the BG does not cover the excess amount (including penal interest), further recovery will be made from the unit in addition to forfeiting the entire BG.
- (xiv) If unit is unable to refund the requisite amount within 3 months from date of issue of refund order, the entity will be blacklisted from availing benefits from Schemes of Government of India.


 11/05/2020
(Moly Chandan Chakraborty)
Textile Commissioner

Encl: As above

To,

- 1) Officer-In-Charge All Regional Office of Textile Commissioner
- 2) PA to TxC/DDG/ATxC/Jt TxCs
- 3) Textile Industry Associations/All concerned/Banks
- 4) The Pay & Account office (Mumbai) Ministry of Textiles Mumbai-20

Copy to:

- 1) Under Secretary, TUFs Section, MoT
- 2) PS to Shri P K Kataria, Advisor, MoT

FORMAT FOR BANK GUARANTEE:

Beneficiary : The Textile Commissioner, the Office of the Textile Commissioner,
Ministry of Textiles , Government of India, New CGO Building,
48, New Marine Lines, Mumbai

Date of issue of BG : (BG Date) **Name of the Bank and Branch**

Bank Guarantee No.: (BG No.).....

Bank Guarantee Amount:Rs :<<Name and address of entity>>

ATUFS Reference Number.....**PAN Number of the entity**.....

1. WHEREAS, M/s.....(name of the unit) against ATUFS reference No.bearing PAN(hereinafter referred to as entity which expression shall unless repugnant to the subject or context includes their legal representatives, successors and assigns) has reported its willingness for exercising option under modified para 10.5.2 of Revised Resolution on ATUFS notified on _____ by Ministry of Textiles, Government of India and the operational guidelines issued vide order No 12(1) /ATUFS/Policy /2019/TUFS/Del. of Fin Prs / dated 11.05.2020 by the Textile Commissioner, Mumbai for release of subsidy under ATUFS prior to scrutiny and approval of the claim by the competent Authority against Bank Guarantee of 90% of JIT recommended subsidy.
2. Whereas it is agreed between (hereafter called the Entity) and The Textile Commissioner that the entity has to provide a Bank Guarantee of Rs (In Words).... With the following conditions:
 - i. If the amount of eligible subsidy is found to be equal or more as subsidy released against BG during regular scrutiny by Competent Authority, the BG will be returned to the entity.
 - ii. If the eligible subsidy is lower than the BG during regular scrutiny by Competent Authority, the BG will be forfeited if the unit fails to refund amount equivalent to excess payment and penal interest @ 10% p.a. (computed as simple interest on the excess amount) in a week's time from the date of communication for refund by the Competent Authority in the Office of the Textile Commissioner.
 - iii. If the BG does not cover the excess amount (including penal interest), further recovery will be made from the unit in addition to forfeiting the entire BG.
 - iv. If the claim is under process and BG is not renewed a week before expiry, the entire BG will be forfeited. Additionally penal interest @ 10% p.a. will be adjusted from eligible subsidy amount based on scrutiny by the Competent Authority.
3. We undertake to pay the beneficiary up to the above amount upon receipt of its first written demand, without the Beneficiary having to substantiate its demand, provided that in its demand the Beneficiary will note that the amount claimed by is due to the occurrence of the above obligation, specifying the occurred condition or conditions.
4. We further declare that this Bank Guarantee will be renewed automatically and also undertake to renew this Bank Guarantee on our own till the matter is settled and fully discharged by the Competent Authority.
5. This guarantee will remain in force up to and any demand in respect thereof should reach the Bank not later than the above date.
6. Notwithstanding anything contained herein: -
 - i) Our liability under this bank guarantee shall not exceed of Rs..... (In words)
 - ii) This Bank Guarantee shall be valid up to
 - iii) We are liable to pay the guaranteed amount or any part thereof under this bank guarantee only and only if you serve us a written claim or demand on or before Dated For (Indicate the name of the Bank)

Signature with seal.....

Name of the Officer

Designation of the Officer..... **Code No**.....

Name of the Bank and Branch