

Government of India
Ministry of Textiles
Office of Textile Commissioner
48, New Marine Lines, Mumbai – 400 020
Email: rرتufsl@gmail.com::Fax:022-22004693
Website: www.txcindia.gov.in

No.5 (1)(2)/RRTUFS POLICY/2020/02

Dated: 22/05/2020

CIRCULAR

Subject: Operational guidelines for release of subsidy against Bank Guarantee under RRTUFS

The Ministry of Textiles vide letter No.16021/5/2019- TUFs (pt) dated 13th April, 2020 has enclosed OM No.16015/01/2019 –TUFs dated 13th April, 2020 conveying the approval of the Ministry of Textiles for inserting the following sub Para 2.3.5(a) under Para 2.3.5 of the Ministry approved Protocol of even no dated 14.06.2019 regarding physical inspection of machinery procured under previous versions of TUFs including RRTUFs:

‘The subsidy accounts extending beyond 31st March, 2021, for which claims have been filed by the banks along with necessary documents/information and where JIT has recommended the committed liability (IR or/and CIS), the subsidy amount till 31st December 2019 recommended by JIT will be released subject to submission of Bank Guarantee equivalent to JIT recommended subsidy amount by the concerned account holder unit through bank/lending agency. The Bank Guarantee should be valid for one year (to be submitted within a month of its issue by the bank) and extendable further, if required. 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, the excess payment made, if any, along with penal interest as applicable under rules, will be adjusted from the eligible payment being released for the subsequent quarters beyond 31st December 2019 or recovered by forfeiting the Bank Guarantee to the extent of excess payment made along with applicable penal interest’.

2. In pursuance of the above order, Textile Commissioner vide Circular No.12 (1)/ATUFs/Policy/2019/Del. of Fin Prs dated 17th April 2020 opened the window in iTUFs till 25th April 2020 for eligible units to submit their willingness to get appropriate subsidy against Bank Guarantee. The units who have submitted their option in iTUFs portal/ through email for release of subsidy against Bank Guarantee are required to submit BG equivalent to the subsidy amount recommended in JIT

report 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.

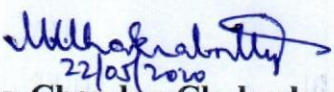
3. In order to release subsidy against BG under RRTUFS, detailed procedure is as under:

- i. The eligible units (in line with the sub para 2.3.5(a) of the protocol dated 14.6.2019 as amended above) who have exercised the option for release of the JIT recommended subsidy upto the quarter Dec 2019 are required to submit a Bank Guarantee ((BG) equivalent to 70% of the amount of subsidy recommended by JIT. BG should be issued by the same bank and branch from which the Term Loan has been sanctioned. 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. Considering the possibility of certain percentage of rejection or reduction in subsidy claims recommended under RRTUFS post JIT and overall availability of funds under the Scheme, 60% of the JIT recommended subsidy will be released to the lending agencies concerned for onward transmission to the concerned Unit. Upon verification and final settlement of the claim, necessary adjustments will be carried out in terms of the provisions of Para 3(x) & 3(xi) of this Circular.
- ii. The BG should be issued in favour of The Textile Commissioner, Mumbai valid for 12 months (to be submitted within a month of its issue by the bank) and extendable further, if required. The BG will be issued by the issuing Bank on an AUTO RENEWAL Basis in the format to be prescribed by the O/o Textile Commissioner. Original BG should be deposited with the ROTXC where inspection has been done (RO will acknowledge the receipt in prescribed format to UNIT and RRTUF cell in email) and will also verify the BG with the issuing bank before uploading the authenticated copy of this BG on the iTUFS software where a link will be provided.
- iii. The RO will be safe custodian of all original BGs (irrespective of the authority as per the delegation of financial power) submitted physically by the units to them. RO to undertake monthly review of bank guarantee expiring after 3 months for ensuring its timely extension as per the provisions of guidelines under Rule 226(ii) of GFR. The Textile Commissioner will monitor receipt, safe custody, review and release of bank guarantees on regular basis through iTUFS software and by periodically deputing teams to field offices to ensure that the provisions of GFR has been strictly complied with. ROs situated in containment Zones/ Municipal Corporation/Cities declared as 'Red Zones' as per the instructions of Central/State Government in view of COVID-19 outbreak, specified dates(s) for submission of BG by the units to such ROs will be notified separately.
- iv. Based on the Spl. JIT report, attested copy of BG uploaded online by ROTXC and submission of pre-receipt payments/documents in PFMS, approval for release of subsidy as at 3(i) above will be accorded by the Competent

Authority, as per the delegation of powers, subject to fulfillment of other terms and conditions as applicable to such cases.

- v. 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 apply to ROTXC so as to consider and return of the BG to the units.
- vi. FIFO for release of such claims will be the date of physical inspection by JIT and date of uploading of attested copy of the BG by the RO.
- vii. Challans for such claims will be created based on approval accorded by the Competent Authority.
- viii. Post release of subsidy against BG, the claim (i.e. Spl. JIT's report) will be processed on FIFO as per the date of physical inspection by JIT.
- ix. 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 loan account of unit's term loan account.
- x. In the scenario of eligible subsidy being lower, the Lending Agencies 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.
- xi. If unit/bank 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 Ministry of Textiles, Government of India and further appropriate actions for recovery will be initiated as per rules.

This issues with the approval of Ministry of Textiles vide their letter No 16021/5/2019- TUFSS dated 21.05.2020


22/05/2020
(Moloy Chandan Chakraborty)
Textile Commissioner

Encl: As above

To,

1. Officer-In-Charge All Regional Office of Textile Commissioner
2. Textile Industry Associations/All concerned/Banks
3. The Pay & Account office (Mumbai), Ministry of Textiles Mumbai-20

Copy to:

1. Under Secretary, TUFSS Section, MoT
2. PS to Shri P K Kataria, Advisor, MoT.

FORMAT OF BANK GUARANTEE (B.G.)

To,

The Textile Commissioner,
Ministry of Textiles, Government of India
Nishtha Bhavan, New C.G.O. Building,
Mumbai-400 020.

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>>

RRTUFS Reference Number.....

PAN Number of the entity.....

Bank Guarantee to release subsidy (IR and/or CS) under RRTUFS as per Circular No. 5/1/2/RRTUFS/Policy/2020/02 dated 22nd May, 2020 issued by the Textile Commissioner, Mumbai in reference to Ministry of Textiles OM No. 16015/01/2019 –TUFS dated 13th April, 2020

THIS DEED OF BANK GUARANTEE is executed by the (Name of the Bank) a Banking Company within the meaning of the Companies Act, 1956 having its Registered Office at and one of its Branches at in favour of the Textile Commissioner, Ministry of Textiles, Government of India, Mumbai.

WHEREAS based on Ministry of Textiles OM No.16015/01/2019 –TUFS dated 13th April, 2020, the Textile Commissioner has issued a Circular No. 5/1/2/RRTUFS/Policy/2020/02 dated 22nd May, 2020 which was also approved by the Ministry of Textiles, Government of India for releasing subsidy against Bank Guarantee (BG) under RR-TUFS.

WHEREAS the Unit M/s -----, address----- has / have requested us (name of the Bank furnishing the Bank Guarantee) to furnish Bank Guarantee with Rs.....(in words....) (which is equivalent to 70% of JIT recommended subsidy) to the Textile Commissioner, Mumbai .

WE, (name and address of the Bank furnishing the Bank Guarantee) do hereby unconditionally and irrevocably agree to pay to the Textile Commissioner on demand forthwith as and when such demand is made by an Officer authorized in that behalf without any demur or protest the amount due and payable under the above said BG namely Rs. (Rupees _____ Only) by way of Loss or damage caused or suffered or on any other count by the Textile Commissioner, by reason of non fulfilment or breach of any terms and conditions laid down in the Circular **5/1/2/RRTUFS/Policy/2020/02 dated 22nd May, 2020** or otherwise by the said (name and address of the Unit) .

WE, (name and address of the Bank furnishing the Bank Guarantee), unconditionally and unequivocally agree to pay the Textile Commissioner, any money so demanded not withstanding any dispute raised by the said (name and address of the Unit) before any Court / Tribunal or any other Authority.

WE, (name and address of the Bank furnishing the Bank Guarantee), further agree that the demand made by the Textile Commissioner shall be conclusive as regards the amount due and payable by us under present agreement as our absolute and unequivocal liability.

WE, (name and address of the Bank furnishing the Bank Guarantee), further agree that this Guarantee shall remain in full force upto one year from the date of issue and it shall continue to be in force for another period of 6 months by way of automatic renewal.

We, (name and address of the Bank furnishing the Bank Guarantee), further agree that the Textile Commissioner shall have the fullest liberty without our consent and without affecting in any manner our obligation under this Bank Guarantee to vary any of the terms and conditions laid down in the Circular **5/1/2/RRTUFS/Policy/2020/02 dated 22nd May, 2020** or to forebear or enforce any of its terms and conditions and we shall not be relieved or our liability under this Bank Guarantee by reason of any such variation or extension of forbearance or indulgence or any act of commission on the part of the Textile Commissioner which under the law relating to sureties, but for its provision, have the effect of so relieving us (name and address of the Bank furnishing the Bank Guarantee).

WE, (name and address of the Bank furnishing the Bank Guarantee), declare that this shall be a continuing Bank Guarantee and shall not be discharged by any change in the constitution of the said (name and address of the Unit). We

further declare that we will not revoke this Bank Guarantee during its currency without prior written consent of the Textile Commissioner.

WE, (name and address of the Bank furnishing the Bank Guarantee), further declare that this Bank Guarantee will be valid up to _____ from __ to __ and we undertake to renew this Bank Guarantee on our own by another period of 6 months.

We undertake to renew this Bank Guarantee on our own till the matter is settled and fully discharged by the Textile Commissioner,

Notwithstanding anything contained herein above.

1. Our liability under the Bank Guarantee shall not exceed Rs.----- (Rupees _____ Only).
2. This Bank Guarantee shall be valid up to _____ .
3. We are liable to pay the guaranteed amount or any part thereof under this Bank Guarantee only and only if you serve upon us a written claim or demand.

Signature with seal.....
Name of the Officer
Designation of the Officer..... Code No.....
Name of the Bank and Branch

To: Textile Commissioner
Ministry of Textiles, Government of India
New Building,
Mumbai - 400 001

Date of Issue: (DD/MM/YY)
Name of Bank and Branch
Bank Code: (BIC/IBAN)
Bank Code: (Branch Name)
RATID: (Branch Name)
PAN No. (PAN Number)

Bank Code: (Branch Name)
Circular No. 5/1/2019/Textile, Dated 13th April 2020
No. 1601/1/2019-Textile dated 13th April 2020

THIS LETTER IS A BANK GUARANTEE ISSUED BY THE
BANK OF INDIA IN CONNECTION WITH THE BANK GUARANTEE