

GOVERNMENT OF INDIA
MINISTRY OF TEXTILES
OFFICE OF THE TEXTILE COMMISSIONER
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Circular No. 6
(2002-2003 Series)

Sub: Technology Upgradation Fund Scheme (TUFS).

1. Co-option of additional banks / financial institutions by Nodal Agencies.

- (i) Industrial Development Bank of India (IDBI), the nodal agency (NA) for textile industry (Non-SSI) under Technology Upgradation Fund Scheme, vide letter No. IDBI.HO.TUFS(6) dated.06-11-2002 has co-opted IDBI Bank Ltd., Global Trust Bank Ltd. and UTI Bank Ltd. for textile industry under the TUF Scheme.

2. Decisions taken by Inter-Ministerial Steering Committee (IMSC) in its 13th meeting held at New Delhi on 22nd Nov., 2002.

- (i) **Coverage of cost of forward exchange cover for foreign currency loan under TUFS.**

The cost of forward cover premium for Foreign Currency Loan under TUFS limited to 5% per annum on the base rate of exchange as an option, which may be exercised only once in the each financial year of the project has been covered.

- (ii) **Eligibility of Husk fired boiler without accompanying textile modernisation / expansion.**

Husk Fired Boiler on stand-alone basis (without accompanying textile modernisation /expansion) has been covered under TUFS.

- (iii) **Eligibility of lease finance under TUFS.**

Interest portion of the lease finance taken by the manufacturers from NAs/co-opted PLIs for eligible machinery and equipments has been covered under TUFS. The coverage of lease finance will be subject to normal leasing norms but lease period will be limited to 10 years.

- (iv) **Coverage of Fibre dyed yarn as an eligible downstream value addition process for expansion of spinning capacity under TUFS.**

Installation of matching new fibre dyeing capacity has been covered as an eligible value addition process for expansion of spinning capacity under TUFS.

However, existing fibre dyeing capacity will not be considered as a value addition process.

(v) Exemption from downstream value addition and MES stipulation for existing compact spinning system under TUFS.

Downstream value addition norms and MES stipulation have been exempted for existing compact spinning system under TUFS.

(vi) Eligibility of new composite spinning mills with knitting & garmenting facility with less than 25000 spindles under TUFS.

New Composite units with knitting and garmenting facility are permitted to install equivalent / matching capacity in spinning. In such cases, MES for spinning facility will not be applicable. The powerloom units can also set up equivalent capacity of spinning, without applicability of MES for spinning capacity.

(vii) Import of eligible second hand machinery under TUFS – requirement of certificate by the agencies regarding the vintage and residual life of the machinery.

The present condition stipulated under para 3.2 (3) of GR on TUFS regarding furnishing of a certificate from the agency as per Appendix 28 of EXIM Policy (2002-2007) has been replaced with the condition that the importers may produce a certificate from a chartered engineer of the exporting country on vintage and residual life of the imported machinery.

(viii) Coverage of non-convertible debentures (NCD) subscribed by banks / FIs under TUFS.

The non-convertible debentures (NCD) subscribed by NAs and co-opted PLIs, if they fall within TUFS norms, are covered under the scheme.

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 Atul Chaturvedi, 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