

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

Date: - 23 March, 2001

Circular No. 11

(2000-2001 Series)

Sub: **Technology Upgradation Fund Scheme (TUFS).**

1. Co-option of additional banks / financial institutions by nodal agencies .

The nodal agencies of TUFS have co-opted some more banks as primary lending agencies (PLIs) under TUFS. The details are as below:

- i. Industrial Finance Corporation of India (IFCI), the Nodal agency (NA) for jute industry under Technology Upgradation Fund Scheme, vide letter no. Credit Coord./TUFS/2001 dated 22nd Jan., 2001 and dated 25th Jan., 2001, has co-opted Vysya Bank and Haryana Financial Corporation respectively, as primary lending institutions (PLIs) for jute industry under the TUF Scheme.
- ii. The following 4 co-operative banks have been co-opted by SIDBI in addition to the five co-operative banks already co-opted.:
 1. Sarvodaya Sahakari Bank Ltd., Surat, Gujarat.
 2. Ichalkaranji Janata Sahakari Bank, Ichalkaranji, Maharashtra.
 3. Textile Co-operative Bank, Bangalore, Karnataka.
 4. Janata Co-operative Bank, Malegaon, Maharashtra.

1. Clarifications issued by Technical Advisory-cum-Monitoring Committee (TAMC) of TUFS held at Mumbai on 5th Jan.,2001.

i. Process control equipments

The following items are process control equipments, and as such, are admissible under TUFS:

- a. "Quantum Clearers" for upgradation of existing Auto Coners, to detect foreign particles like coloured matter, coloured yarn etc.
- b. "Sauter Automatic Plant Controls" for the Humidification Plant for controlling and maintaining R.H.
- c. "Opti speed" for Ringframes for changing the spindle speed throughout the doff according to a set pattern, so that yarn breakages are minimized etc.
- d. "Premier Ring Eye" under Information Technology, since the equipment monitors the yarn breaks in a Ringframe, identifies rogue spindles which give more number of breaks, indicates the production of the Ringframe through computer.

i. Lab Dyeing Machine and Electronic Dispensing Pipette.

There is no need to specifically mention all Lab machines alongwith their commercial production counterparts in the list of eligible machinery under TUFS. Lab versions of machinery approved for commercial production purposes under TUFS will be automatically allowed as a part of quality control equipments. Accordingly, it is clarified that the Lab Dyeing Machine and Electronic Dispensing Pipette is eligible under TUFS.

ii. High speed rapier weaving loom for manufacturing labels

The high speed rapier weaving looms with 1152 hooks jacquard machine and intermittent cutting knife fitted for making the tapes and attachment required for manufacturing of labels of different widths, would be covered by the existing entry at Sr.No.b.1 of Annexure D-1 of the TUFs booklet.

iv) Applicability of relaxed financial norms under TUFs.

It was suggested by a textile unit that financial norms which are relaxed (i.e., reduction of promoters' contribution to 17.5% and repayment period relaxation from 8 years upto 10 years) in March' 2000 may be made applicable to the units which had availed of the assistance based on the financial norms as per the original TUFs resolution. TAMC decided that, it may be difficult for the bankers/lenders to change the promoters' margin but may consider extension of repayment schedule for such units upto ten years.

1. Decision taken by the Inter Ministerial Steering Committee (IMSC) in its 8th meeting held on 27th Feb.,2001.

i. Coverage of the cost of Captive Power Plant (CPP) under TUFs.

The IMSC decided that investment in CPP will not be limited to the power requirement of the TUFs-funded technology-upgraded textile manufacturing facility but will be linked to the overall investment in plant & machinery under TUFs. The coverage of investment in CPP / generator sets under TUFs would be with the following stipulations:

- a. The CPP may be captive to a single unit or more units under the same corporate entity. This benefit will not extend to units under another corporate entity, even if they belong to the same corporate group. However, a fully owned subsidiary of the said corporate entity may be reckoned as a part thereof for the limited purpose of eligibility of CPP for TUFs benefits.
- b. The eligible investment on CPP will not exceed the investment in eligible Plant & Machinery (P&M) under TUFs. Any excess investment in CPP will be, as earlier, funded but not eligible for 5% interest reimbursement.

i. Crochet machine for laces and bands with electronic bar operation.

The IMSC decided to include the item 'Crochet machine for laces and bands with electronic bar operation' as an additional entry in Annexure-E of TUF booklet as "a.54 Crochet machine for laces and bands with electronic bar operation".

ii. Machinery for processing of fabrics.

The IMSC decided to include the following items of machinery as additional entries in Annexure-F-1.

"b.III 15) Pleating/Creasing/Folding machine for fabrics.

1. Pinching and Flat embossed machine for fabrics.
2. Crush machine for uneven pleat for grey/dyed fabrics".

i. Machinery for cotton waste recycling plant

Keeping in view the potential for augmenting the clean raw material base of the spinning industry, IMSC decided for inclusion of machinery for cotton waste recycling plant under TUF scheme with separate sub-heading 'gg' after sub-heading 'g' under Annexure-B as under:

"gg. List of machinery eligible for cotton waste recycling plant

1. Automatic soft cotton waste recycling machine
2. Automatic hard cotton waste recycling machine
3. Automatic bale press system (Packing)
4. Automatic cotton dust & seed collection & filtration system
5. Fire protection system
6. Service facilities, viz., transport, weigh bridge system, automated bale weighing system, etc."

i. Sewing thread manufacturing activity.

The IMSC decided that since sewing thread is a finished industrial product used for manufacture of made-ups and garments and also a consumer product, it can be considered alongside weaving / knitting / weaving preparatory and specified yarn processing activities as a downstream value addition process for spinning capacity creation. Accordingly, the IMSC decided to amend para 4.2. a(ii)(a) of the TUF booklet to add the words "and/or sewing thread manufacturing" after the words "and/or weaving/knitting" (in line 5).

ii. Stoppage of interest reimbursement if two quarters' interest is overdue.

The IMSC decided that the interest reimbursement may be stopped if the lender becomes defaulter in the repayment of loan for two quarters. However, if the repayment is resumed and default also made good within six quarters from the initial default, then the 5% interest reimbursement may be restored covering the amount and period of default. However, if it involves rescheduling of the loan repayment, then the benefit will not extend beyond the original repayment schedule nor exceed the reimbursement benefit originally admissible.

The above amendments / clarifications 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. Member-Secretary, Central Silk Board
12. Director General , NIFT
13. 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.
3. Shri Y.P.Singh, Director, Ministry of Textiles, New Delhi.

(Smt. Shashi Singh)

Director