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MINISTRY OF TEXTILES
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No. 28(19)/2005/MS Date: 29th April, 2005

Circular No. 2
(2005-2006 Series)

Sub: **Operational guidelines for implementing additional incentive in the form of 10% capital subsidy for the processing machinery under the Technology Upgradation Fund Scheme (TUFS).**

1. Govt. have decided to provide an additional incentive of 10% capital subsidy over and above the 5% interest subsidy under TUFS for the specified textile processing machinery.

Duration of the Scheme

2. The additional 10% capital subsidy will be admissible on the investment made in the specified processing machinery during a period of one year from 20th April 2005 to 19th April 2006.

3. The cut off date will be the date of disbursement of loan. Any disbursement made by the lending agencies for the specified machinery on or after 20th April 2005 will be eligible for 10% capital subsidy.

4. The loan for the eligible machinery sanctioned by the nodal agencies/co-opted PLIs till last date of duration of the scheme (i.e. 19.4.2006) will be eligible for capital subsidy.

Eligibility

5. The capital subsidy would be available to the composite units as well as to the stand-alone processing units.

6. The 10% capital subsidy will not be available for a processing project as a whole but only on the specified processing machinery. The list of eligible machinery is at **Annex-I**. The processing project as a whole including the

specified machinery will continue to be eligible for 5% interest incentive on the TUF compatible investment.

7. The 10% capital subsidy shall be available only for such projects where term loans have been sanctioned by the nodal agencies or co-opted PLIs.

Quantum of subsidy

8. The 10% capital subsidy will be worked out on the invoice price of the specified machinery. The invoice price would mean basic price plus excise duty and sales tax in respect of indigenous machinery and CIF price plus actual customs duty in respect of imported machinery.

Release of capital subsidy

9. The capital subsidy would be released by the lending agencies at the time of disbursement of term loan for the specified machinery.

10. The capital subsidy can also be adjusted against promoter's contribution.

Funds for Releasing the Capital subsidy

11. For the purpose of releasing capital subsidy on due dates, funds in the nature of advance money would be placed by the nodal agencies with the PLIs. The quantum of such advance money would be arrived at based on the subsidy forecast to be submitted by the PLIs on quarterly basis to IDBI/SIDBI, based on their loan sanction for machinery eligible for 10% capital subsidy. After first release, subsequent releases to the PLIs would depend upon the utilization of funds released earlier.

The operational guidelines of 10% capital subsidy for the specified processing machinery under TUFS 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 In-charge 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 Sudripto Roy, Joint Secretary, Ministry of Textiles, New Delhi - 11

3. Shri S.A. Baba, Director, Ministry of Textiles, New Delhi – 110 011

(Smt Shashi Singh)
Director

Annex - I

List of processing machinery eligible under TUF Scheme for 10% capital subsidy

Sr. No.	Name and description of the machine
	For a knit process house
1.	Singeing machine with auto mixing of air & fuel in optimum ratio for temperature and flame control
2.	Process and dye kitchen management system for the whole process house.
3.	Computer colour matching with lab dispensing and stock solution making system.
4.	Computer controlled fabric inspection machine with fault analyzer and report generator.
5.	Automatic roll folding and packing machine.
6.	Continuous relax dryer / Tumble dryer.
7.	Sueding / Peach finishing / raising / pile cutting machine.
8.	Compacting machine.
9.	Knit tubular mercerizing / bleaching cum mercerizing machine.
10.	Knit fabric continuous bleaching plant with micro processor based energy control and water monitoring.
11.	Open width pad-batch dyeing with arrangement for uniform nip pressure and washing range.
12.	Rotary screen printing machine with magnetic / air flow squeege system, on-line washing arrangement, quick change over facility, automatic design setting.
13.	Ink jet printing machine.
14.	Multi functional loop ager (with arrangement of thermosoling, super heated steaming, polymerization, neutral steaming) with / without flash ager.
15.	Continuous washing range with micro processor based energy control and water monitoring with the arrangement of surface and penetrative washing by forcing of water through fabric, and / or accumulators / vacuum separators.
16.	Multi chamber stenter (minimum 5 chambers) with arrangement of oil / gas heating and with knit fabric processing attachment.
17.	Coating / Laminating / Embossing / Pinching machine.

Sr. No.	Name and description of the machine
	For a woven process house
1.	Merceriser with Micro Processor based dimensional and caustic concentration Controls and Caustic Recovery Unit (without caustic recovery unit if unit already has it).
2.	Open width continuous bleaching, or scouring and bleaching range with micro processors based energy control and water monitoring.
3.	Open width Pad-dry and / or Pad-Steam continuous dyeing range with micro processor based energy control and water monitoring with / without thermosol.
4.	Open width pad-batch dyeing range with arrangement for uniform nip pressure and with auto dosing for colour and chemicals.
5.	Indigo dyeing range
6.	Rotary Printing machine with magnetic / air flow squeege system, on-line washing arrangement, quick change over facility, automatic design setting.
7.	Multi-functional Loop Ager (with arrangement of thermosoling, Super heated steaming, Polymerisation, neutral steaming) with / without flash ager.
8.	Digital / laser / len engraving system for rotary screens.
9.	Continuous washing range with micro processor based energy control and water monitoring with the arrangement of surface and penetrative washing by forcing of water through fabric and / or accumulators / vacuum separators.
10.	Continuous weight reduction machine with microprocessor controlled caustic concentration and weight reduction.
11.	Ink jet printing machine.
12.	Multi Chamber stenter (with not less than 5 chambers) with arrangement of oil / gas heating system.
13.	Continuous relax / tumble dryer.
14.	Combi soft machine for softening and stone wash effect.
15.	Compressive Shrinking range (zero – zero type).
16.	Sueding / peach finishing / raising / decatising / shearing / pile cutting machine.
17.	Coating / Laminating / Embossing / Pinching Machine.
18.	Process and dye kitchen management system for the whole process house.
19.	Computer colour matching with lab dispensing and stock solution making system.

Sr. No.	**Name and description of the machine**
20.	Computer controlled fabric inspection machine with fault analyzer and report generator.
21.	Automatic roll folding and packing machine.
22.	Singeing machine with auto mixing of air & fuel in optimum ratio for temperature and flame control
23.	Micro process controlled zigger with temperature, speed and tension control