

**GOVERNMENT OF INDIA**  
**MINISTRY OF TEXTILES**  
**OFFICE OF THE TEXTILE COMMISSIONER**  
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**Circular No. 4**  
**(2006-2007 Series)**

**Sub : 25% Capital Subsidy for Handloom Sector under Technology  
Upgradation Fund Scheme (TUFS).**

**1. Decisions taken by Inter Ministerial Steering Committee (IMSC) in its 21<sup>st</sup> meeting held at New Delhi on 24<sup>th</sup> July, 2006.**

Government of India has decided to provide an option to Handloom Sector to avail of either 25% capital subsidy or the existing 5% interest reimbursement under TUFS. The operational guidelines of the 25% capital subsidy for Handloom Sector as per Development Commissioner (Handlooms), New Delhi is enclosed as **Appendix**. These guidelines are also available on the website of Development Commissioner (Handlooms), New Delhi, i.e., [www.handlooms.nic.in](http://www.handlooms.nic.in).

**The above guidelines may please be brought to the notice of all concerned.**

(Smt Shashi Singh)  
Joint Textile Commissioner

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. Zonal Director of all Weavers Service Centres (WSCs)
11. Officer Incharge of all Weavers Service Centers (WSCs)
12. Development Commissioner (Handicrafts)

13. Jute Commissioner
14. Member-Secretary, Central Silk Board
15. Director General , NIFT
16. 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 Manish Gupta, Director, Ministry of Textiles, New Delhi – 110 011**
- 4. Shri Vijay Kumar, Section Officer, Ministry of Textiles, New Delhi – 110 011**

(Smt Shashi Singh)  
Joint Textile Commissioner

## **TECHNOLOGY UP-GRADATION FUND SCHEME (HANDLOOM SECTOR)**

### **1. Introduction**

The Handloom Sector occupies an eminent place in preserving the country's heritage and culture and plays a vital role in the economy of the country. This Sector is one of the largest employers in the country, estimated to be the second only after agriculture, with about 65 Lakh people directly or in-directly employed as weavers and allied workers. The Handloom Sector, being highly decentralized and dispersed, suffers from cost disadvantages, technological obsolescence and marketing handicaps in comparison to Powerloom and Mill Sectors.

The Govt. of India, Ministry of Textiles, Office of the Development Commissioner for Handlooms has been supporting the Handloom Sector through State Governments by implementation of various programmes relating to input supplies, production, marketing etc. This has helped the Sector in development of new/diversified products for domestic and foreign markets. However, there is need to up-grade the technology in the areas of pre-loom, weaving, post-loom etc. with a focus on the overall improvement in the productivity & quality of the products for niche market.

### **2. Objectives of the Scheme**

The objectives are as follows:

- to encourage the beneficiaries to set up all the facilities at one place, which would ease inter-linking of all the production activities.
- to establish a production base with up-graded technology in preloom/ on-loom/post-loom/quality control etc. as the case may be, under one roof, thus, strengthening the capacity to undertake bulk production for domestic and export markets, with improved productivity & quality.
- to reduce production cycle time, thus ensuring delivery of goods in time;
- to achieve product and quality standards and ensure price and quality competitiveness in the domestic and export market.

### **3. Benefits available under the TUF Scheme for Handloom Sector**

- a) 5% interest reimbursement of the normal interest charged by the lending agency on rupee term loan (RTL);
- or
- b) 25% capital subsidy.

Note: The projects in r/o a) above shall be submitted by the beneficiary to the bank concerned directly and the bank will submit the relevant documents to the Office of the Textile Commissioner for interest reimbursement.

### **4. Coverage of Handlooms under the TUF Scheme**

#### **HANDLOOM WEAVING**

1. Handloom Sector is eligible for taking the benefits of TUFs for all machinery already listed in the Government Resolution on TUFs as amended from time to time and permitted for other Sectors, including Powerloom and Mill Sector. In the Handloom Sector, only weaving activity is different from power loom and mill sectors while other activities, particularly processing, are same.
2. Handloom with specified benchmark features operated without the use of power has been covered.

### **5. Quantum of assistance**

25% capital subsidy for the Handloom Sector will be provided on purchase of new machinery and equipments for the pre-loom & post-loom operations, handlooms / upgradation of handlooms and testing & quality control equipments for exclusive use by the handloom production units with a capital ceiling of Rs.80.00 lakh per project, allowing maximum capital subsidy of Rs.20.00 lakh per project.

The above provision for Handloom Sector is a part of the on-going “TUF Scheme for Textile & Jute Industries” and this provision, i.e., 25% capital subsidy would run concurrently as an alternative to the existing provisions under TUF Scheme. This will be applicable from the year 2006-07.

### **6. Release of funds**

For the projects, which are credit linked, the release of subsidy may be made directly by the Office of the Development Commissioner (Handlooms) to the financial

institution / bank after installation of machinery & equipments and their verification by the Officer-in-Charge, Weavers Service Centre concerned.

In cases where, the project is not credit linked, the capital subsidy may be released by Office of the Development Commissioner (Handlooms) to the beneficiary after installation of machinery & equipments and their verification by the Officer-in-Charge, Weavers Service Centre concerned.

## **7. Duration of the project**

The maximum duration for installation of machines and commencement of the production is 2 years. The individual activity schedule may vary from project to project based on kind of technological upgradation and the location of the project, subject to a ceiling of 2 years from the date of approval of the project.

## **8. Eligible organisations**

The aforesaid capital subsidy package under TUF Scheme would be available to the existing handloom units having a minimum of 10 handlooms housed in a common work-shed. The scheme shall also be available to the new units which propose to set up with atleast 10 handlooms at one place in a common work-shed.

The benefits under the scheme can be availed by Pvt. Handloom Entrepreneurs, Primary Handloom Weavers Co-operative Societies, Apex Handloom Co-operative Societies, State Handloom Corporations, NGOs / SHGs (with handloom background), National Level Handloom Organisations.

## **9. Machinery & Equipments**

The eligible textile machinery and equipments for Handloom Sector have been listed under Section – 4 in the booklet of TUFs as amended from time to time and also available on the website of the Office of the Textile Commissioner, Mumbai, i.e., [www.txcindia.com](http://www.txcindia.com).

## **10. Submission of proposals**

The project proposal has to be submitted as per the guidelines placed at **Annex-I**.

## 11. Project Appraisal Committee (PAC)

The Project Appraisal Committee, headed by the Zonal Director, Weavers Service Centre concerned shall assess the physical & financial viability of the project and appraise the project with reference to the projected outcome in terms of employment generation, weaver income, product development / diversification, exports, cost-benefit ratio etc.

The Committee shall consist of the following:

(i)	Zonal Director, Weavers Service Centre concerned	Chairman
(ii)	Representative of the Director-in-Charge of Handlooms of the State concerned	Member
(iii)	Representative of local Textile Institute / IIHT / NIFT / NID/ Management Institute / Textile Research Organisation etc.	Member
(iv)	Any other official nominated from the Office of Development Commissioner (Handlooms)	Member
(v)	Officer-in-Charge of Weavers Service Centre concerned	Convener

The Committee, hereafter, shall submit its recommendations to the Project Approval Committee for taking a final view. The Committee will also make recommendations, from time to time on the technical matters, including revision in the list of machineries and equipments to the Office of the Development Commissioner for Handlooms.

## 12. Project Approval Committee (PAC)

The project duly recommended by the Project Appraisal Committee shall be placed before the Project Approval Committee for approval of the project. The Committee shall be headed by the Development Commissioner for Handlooms and comprise of the following:

- (i) Representative of IFW (Textiles)
- (ii) Zonal Director, Weavers Service Centre concerned.
- (iii) Any other official nominated from the Office of the Development Commissioner (Handlooms)
- (iv) JDC (HL) / ADC (HL) concerned.

**13. Monitoring of Scheme**

Individual projects will be monitored by the Weavers Service Centre having jurisdiction of the area.

The Office of the Development Commissioner for Handlooms will monitor the progress through visits to the States from time to time for physical inspection, to review the progress of implementation of the project etc.

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**Procedure for submission of the project proposal**

The guidelines for submission of the project proposal under TUFSS by the beneficiary organization are as follows :

- (a) The beneficiary organisation shall submit the project proposal along with the profile of the organisation in Annex – II and project profile in Annex – III with relevant documents to the Weavers' Service Centre concerned (Office of the Development Commissioner for Handlooms, Ministry of Textiles) having the jurisdiction of the area.
- (b) The project proposal shall be duly scrutinized / examined by the Weavers' Service Centre (WSC) concerned and also, an inspection of the proposed project site shall be made by WSC. After due verification & satisfaction, the project will be submitted to the Zonal Director concerned along with the Annex- I & II, relevant documents and the inspection report.
- (c) The project proposal duly forwarded by the Officer-in-Charge of the WSC concerned shall be appraised by the Project Appraisal Committee, headed by Zonal Director of the WSC concerned. The committee after duly appraising the project shall recommend the project proposal to the Office of the Development Commissioner for Handlooms along with all documents and specific recommendations for approval or otherwise.
- (d) The duly recommended project proposals shall be placed before the Project Approval Committee, headed by Development Commissioner (Handlooms) for in-principle approval of each project and the same will be conveyed accordingly.

**Technology Upgradation Fund Scheme for Handloom Sector****Profile of the Beneficiary organization**

1. Name of the organization and :  
complete postal address
2. Status of the organization :
  - Handloom Corporation
  - Apex Society
  - Primary Weavers Co-operative Society
  - NGO
  - Private Entrepreneur etc.
  - Any other (please specify)
3. Year of registration / establishment :  
with registration number (Enclose, wherever applicable copy of the registration certificate)
4. Type of unit :
  - (a) New Unit
  - (b) Upgradation of existing unit
5. Name of the contact person with :  
designation
6. Activities in brief (including items of :  
production on Handlooms)
7. Number of weavers with organization :  
(Male / Female)  
(SC / ST / OBC / Others)
8. Number of looms installed and :  
working with the organization (in case  
of existing unit)
9. Annual Turnover of the organization :  
for the last three years (year-wise)
10. Exports, if any, in value terms for the :  
last three years (year-wise)

11. Profit / loss for the last three years :  
(year-wise)
12. Audited Accounts for the last three :  
years (Enclose, wherever applicable)
13. Details of projects / schemes :  
implemented in the past out of funds  
provided by Office of the  
Development Commissioner  
(Handlooms) under various schemes  
(Furnish details – scheme-wise)

(Signature of the Head of the Organisation  
with Name & Complete address, Phone No.,  
Fax, E-mail, Mobile Phone number)

**Project Profile**

1. Objective and thrust of the project
2. Existing infrastructure / work shed / building available with the organisation
3. Details of existing machinery and equipments available with the organisation (wherever applicable)
4. Whether the existing site is owned / leased (if leased, lease agreement should be for atleast 10 years as on date of submitting proposal) by the organization (enclose relevant documents)
5. Details of site plan with total land and covered area for setting up of the proposed project (provide location, photographs and site plan)
6. Detailed machinery requirements under the proposal
  - Pre-loom
  - On-loom
  - Post-loom
  - Quality control
7. Installed production capacity –
  - Existing (machines / material)
  - Proposed (machines / material)
8. Cost estimates and suppliers of the proposed machinery and equipments (machine-wise & supplier-wise) (Attach sheet with details)
9. Total cost of the proposed machinery and equipments
10. Source of funding by the organization; own or from bank (break-up) (enclose copy of the pass book of the bank account)
11. Name of the Bank and bank documents for tie-up of loan, if any, for the proposed project

12. Amount of subsidy required (Rs. in lakh)
13. No. of beneficiaries under the proposed project
14. Anticipated returns from the project in physical and financial terms. Also indicate the benefits to the weavers under the project (in terms of employment, wages, basic amenities, social security etc.)
15. Enclose activity chart with time schedule for each activity

(Signature of the Head of the organization with Name & Complete Address, Phone No., Fax, E-mail, Mobile phone number)