

**GOVERNMENT OF INDIA  
MINISTRY OF TEXTILES  
OFFICE OF THE TEXTILE COMMISSIONER  
POST BAG NO. 11500, MUMBAI – 400 020  
Fax : 022-22002495, E-mail : [texcomindia@txcindia.com](mailto:texcomindia@txcindia.com)**

No. 28(19)/2005-MS/

Date : 8<sup>th</sup> Sept., 2005

**Circular No. 5  
(2005-2006 Series)**

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

**Credit Linked Capital Subsidy @ 20% under TUFS (CLCS@20%-TUFS ) for**

**Powerloom sector –**

The Government has approved the following modifications in the Credit Linked Capital Subsidy @ 20% under Technology Upgradation Fund Scheme (CLCS@20%-TUFS) **with effect from 1<sup>st</sup> Sept., 2005.**

***Benchmarking of price under the scheme.***

1. The price benchmarking of the eligible indigenous machinery under CLCS @ 20% under TUFS has been done away with. However, price benchmarking of imported second hand looms will continue. The benchmarked prices of imported 2<sup>nd</sup> hand looms are given in circular no.1 (PDC 2003-2004 series) dated 11<sup>th</sup> Feb., 2004 and circular no.1 (2005-2006 series) dated 21<sup>st</sup> April, 2005.
2. In place of price benchmarking of the indigenous machinery, the machinery manufacturer shall be benchmarked. The criteria for benchmarking of the machinery manufacturers shall be evolved by the office of the Textile Commissioner in consultation with Textile Machinery Manufacturers Association (TMMA).
3. The indigenous machinery manufacturers whose machinery has been benchmarked under CLCS @ 20% - TUFS as on date will be considered as benchmarked manufacturer under the scheme subject to the condition that such manufacturers obtain ISO-9001 by 31<sup>st</sup> December 2005 and also they fulfill the criteria which will be fixed for benchmarking of manufacturer as given in para 2 herein above. The existing benchmarked machinery manufacturer which fail to obtain ISO-9001 by 31<sup>st</sup> December 2005 shall ceased to be eligible under the

scheme. (List of eligible machinery manufacturers as on date is available in the website of office of the Textile Commissioner, i.e., [www.txcindia.com](http://www.txcindia.com)).

4. The list of eligible machinery under CLCS @ 20% - TUFS is as given in **Annex-I**.

***Additional option under CLCS@20%-TUFS***

5. The government has provided an option to the powerloom units to avail of 20% capital subsidy on '**front ended**' basis along with bank finance. The operational guidelines for releasing of 20% capital subsidy are as follows:
- i) The powerloom unit will approach the lending agency for term loan and bridge finance for 20% capital subsidy with their project proposal. After sanctioning of the loan the lending agency shall advise the O/o the Textile Commissioner the sanction of the loan in the prescribed format (**Annex-II** of Circular No.7 (2003-2004 series) dated 23<sup>rd</sup> Jan., 2004).
  - ii) Under the scheme, the lock in period for term loan would at-least be of 3 years as in the case of CLCS@15%-TUFS.
  - iii) The powerloom entrepreneur would release his initial contribution of minimum of 15% directly to the machinery manufacturer.
  - iv) The lending agency would release the term loan as well as bridge finance to the machinery manufacturers when machinery is ready for dispatch.
  - v) As in the existing scheme the machinery manufacturer would continue with casting / engraving of the nine-digit identification code for each machinery as detailed out in Circular No.7 (2003-2004 series) dated 23<sup>rd</sup> Jan., 2004 as amended from time to time.
  - vi) The machinery manufacturer/powerloom entrepreneur would install and commission the machinery and inform the lending agency about commissioning of the machinery.
  - vii) Lending agencies visits the unit either before or after disbursement of the loan. During this visit, the lending agency would ensure the casting/engraving of the nine-digit identification code on the indigenous machinery as per the existing guidelines as detailed out in Circular No.7 (2003-2004 series) dated 23<sup>rd</sup> Jan., 2004 as amended from time to time.

- viii) After this visit, the lending agency will inform the O/o the Textile Commissioner that the party has installed the machinery and they have released the payment including the bridge finance on account of the 20% capital subsidy in the **prescribed format (Annex-II)**. The lending agency, along with this declaration will also send the **copy of the invoice**, which should invariably have all the specification of the machinery and also the **9-digit identification code** to the office of the Textile Commissioner.
- ix) Based on the documents so received from the lending agency, the O/o the Textile Commissioner would **release the capital subsidy to the lending agency**.
- x) 20% capital subsidy will be worked out on the basis of invoice price inclusive of excise duty and sales tax/VAT in respect of indigenous machinery. The lending agency should provide bridge finance to the extent of 20% of eligible investment.
- xi) In respect of brand new imported machinery, the 20% capital subsidy will be worked out on the basis of CIF price plus actual customs duty paid while in respect of second hand imported machinery, the 20% capital subsidy will be worked out on the basis of benchmarked price as fixed by Textile Commissioner from time to time or CIF price whichever is lower inclusive of actual customs duty paid.
- xii) In case the lending agencies give bridge finance more than the eligible 20% capital subsidy, the excess amount will have to be recovered from the powerloom weaver or it can be converted into a normal term loan by the lending agency.
- xiii) Textile Commissioner would constitute a team comprising of senior officers of the Head office to periodically inspect on random basis the machinery installed/commissioned.

**The above modifications in the TUF scheme 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. 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)  
Joint Textile Commissioner

**Annex – I****List of eligible machinery under CLCS@20%-TUFS**

<b>Sr. No.</b>	<b>List of machinery</b>
1	Semi-automatic looms
2	Automatic shuttle stop change loom
3	Pirn changing automatic loom
4	Shuttleless rapier loom
5	Dobby
6	Jacquard
7	Pirn winding
8	Sectional warping machine
9	Warping machine
10	Sizing machine
11	Two-for-one twister (with cradle, drop wire system and overfeed system w.e.f. 1 <sup>st</sup> April, 2005 as per circular no.2 (PDC 2004-2005 series) dated 29 <sup>th</sup> Dec., 2004).
12	Prewinder / rewinder

**List of accessories eligible under CLCS@20%-TUFS**

<b>Semi-automatic loom and automatic shuttle stop change loom</b>	<ul style="list-style-type: none"> <li>- Heald frame (shaft) 6 Nos.</li> <li>- Heald wires (6000 Nos.)</li> <li>- Weavers beam (1 No.)</li> <li>- Drop pins (drop wires/droppers) (6000 Nos.)</li> <li>- Temple set</li> <li>- Optical weft feeler &amp; electrical warp stop motion</li> <li>- Motor (1 No.)</li> </ul>
<b>Automatic pirn changing loom</b>	<ul style="list-style-type: none"> <li>- Warp beam (1)</li> <li>- Cloth roller (1)</li> <li>- Motor (1)</li> <li>- Heald frame (6 Nos.)</li> <li>- Heald wires (6000)</li> <li>- Drop pins (6000)</li> <li>- Shuttle (1 No.)</li> </ul>
<b>Shuttleless rapier loom</b>	<ul style="list-style-type: none"> <li>- Warp beam (1)</li> <li>- Cloth roller (1)</li> <li>- Heald frame (6 Nos.)</li> <li>- Heald wires (6000)</li> <li>- Drop pins (6000)</li> </ul>

## FORMAT

Format to be submitted by the lending agencies for claiming subsidy from the Office of the Textile Commissioner.

Dated : \_\_\_\_\_

Name & Address of the Lending Agency:

<b>1</b>	<b>Name &amp; Address of borrower</b>				
<b>2</b>	<b>Whether SSI unit or not</b>				
<b>3</b>	<b>Name of the promoter(s)</b>				
<b>4</b>	<b>Type of firm (Proprietorship / Partnership / Limited Company / Cooperatives / Others)</b>				
<b>5</b>	<b>Project Cost (Rs.)</b>				
(a)	Promoters Contribution (should be minimum of 15%)				
(b)	Term loan disbursed (L.C. No. in case of imported machinery)				
(c)	Bridge Finance disbursed				
<b>6</b>	<b>Details of machinery covered under CLCS@20%-TUFS</b>				
(a)	<b>Indigenous machinery</b>				
<b>Sr. No.</b>	<b>Description of machinery</b>	<b>Name and address of machinery manufacturer and code number</b>	<b>No. of machines</b>	<b>Nine digit code number(s)</b>	<b>Invoice Price (Rs.)</b>

(b)	Imported machinery						
Sr. No.	Description of machinery	No. of machines	Brand New or second hand	Sr. No. of machine(s)	Date of Bill of Entry	Invoice Price	CIF price (In rupee terms) or benchmarked price in respect of 2 <sup>nd</sup> hand imported looms whichever is lower <u>plus</u> actual customs duty paid as per Bill of entry

**Documents to be enclosed:**

Sr. No.	Description of document	Please tick if enclosed and write N.A. if not applicable
1	SSI certificate or any document (i.e., C.A. Certificate, banker certificate) to prove that unit is a SSI unit.	
2	In case of same location, a copy of separate electricity bill.	
3	Invoice with full details including accessories and also indicating 9 digit code number.	
4	Bill of entry in case of imported machinery.	
5	Chartered Engineer's certificate indicating the vintage and residual life of looms (As per the guidelines upto 22.02.2005, the vintage period of looms is 10 years with a residual life of 10 years and after 22.02.2005, the vintage period of looms is 15 years with a residual life of 10 years.	
6	Copy of Letter of Credit in case of imported machinery.	
7	Declaration from the borrower that he has not exceeded the subsidy limit of Rs.20 lakh since inception of the scheme.	

It is certified that the unit has commissioned machinery and the payment has been released for the same including the bridge finance on account of 20% capital subsidy as per the guidelines issued by office of the Textile Commissioner vide circular no. 7 (2003-2004 series) dated 23<sup>rd</sup> Jan., 2004 and further amendments issued from time to time by the Government of India and the unit has not availed of 5% interest subsidy / 15% CLCS under TUFS.

Authorised signatory

Place :

Name :

Date :

Designation:

Seal