

**GOVERNMENT OF INDIA**  
**MINISTRY OF TEXTILES**  
**OFFICE OF THE TEXTILE COMMISSIONER**  
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**Circular No. 5**  
**(2006-2007 Series)**

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

**1. Decisions taken by Technical Advisory-cum-Monitoring Committee (TAMC) in its 29<sup>th</sup> meeting held at Mumbai on 13<sup>th</sup> Nov., 2006.**

- (i) **Coverage of TUFS for the companies who acquire units on “going concern basis”.**

The companies who acquire units on “going concern basis” will be covered under TUFS by transfer of term loan availed by the previous company for TUFS compatible machinery to the acquirer company. However, the total period of reimbursement of interest subsidy under TUFS should not exceed 10 years including two years moratorium as stipulated in the circular No. 2 (2004-05 Series) dated 27<sup>th</sup> May 2004. Therefore, the period of ten years subsidy reimbursement to the acquirer company will be inclusive of the period for which the original company had availed subsidy under TUFS.

- (ii) **Coverage of TUFS for newly formed joint venture company by transfer of entire assets and liability of an existing company.**

The newly formed joint venture company by transfer of entire assets and liability of an existing company will be covered under TUFS, provided the project is TUFS compatible. However, the total period of reimbursement of interest subsidy under TUFS should not exceed 10 years including two years moratorium as stipulated in the circular No. 2 (2004-05 Series) dated 27<sup>th</sup> May 2004. Therefore, the period of ten years subsidy reimbursement to the newly formed joint venture company will be inclusive of the period for which the existing company had availed subsidy under TUFS.

- (iii) **Clarification as to whether the term loan is eligible for the benefits of TUFS when the loan has already been repaid.**

The unit in textile and jute industries, which has repaid the term loan availed for installation of machinery is eligible for claiming TUFS benefits upto one year from the date of repayment of the last instalment provided the project is TUFS compatible and is in conformity with the technical and financial norms under TUFS.

- (iv) **Clarification as to whether components forming a complete set of machinery purchased from different vendors are eligible for benefits under TUFS.**

The components of machinery for textile and jute industries, purchased from different vendors for assembling the final machine are eligible for benefits under TUFS provided machine is TUFS compatible.

## **2. Co-option of additional bank by SIDBI / IFCI.**

Small Industries Development Bank of India (SIDBI), the nodal agency for SSI sector of the textile industry has co-opted the Centurion Bank of Punjab Ltd. and Vasantdada Shetkari Sahakari Bank Ltd.

Industrial Financial Corporation of India Ltd., the nodal agency for Jute industry has co-opted the Syndicate Bank.

## **3. Amendment in Table 6 (b) of the Format (Annex-II to Circular No.5(2005-06 series) dated 8/9/2005) to be submitted by the lending agencies for claiming subsidy from the Office of the Textile Commissioner under 20% CLCS-TUFS.**

Anomaly has been observed while processing the claims received from co-opted PLIs under 20% CLCS-TUFS for decentralized powerloom sector in respect of imported machinery on the basis of Weft Insertion Rate (WIR). In order to remove the anomaly it is necessary to mention the speed of loom and width of loom in the Format for calculation of WIR. Accordingly, Table 6 (b) of the Format (Annex-II to Circular No.5(2005-06 series) dated 8/9/2005) to be submitted by the lending agencies for claiming subsidy from the Office of the Textile Commissioner under 20% CLCS-TUFS has been amended as under:

6. Details of machinery covered under CLCS@20%-TUFs									
(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	Speed of loom	Width of loom	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

**The above modifications / clarifications 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 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