

**GOVERNMENT OF INDIA
MINISTRY OF TEXTILES
OFFICE OF THE TEXTILE COMMISSIONER
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**Circular No. 9
(2004-2005 Series)**

Sub: Technology Upgradation Fund Scheme (TUFS) –

1. Decisions taken by Inter Ministerial Steering Committee (IMSC) in its 18th meeting held at New Delhi on 22nd February, 2005.

(i) Clarification regarding deletion of downstream value addition norm stipulated for new spinning mills as well as expansion of existing spinning mills under TUFS.

A clarification was sought as to whether the deletion of downstream value addition norm stipulated for new spinning mills as well as expansion of existing spinning mills under TUFS would also be applicable to such projects which were under implementation prior to 20th October, 2004 but the project has not yet been completed. IMSC decided that the benefit would be available to all such units which have started implementing their projects during 18 months prior to 20th Oct., 2004.

(ii) Removal of the wind energy units from the eligible list of plant and machinery under TUFS.

The wind energy units have been removed from the eligible list of plant and machinery under TUFS prospectively from 22nd Feb., 2005 (i.e., date of decision taken by IMSC).

(iii) Increase in the vintage period of second hand imported projectile, rapier, airjet and waterjet shuttleless looms from 10 years to 15 years under TUFS.

The vintage of second hand imported projectile, rapier, airjet and waterjet shuttleless looms has been increased from 10 years to 15 years with a residual life of 10 years. Accordingly para 3.2 (2) (b) has been amended as follows:

3.2 (2) (b) Air jet, Projectile, Rapier and Waterjet shuttleless looms fitted with or without electronic jacquard / electronic dobby and with or

without high speed direct beam warper with creel and / or sectional warping machine with auto stop and tension control of upto 15 years' vintage and with a residual life of minimum 10 years.

(iv) Delay in interest reimbursement.

The IMSC examined the position of delay in interest reimbursement and noted that currently all eligible cases are bunched together and even if in one case any discrepancy is found, the entire bunch gets delayed for reimbursement. The IMSC directed that all clear cases should be immediately cleared and cases with discrepancy should be treated separately. It was also decided that instead of putting claims every quarter the banks should process the cases on a monthly basis.

(v) Incentives to banks / nodal agencies for early release of interest reimbursement.

The issue regarding providing an option to the TUFs beneficiaries to pay installment by retaining amount equal to interest subsidy at 4.95% per annum and banks in turn crediting his account as a full installment was discussed by IMSC. The IMSC decided that proposed incentive of 1% (of 5%) should be shared between the beneficiaries and lending banks. The IMSC directed that nodal agencies and the lending banks may be informed of this decision. The detailed guidelines for implementing this proposal would be issued shortly in consultation with nodal agencies / banks and trade.

2. Co-option of additional bank by IDBI.

- (a) Industrial Development Bank of India (IDBI), the nodal agency for non-SSI sector of the textile industry has co-opted Bank of Punjab Ltd., Mumbai.

The above clarifications in the TUF scheme 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 Atul Chaturvedi, 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