

GOVERNMENT OF INDIA MINISTRY OF TEXTILES
OFFICE OF THE TEXTILE COMMISSIONER
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No. 28(19)/2008-MS/

Date : 28th July, 2008

Technology Upgradation Fund Scheme (TUFS)
(01-04-2007 to 31-03-2012)
Circular No. 4
(2008-2009 Series)

1. Decisions taken by reconstituted Technical Advisory-cum-Monitoring Committee (TAMC) in its 2nd meeting held at Mumbai on 25th July, 2008.

a) Coverage of processing units eligible for 10% CLCS under TUFS:

(i) The cut-off date under the scheme is based on the date of disbursement. However, since lending agencies do not make payments directly to suppliers of machinery but disburses loan in 2-3 tranches in a 'No-lien' account. Thus disbursements are made by lending agencies towards the project as a whole and not for a specific machinery / equipment. A one-to-one correlation between the acquisition of a particular machinery and the disbursement made therefore can not therefore be established. Also, the disbursement/s made, at times, may be in the nature of reimbursement of capital expenditure already incurred by the company. In view of the above, it was decided that in addition to the present norms obtaining (i. e. date of disbursement/s being the cut-off dates), the date of acquisition of textile processing machinery will also be considered for 10% capital subsidy.

(ii) A machinery may comprise of various components, ordered and received on various dates (e.g. Multi Chamber Stenter, which comprises of various components, is supported by multiple invoices). It was decided that in such cases, the earliest date of invoice will be reckoned as the date of acquisition of the machinery.

b) Inclusion of wool carbonising line / plant under TUFS:

Wool carbonising line / plant has been covered under Annex-B-2 (a) of GR on TUFS for 5% interest reimbursement as under : Annex - B-2 (a) 16 : Wool carbonising line / plant.

c) Inclusion of additional machinery for spinning sector under TUFS:

The following spinning machinery have been included in the Annex B-1 (a) of the GR on TUFS for 4% interest reimbursement as under :

Annex - B-1 (a) 23 : Ring Data Management System.

Annex - B-1 (a) 24 : Plant Efficiency Management System.

Annex - B-1 (a) 25 : Cabling Machine.

d) Inclusion of sample machines under TUFs:

The committee decided to cover all sample machines for all eligible machinery under TUFs for 5% / 4% interest reimbursement for other than spinning and spinning machinery respectively. In the erstwhile TUFs also lab version of the eligible machines were covered for 5% interest reimbursement.

e) Inclusion of automatic beam storage system under TUFs:

Automatic beam storage system has been covered in the Annex D-1 (a) of the GR on TUFs for 5% interest reimbursement as under :

Annex - D-1 (a) 24 : Automatic beam storage system.

f) Inclusion additional machinery for processing sector under TUFs:

The following processing machinery have been included in the Annex-F of the GR on TUFs for 5% interest reimbursement as under :

Annex - F 70: Multi Cross Linking Resin Finishing Machine.

Annex - F 71: Pile Lifting Machine.

Annex - F 72: Foaming Device for Coating Line.

Annex - F 73: Latex mixing and dispensing system for Coating Line.

Annex - F 74: Multilayer stenter.

g) Inclusion additional machinery for garment / made-up manufacturing under TUFs:

The following machinery have been included in the Annex-E (a) of the GR on TUFs for 5% interest reimbursement as under :

Annex - E (a) 102: Paddle Dyeing machines for Rugs / Garments / Made-ups.

Annex - E (a) 103: Open Pocket Dyeing Machines for Rugs / Garments / Made-ups.

Annex - E (a) 104: Automatic Length & Cross Cutting Machine for Sheets / Towels.

Annex - E (a) 105: Automatic machine for length and cross hemming machinery for Flat / Fitted Sheet / Towels / Pillow / Pillow Sham.

Annex - E (a) 106: Automatic folding and stacking machine for Flat / Fitted Sheets / Towels & Pillow /Pillow Sham / Dust Ruffle.

Annex - E (a) 107: Automatic Comforter shell making machine.

Annex - E (a) 108: Compression Bagger for Packing (electronic pneumatic bagging machine).

Annex - E (a) 109: Automatic machine for flange Pillow case.

Annex - E (a) 110: Blending, Opening and Pillow Filling Lines.

Annex - E (a) 111: Vacuumising Packing Units for Filled Pillow & Quilts.

Annex - E (a) 112: Die Cutting Machine.

Annex - E (a) 113: Table Top Tufting Machine.

Annex - E (a) 114: Moustache Former.

Annex - E (a) 115: Bed filling machine.

Annex - E (a) 116: Ball fibre machine.

h) Inclusion of knotting machine and position driven compressor stand assembly for weaving under TUFs:

(a) Knotting machine has been covered. Annex-D-2 (d) 7 : Net making machine by warp knotting system of the GR on TUFs is accordingly modified as under :

Annex - D-2 (d) 7 : Machines with warp knotting system.

**(b) Position driven compressor stand assembly for weaving has been covered in the Annex-D-2 (c) 8 of the GR on TUFs for 5% interest reimbursement under TUFs:
Annex - D-2 (c) 8 : Position driven compressor stand assembly.**

i) Inclusion of machines manufacturing felt under TUFs:

**The complete plant making felt has been covered in the Annex-D-2 (f) 13 of the GR on TUFs for 5% interest reimbursement under TUFs:
Annex - D-2 (f) 13 : Complete plant for making felt.**

j) Coverage of the electrical installations with other specified investments upto 25% of the cost of machinery under TUFs:

**The electrical installations with other specified investments upto 25% of the cost of the machinery has been covered under para 3.3 (2) of GR on TUFs as under :
Para 3.3 (2) (i) : Electrical installations**

k) Change in the description of Annex-J 26:

**The description of Annex-J 26 has been modified as under:
Annex - J 26 : PLC based fully Automatic Rotary Screen Printing Machine with magnetic / Air flow squeegee system, on line washing arrangement, quick change over facility, automatic design setting/ flying design change (FDC) system.**

l) Amendment / additions in the operational guidelines of MMS @ 15%:

The following amendments/additions have been made in Annex -Q relating to the operational guidelines of MMS @15%:

*** Filing of Entrepreneurs Memorandum with concerned DIC Centre is a pre requisite for availing of assistance under 15% MMS.**

*** (a) However where two or more undertakings are set up by the same person as a proprietor each of such industrial undertakings shall be considered to be controlled by the other undertaking or undertakings**

OR (b) Where two or more undertakings are set up as partnership firms under the Indian Partnership Act, 1932 (1 of 1932) and one or more partners are common partner or partners in such firms, each of such industrial undertakings shall be considered to be controlled by the other undertaking or undertakings.

OR (c) Where industrial undertaking are set up by companies under the Companies Act, 1956 (1 of 1956) and where one or more Directors are common/same person who have already availed subsidy in their individual capacity for a proprietary/partnership firm, such undertakings shall be considered to be controlled by the other undertaking or undertakings.

m) Clarifications issued by TAMC:

(i) It was clarified that accessories / attachments / spares received along with the machinery upto the value of 20% of the machinery cost or actual value which ever is lower was covered under erstwhile TUFs and this provision is valid in modified TUFs also.

(ii) It was also clarified that whatever circulars have been issued under previous TUFs would be considered as applicable for modified TUFs also unless specified otherwise.

(iii) It was clarified that under TUFs as per para III I iii a1 interest reimbursement is available for a period of 10 years including 2 years of implementation and moratorium. It was informed that this point has been provided in the N-1 format prescribed for determination of eligibility under modified TUFs. In other words, TUFs subsidy would be available for 2 years of moratorium / implementation and 8 years of repayment period. The implementation period is considered as actual date of completion of the project minus date of commencement of implementation of the project. While moratorium period is considered as repayment start date minus the actual date of completion of the project. A TUFs beneficiary is eligible for TUFs subsidy during 2 years of moratorium and implementation period. The implementation and moratorium period can be more than 2 years but interest reimbursement for implementation and moratorium period will be limited to 2 years only.

2. Various queries have been received regarding coverage of ECB under TUFs.

It is clarified that ECB availed of from overseas branch of an Indian bank / foreign bank having Indian branch (being co-opted PLI) is eligible for TUFs benefits prescribed for foreign currency loan under the scheme, i.e., either 5% cover for exchange rate fluctuation from the base rate or forward cover premium limited to 5% per annum. However, in the case of spinning machinery, for the cases sanctioned w.e.f. 01.04.2007, the exchange rate fluctuation / forward cover premium will be limited to 4% per annum.

3. Submission of data for release of subsidy under MMS@15%-TUFs.

The lending agencies opting for Option-2 under MMS@15%-TUFs are required to submit the information in Format-III for release of subsidy. The information submitted directly by the lending agencies to the Office of the Textile Commissioner for individual cases as per Format prescribed in Appendix-1 & 2 for release of subsidy will not be accepted w.e.f. 31st July, 2008. In other words, all cases of MMS@15%-TUFs under Option - 2 would only be considered for release of subsidy if submitted in prescribed Format-III through online system of Office of the Textile Commissioner.

4. Co-option of banks by IDBI

IDBI has co-opted following banks for non-SSI sector under TUFs.

i) Deutsche Bank AG

ii) Kotak Mahindra Bank Ltd.

The above clarification / procedure in the TUF Scheme may please be brought to the notice of all concerned.

(Smt. Shashi Singh)
Joint Textile Commissioner

To :

1. All Nodal Agencies / Nodal Banks / Co-opted PLIs.
2. Secretaries (Textiles) of all states

3. To all Major Textile Industry Associations/ Trade Associations/All India Industry Associations/Chambers of Commerce & Industry.

4. Development Commissioner (Handlooms)

5. Development Commissioner (Handicrafts)

6. Jute Commissioner

7. Member-Secretary, Central Silk Board

8. Director General, NIFT

9. The Directors of all TRAs

10. Executive Directors of all EPCs

11. Prominent News Agencies.

12. Officer In-charge of all Regional office of the Textile Commissioner,

13. Secretary, Textiles Committee, Mumbai

14. Officer In-charge of all Powerloom Service Centers, 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. Dr. J.N.Singh, Joint Secretary, Ministry of Textiles, New Delhi - 110011

3. Shri B. N. Sinha, 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

A. Name and address of the applicant Bank/Institution (with Tel.No./Fax No./E-mail ID)				
B. Name of the contact officer (with Tel.No./Mobile No./Fax No./E-mail ID)				
1. Name of the (a) Company (b) Promoters (c) Address for correspondence (with Tel.No./Fax No./E-mail ID) (d) Name of the Contact person (with Tel.No./Mobile No./Fax No./E-mail ID)				
2. (a) Whether the company is a (b) In case of the SSI-unit (subject to its maximum total investment in P&M being as per limits prescribed in GR on modified-TUFS) whether the unit would like to avail of © In case of the SSI-unit availing of MMS@15%-TUFS, whether the unit has chosen route of availing subsidy through the lending agency (d) In case of the SSI-unit availing of MMS@15%-TUFSnotMMS@15%-TUFS in respect of the present project through the alternative route i.e. Office of the	SSI unit	SSI unit graduating to medium scale	Non-SSI unit	
	5% interest subsidy or MMS@15%-TUFS			
	Yes	No		
Yes No	not availed of /applied for			

<p>Textile Commissioner through the route of lending agency, whether the unit has already availed of/applied for disbursement of</p> <p>(e) In case of the SSI-unit availing of MMS@15%-TUFS, whether the lending agency has entered into an agreement with the unit as per Appendix-II of Annex-Q vide GR on modified-TUFS]</p>	
	<p>Yes No</p>
<p>(f) In case of the decentralized (SSI) powerloom unit (subject to its maximum total investment in P&M being as per limits prescribed in GR on modified-TUFS), whether the unit has availed of/applied for disbursement of MMS@20%-TUFS to Office of the Textile Commissioner in respect of the present project</p> <p>[Please note that decentralized powerloom units are permitted to avail of either MMS@20%-TUFS or MMS@15%-TUFS or 5% interest subsidy]</p> <p>(g) Whether declaration has been obtained from the SSI-unit that it has not exceeded capital/margin-money subsidy limit of Rs.15 lakh under TUFS since its inception in April 1999</p> <p>[Please note that such a declaration is compulsory]</p> <p>In case of knitting/knitwear unit sanctioned assistance under the erstwhile-TUFS (i.e. sanction date being till 31-Mar-07), the eligibility was 15% of Rs. One crore or SSI limit whichever was higher.</p> <p>(h) Aggregate amount of capital/margin-money subsidy availed of by the SSI-unit since inception of TUFS in April 1999, as per the declaration as at (2)(g) above</p>	<p>Yes No</p> <p>Yes No</p> <p>Rs. _____ lakh</p>
<p>3. a) Whether an existing company or a new company?</p> <p>b) In case of a new company, please furnish its date of incorporation</p>	<p>Existing New</p> <p>____/____/____</p> <p>(dd / mm / yyyy)</p>

<p>4. a) Whether competent management is available to the company to implement the project and to manage its operations efficiently?</p> <p>b) Towards 4(a) above, whether lending agency has stipulated conditions relating to broad-basing of the Board, appointment of senior technical/financial executives, professionalisation of the management and constitution of such committees as considered necessary</p> <p>[Please note that availability of competent management to the company is one of the main requirements for sanction of assistance under TUFs]</p>	<p>Yes</p>	<p>No</p>	
<p>5. Whether the company has made adequate arrangements with its bankers for meeting working capital requirements, considered essential for success of the technology upgradation programme?</p>	<p>Yes</p>	<p>No</p>	
<p>6. Brief description of the project</p>			
<p>7. Location of plant(s) in which the proposed project is being implemented</p>			
<p>8. Details on capacity (applicable in case of modernisation/expansion/setting up of new cotton ring spinning facilities) [In terms of number of spindles]</p>	<p>Present installed capacity</p>	<p>Proposed expansion [net]/ New capacity</p>	<p>Installed capacity on completion of the project</p>
<p>9. a) In case of the independent ginning or pressing unit, whether Clause 4.(4.1)(a) of GR on modified-TUFs has been complied with?</p>	<p>Yes</p> <p>No</p> <p>Not applicable (as the unit is not an independent ginning or pressing unit)</p>		

<p>b) In case of the ginning and pressing unit, whether the unit has already not availed benefits under TMC for the project?</p> <p>[Please note that for such units, benefits either under TMC or TUFS are permitted]</p>		<p>Yes</p> <p>No</p>	<p>benefits not availed of under TMC</p>
<p>10. a) In case of replacement of ring frames/other back-up machinery in spinning section, whether Clause 4.2(a)(ii) of GR on modified-TUFS has been complied with?</p> <p>b) In case of replacement of silk reeling/twisting machinery, whether Clause 4.2(e)(ii) of GR on modified-TUFS has been complied with?</p> <p>c) In case of replacement of VFY and VSF machinery, whether Clause 4.3(ii) of GR on modified-TUFS has been complied with?</p> <p>d) In case of replacement of looms, whether Clause 4.4(a)(i)(ii) / 4.4(b)(iii) of GR on modified-TUFS has been complied with?</p>		<p>Yes</p> <p>No</p>	<p>Not applicable (as the project does not envisage replacement)</p>
<p>11. In case of import of eligible second-hand machinery under the proposed project, the certificate from a Chartered Engineer of the exporting country, certifying vintage and residual life of the equipment obtained?</p>		<p>Yes</p> <p>No</p>	<p>Not applicable (as the project does not envisage import of second-hand machinery)</p>
<p>12. In case of the woollen-weaving units, whether there is in-house weaving-preparatory capacity matching with the weaving capacity of the unit?</p>		<p>Yes</p> <p>No</p>	<p>Not applicable (as it is an SSI unit)</p>
<p>13. Break-up of project cost:</p>			
Sl.No.	Items	Cost (Rs. lakh)	
		Total	TUFS-related cost
i)	Land		

ii)	Factory buildings		
iii)	Preliminary and pre-operative expenses		
iv)	Margin money for working capital		
v)	Electrical installations		
vi)	Other buildings		Not eligible
vii)	Miscellaneous fixed assets		
viii)	Main plant and machinery [please furnish actual TUFs-related specifications as per Annexures `A' to `F', `J' to `L' of modified-TUFs in reporting format N-2]		
ix)	CAD/CAM and Textile Design Studio [please furnish actual TUFs-related specifications as per Annexure `M' of modified-TUFs in reporting format N-2]		
x)	Energy saving devices/process control equipments [please furnish actual TUFs-related specifications as per Annexure `H' of modified-TUFs in reporting format N-2]		
xi)	Water treatment plant for captive industrial use		
xii)	In-house R&D		
xiii)	IT including ERP		
xiv)	TQM including adoption of ISO/BIS standards		
xv)	CPP/DG Set (including non-conventional sources)		
xvi)	Technical know-how (including expenses on training and payment of fees to foreign technicians)		
xvii)	Others (please specify)		
xviii)	Contingencies		
Total			

14.	a. Total term loan/s	Rs. _____ lakh	
	b. Promoters Contribution [Please note that minimum 15% promoters contribution is necessary for SSI-units availing of MMS@15%-TUFs]	Rs. _____ lakh; _____% of the project cost	
15.	a. Whether the term loan is being shared by other Bank(s)/Institution(s)?	Yes	No
	b. If yes, indicate sharing pattern	Name of the	Amount (Rs.)

		Bank/Institution	lakh)
		Total	
	c. In case of consortium financing, which is the lead Bank/Institution?		
	d. In case of multiple banking arrangement, which is the Bank/Institution with major share of term loan?		
16.	Date of receipt of the term loan application by the Bank/Institution	____/____/____ (dd / mm / yyyy)	
17.	Date of sanction of the term loan by the delegated authority (Board/Credit Committee, etc.)	____/____/____ (dd / mm / yyyy)	
18.	Date of communication of sanction to the company	____/____/____ (dd / mm / yyyy)	
19.	Date of commencement of implementation of the project	____/____/____ (dd / mm / yyyy)	
20.	Expected/actual date of completion of the project	____/____/____ (dd / mm / yyyy)	
21.	Implementation period [Item No.20 minus Item No.19 above]	_____ years _____ months	
22.	a. Repayment start date	____/____/____ (dd / mm / yyyy)	
	b. Repayment end date	____/____/____ (dd / mm / yyyy)	
	c. Repayment period [i.e. Item No.22b minus Item No.22a above]	_____ years _____ months	
23.	Moratorium period [Moratorium period = repayment start date minus the actual date of completion of the project]	_____ years _____ months It is hereby confirmed that TUFSSubsidy will be claimed for maximum 2 years of implementation and moratorium period and maximum 8 years of repayment period. Note : TUFSSubsidy is restricted to 2 years of implementation and	

		moratorium period and 8 years of repayment period under modified-TUFS.		
24.	a. Expenditure incurred by the company on the project since commencement of implementation (reference Item No.19 above) till the date it approached the Bank/Institution for the term loan (reference Item No.16 above)	Rs. _____ lakh		
	b. Source of funds for the expenditure incurred as mentioned at Item No.24(a) above			
25.	Whether standard asset in the books of the Bank/Institution?	Yes	No	
26.	Whether there are overdues?	Yes	No	
27.	Latest audited networth position of the company	Rs. _____ lakh		
		[Date of balance sheet : ____/____/____ (dd/ mm /yyyy)		
28.	Audited cash profit position of the company for the immediately preceding 3 FYs	FY ____ [I]	FY ____ [II]	FY ____ [III]
	Note : In case the company has incurred cash loss in one or more years, furnish the position for the immediately preceding five FYs			

Certified that :

1) the information furnished above is in strict compliance with the guidelines/provisions issued under modified-TUFS, as amended from time to time and the project is eligible under modified-TUFS.

2) in case of any variation in information in reporting format N-1 vis-à-vis our appraisal report/sanction note/sanction communication to the company, the information furnished in reporting format N-1 is correct and final.

3) we have exercised due diligence in furnishing the above information and certify that it is correct. We are aware that eligibility of the project/term loan for interest/margin money subsidy under modified-TUFS shall be established by the Nodal Agency on the basis of the above information. We shall own responsibility for omissions/misrepresentations, if any, in the above information.

Place:

(Signature)

Date :
signatory)

(Name and designation of the authorised

Note :Please affix seal/rubber stamp of the Bank/Institution on all pages of the reporting format N-1 alongwith signature of the authorised signatory