

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:567
ANSWERED ON:03.12.2004
UPGRADATION SCHEME FOR TEXTILE & JUTE INDUSTRY
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Will the Minister of TEXTILES be pleased to state:

- (a) whether the Government has planned to modernize/upgrade the jute mills in the country ;
- (b) if so, the details thereof?
- (c) whether the Government has increased capital subsidy for the modernization/ upgradation of jute mills;
- (d) if so, the details thereof ; and
- (e) to what extent the jute mills have improved their productivity ?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) & (b) Yes sir. To accelerate the pace of modernization / upgradation, Govt. of India, Ministry of Textiles has introduced the following schemes for jute mills :-

1. The Technology Upgradation Fund Scheme (TUFs) for the Textile and Jute Industries for a period of 5 years with effect from 1.4.99. The Scheme has been further extended upto March 2007. Under this scheme the interest distribution is 5%.
2. JMDC Incentive Scheme for Modernisation of Jute Industry - Capital subsidy Scheme came into effect from 8th July 2002 in order to facilitate capital investment for upgradation and / or modernization technology in jute industry by providing 15% incentive on the invested amount. This scheme is applicable only to the existing Cess paying jute mills.
3. Under UNDP - CCF-1 Programme 6 (Six) items of machinery upgraded Technology are being developed.

(c) & (d): Yes sir.; The Government has increased capital subsidy under JMDC incentive Scheme for modernization / upgradation of jute mills from 15% to 20% only in respect of new jute mills to be set up in jute growing areas having inadequate jute processing facilities.

(e) : The disbursement under the JMDC Incentive Scheme for the modernization of Jute Industry started only during 2003-04. It is premature to evaluate the impact of the JMDC Incentive scheme on enhanced productivity and efficiency of the mills which have availed the benefit. The disbursement under the TUFs is not that encouraging as the jute entrepreneurs are reluctant to access loan finance from the Financial Institutions. However, it is expected that the combination of TUFs and JMDC Incentive Scheme will usher faster modernization of the Jute Industry which will lead to improvement in productivity and quality of products.