

**GOVERNMENT OF INDIA  
TEXTILES  
LOK SABHA**

UNSTARRED QUESTION NO:6092

ANSWERED ON:30.04.2015

TECHNOLOGY UPGRADATION FUND SCHEME

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**Will the Minister of TEXTILES be pleased to state:**

- (a) whether the Textile Upgradation Fund Scheme (TUFS) which is an interest subsidy scheme for upgradation of technology has been restructured by the Government recently as part of measures to boost textile and jute sectors and if so, the details thereof;
- (b) whether the Textile Industry has been facing issues such as non-allocation of around Rs.3,000 crore to meet pending cases under TUFS;
- (c) if so, the details thereof and the reasons therefor; and
- (d) the steps taken by the Government to resolve the issue of pending claims under the said scheme?

**Answer**

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF TEXTILES (SHRI SANTOSH KUMAR GANGWAR)

(a): Yes, Madam. The Technology Upgradation Fund Scheme (TUFS) has been revised from time to time for upgradation of Technology in the textile industry. Details are enclosed.

(b) to (d): Rs. 11952.80 crore has been allocated for this scheme for the 12th Five Year Plan. The allocation for 2015-16 is Rs. 1520 crore. The Ministry has been seeking more funds to meet the committed liabilities under the 12th Plan.

Technology Upgradation Fund Scheme (TUFS)

The Technology Upgradation Fund Scheme (TUFS), a flagship scheme of the Ministry of Textiles, was introduced in 1999 to catalyze investments in all the sub-sectors of textiles and jute industry for technology upgradation of the machinery by way of 5% interest reimbursement. The scheme was initially approved from April, 1999 to March 31st, 2004. Subsequently, the scheme was extended in 2004 and again in 2007 with modifications. The Scheme was suspended between 29.06.2010 and 27.04.2011.

Restructured Technology Upgradation Fund Scheme (R-TUFS)

The Restructured TUF Scheme (RTUFS) was launched w.e.f. 28.04.2011 to 31.03.2012 with an overall subsidy cap of Rs. 1972 crores from the date of the Resolution i.e. from 28.04.2011 to 31.03.2012, which was expected to leverage an investment of Rs.46,900 crore, with sectoral investment shares of 26% for spinning, 13% for weaving, 21% for processing, 8% for garmenting and 32% for others. Since the earmarked subsidy cap of Rs.1972 crore was not fully utilized and to avoid any hiatus as the 12th Plan TUFS proposals were not finalized, the Ministry of Textiles in accordance with Ministry of Finance, Department of Expenditures clarificatory O.M. No.1(3)/P.F.II/2011 dated 23.4.2012, allowed extension of R-TUFS into the first year of 12th Plan to the extent of availability of unutilized subsidy cap.

Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS).

Taking note that the scheme in its R-TUFS form was extended for the first year of the 12th Plan i.e. upto 31.03.2013, and recognising the justifications brought out above, the Government vide its Resolution GR No.6/19/2013-TUFS dated 4th October, 2013 resolved to further continue the Technology Upgradation Fund Scheme for the textiles & jute industries in Revised Restructured form with effect from 01.04.2012 to 31.03.2017. Accordingly, the scheme is known as Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS).

The brief details of the Scheme are as given below:-

Under Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS) (01.04.2012 to 31.03.2017), the following benefits are given to the textile industry.

- i) Stand alone spinning units 2% Interest Reimbursement (IR) for new stand alone / replacement / modernization of spinning machinery.
- ii) For units having spinning capacity with forward integration having matching capacity in weaving/ knitting/processing/garmenting 5%

IR.

iii) Weaving (i) 6% IR and 15% capital subsidy on brand new shuttleless looms or 30% Margin Money Subsidy (MMS) on brand new shuttleless looms for powerloom sector;

(ii) 2% IR or 8% MMS on second hand imported shuttleless looms with 10 years vintage and with a residual life of minimum 10 years;

(iii) For 30% MMS capital ceiling caps of RS. 5 crore and subsidy cap of Rs. 1.5 crore would be adhered to for encouraging adequate investments by the MSME sector.

iv) Processing 5% IR and 10% capital subsidy for specified processing machinery. CETP/ETP will not be considered for support under TUFS.

v) Garmenting 5% IR and 10% capital subsidy on specified machinery for garmenting units.

vi) Technical Textiles (including non-wovens) 5% IR and 10% capital subsidy on specified machinery required in manufacture on technical textiles.

vii) Handloom and silk sector 5% IR or 30% capital subsidy on benchmarked machinery.

viii) MSMEs including jute sector 5% IR or 15% MMS subsidy ceiling to be Rs. 75 lakh.

ix) Other segments i.e., i) cotton ginning and pressing; ii) wool scouring; combing and carpet industry; iii) synthetic filament yarn texturing, crimping and twisting;

iv) viscose staple fibre and viscose filament yarn; v) knitting and fabric embroidery;

vi) weaving preparatory machines; vii) made-up manufacturing; viii) CAD, CAM and design studio and ix) jute industry 5%IR

x) Investments like factory buildings, pre-operative expenses and margin money for working capital are eligible for benefit of reimbursement under the scheme only for apparel and handloom sector with 50% cap of total new eligible investment under RR-TUFS. Land is altogether excluded from eligible investments under TUFS. This benefit, however, shall not be available for textile units under the Scheme for Integrated Textile Park (SITP).

xi) Period of interest reimbursement Interest reimbursement will be for a period of 7 years including 2 years of moratorium / implementation.

xii) Eligibility of restructured / rescheduled cases subsidy in restructured cases will be restricted to the quantum approved of subsidy as given in the initial loan repayment schedule.