The 9th Meeting of the Technical Advisory-cum-Monitoring Committee (TAMC) of TUF Scheme was held on 20th December 2017 at the Office of the Textile Commissioner under the Chairpersonship of the Textile Commissioner, Dr Kavita Gupta. One behalf of CITI, Dr. V. K. Ladia, Convenor and Dr. K. Selvaraju, Co-Convenor, TUFS Committee attended the meeting.

The highlights of the meeting are as follows:-

1	In her opening remarks, the Textile Commissioner conveyed to the industry that all the claims received by the Office of the Textile Commissioner are cleared on a fast track and sent to the Ministry of Textiles. The delay in getting the subsidy was mainly due to the banks which did not file claims on time and also due to certain new procedural imposed by MoT like certifying each claim by the Textile Commissioner even for M-TUF, R-TUFS and RR-TUFS (this condition is applicable only for A-TUFS). The Textile Commissioner also mentioned that any specific issue brought to her knowledge was addressed immediately without any delay. Banks also need to give Direct Benefit Transfer (DBT) for each claim that causes delay. She also advised all the Industry Associations to communicate to all the beneficiaries to closely follow up with the banks and ensure timely claim.
2	CITI appreciated the efforts of OTXC and requested to give the list of banks that are yet to file the claims for the quarter June 2017 so that the industry could also take up the matter with the banks and also advise the mills to closely follow-up with the banks.
3	The Office of the Textile Commissioner has already requested the banks to file the claims for September 2017 quarter.

Review of Progress of TUFS

1. **Release of Funds during the financial year 2017-18**

Rs. in Crore

Sr. No.	Scheme	Allocation	Expenditure as on 09.12.2017 (to be updated)
1	MTUFS (List-I)	2013	80.13
2	RTUFS		177.59
3	RRTUFS		575.04
4	MMS cases		199.10
	Total	**2013**	**1031.86** **(+ 350*) = (1381.86)**

*Rs.350 crores – claims pending with MoT for approval

2. Fund requirement

Rs. in Crore

Scheme	Estimated remaining claims for 2017-18
MTUFS (List I)	133.60
MTUFS (List II)	-
RTUFS	500.00
RRTUFS	650.00
ATUFS	25.00
Total	1308.60

3. Issuance of UIDs:

i. RRTUFS (pending cases) (position as on 09.12.2017)

Sr. No.	Description	Total cases	Subsidy Amount (In Rupees Crores)
1	Pending UIDs applications received till 12-01-2016	7069	4715
2	UIDs issued from pending cases to till date (01.04.2016 – 07.12.2017)	6255	3899.87
3	UIDs which could not be issued	814	Rs.750 Crore is required in addition to what has been approved in the scheme

ii. ATUFS (position as on 09.12.2017):

The total subsidy cap available - Rs. 5151 crore

Sr. No.	Description	Total cases	Subsidy Amount (Rs. in Crore)
1	UIDs applications received at TXC level	4739	1304.52
2	UIDs issued	3802	1032.91
3	UIDs returned for rectification	381	120.99
4	UIDs under scrutiny	556	150.63

iii. Progress of SPELSGU under ATUFS (position as on 09.12.2017):

(Rs. in Crore)

Segment Name	Since inception of ATUFS i.e. 13.01.2016 to Till 24.07.2016			From 25.07.2016 to till date (with the launch of additional incentive to Garmenting/made up sectors)			Total		
	No. of Appl.	Total Project Cost	Subsidy Amount	No. of Appl.	Total Project Cost	Subsidy Amount	No. of Appl.	Total Project Cost	Subsidy Amount
Exclusive Garmenting (15%CIS)	248	345.59	43.08	446	924.84	92.98	694	1270.43	136.06
Multi activity With Garment in one segment	112	764.63	71.01	307	4088.83	290.59	419	4853.46	361.6
Other	1050	2501.69	186.93	2577	13121	620.06	3627	15622.7	806.99
Grand Total	**1410**	**3611.92**	**301.02**	**3330**	**18134.7**	**1003.63**	**4740**	**21746.6**	**1304.65**

1	The estimated fund requirement for clearing subsidy for 2017-18 is Rs.1309 crores while the balance allocated fund available is only Rs.631 crores. The Ministry needs to get additional allocation of Rs.678 crores.
2	Rs.750 crores is required to meet the fund requirement of waitlist UIDs under RR-TUFS. The Ministry feels that as per the resolution of RR-TUFs, further UIDs could be allotted only depending upon the fund availability. Though originally there is a provision to migrate to A-TUFS from RR-TUFS, the aforesaid cases have not opted for the same as there would be a substantial reduction in the subsidy amount. As of now, these units will not be eligible to migrate to A-TUFS unless otherwise the IMSC gives additional time for migration.
3	After detailed deliberations, as requested by CITI, the TAMC would refer the matter to utilize the surplus funds that would be available due to reduction of project cost and also cancellation of several projects that got UIDs under RR-TUFS. The Office of the Textile Commissioner will write to the individual units and also the banks advising them to furnish the details on the status of the implementation of the projects under RR-TUFs. It was also suggested to utilize the surplus fund that would be available from A-TUFS as the scheme is not taking off as envisaged due to long drawn recession being faced by the industry especially on the export front and also due to the impact of two historical reforms viz., demonetization and tax reforms (GST). CITI would make efforts to persuade IMSC to allot UIDs for all the pending cases by pooling of surplus funds under the different schemes of TUFS or allow them to migrate to ATUFS in the forthcoming IMSC meeting scheduled on 4th January 2018.
4	The response for ATUFs is only around 20% due to the recession in the industry.
5	The SPELSGU benefit of additional 10% capital subsidy offered for garments and made-ups also could not attract the envisaged investment due to poor export performance.
6	Rs. 6,006 crores special export package consisting of enhanced duty drawback and RoSL were significantly reduced after the introduction of GST. The duty drawback rate on cotton garment was reduced from 7.7% to 2% and MMF garment from 9.8% to 2.5%. Similarly, the RoSL for cotton garment was reduced from 3.9% to 1.22% and later marginally increased to 1.7%. For the MMF garment, the RoSL was reduced from 2.70% to 0.75% and later enhanced to 1.16%. CITI insisted for stability in any policy so that the industry could take advantage of various schemes and achieve a sustained growth rate.
7	During the last three years, there were several changes in the policies and benefits that affected

	the competitiveness of Indian textile products in the international market and countries like Bangladesh, Vietnam took advantage of the space vacated by India.
8	CITI strongly recommended to bring back the TUFS subsidy for spinning only for modernization as the benefit was suspended for almost four years. Life span of high tech spinning machinery is only around seven years and countries like Vietnam already have superior technology than India.
9	TUFS subsidy is essential to remain internationally competitive by reducing the interest burden. The interest rates of competing Nations range between 2% and 6% while the Indian interest rates range between 10% and 13%. The textile industry profit margin is only 3 to 6% as against 8 to 12% profit margin of other manufacturing sectors.
10	CITI also stressed to restore 30% MMS benefit extended under RR-TUFS for the powerloom Sector considering the urgent need for Technology Upgradation and also to enable the powerloom sector to take advantage of the Powertex India.
11	TAMC decided to recommend considering inclusion of spinning modernization under TUFS and also the issue of MMS for powerlooms.
12	For the cases where term loan had been sanctioned by the lending agencies under RR-TUFS, but allowed to apply for subsidy benefits under ATUFS, the machinery would be allowed as per RR-TUFS conditions.
13	Since there are issues in obtaining ISO certificate for certain machinery manufacturers, after detailed deliberations, it was decided to form a Committee and explore the possibilities to simplify the procedure. In addition, the time limit for the submission of ISO certificate was extended up to 22nd May 2018 thus giving one-year time considering the practical difficulties faced by the machinery manufacturers and the industry.

TAMC considered following three additional agenda as requested by CITI/SIMA:-

- **Supplementary Agenda No.1 –** Around 168 representations have been received for delay condonation which could not be submitted within six months due to the teething problems under i-TUFS and additional conditions and procedures brought under ATUFS. One year time was given under R-TUFS and RR-TUFS and it was requested to extend the period from six months to one year. TAMC decided to recommend the same to IMSC.

- **Supplementary Agenda No.2** - Around 184 representations have been received for delay condonation which could not be submitted to Joint Inspection Team (JIT) final verification report due to reasons beyond the control of the mills like delay in getting shipments, extended machinery delivery schedules, delay in processing loans, delay in getting embassy certificates, discrepancies in invoice value, delay in implementing the product due to market crisis, financial crunch, etc. CITI requested to extend the time from two years to three years. TAMC decided to recommend to IMSC.

- **Supplementary Agenda No.3** – Committed liabilities under M-TUFs and RR-TUFs, NABCONS study

- The IMSC at its meeting held on 4th October 2016 decided to engage NABCONS for the verification and reconciliation of committed liabilities under M-TUFS and RTUFS covering 9303 cases. The Cabinet has already approved an amount of Rs.6,006 crores during December 2015 to meet the fund requirement of the committed liabilities. NABCONS was given timeline of two months and assignment was given on 9th January 2017. Even after a period of almost one year, NABCONS expressed numerous difficulties for completing the report even at the 9th TAMC meeting held on 20th December 2017. NABCONS Study Evaluation Committee and the Office of the Textile Commissioner extended maximum cooperation and support made several attempts to enable NABCONS to complete the study. Textile Commissioner personally took interest and made concerted efforts to complete the study. Now in the final report, over 60% of the data appears to be wrong and therefore after detailed deliberations, CITI strongly recommended to ignore the study and form a special task force consisting of industry, financial institutions and MoT to finalize the liability within a period of two months. CITI also pointed out that large number of textile units have already become NPAs and the increase in SMA-2 accounts has increased over 40% during the last quarter especially in the SME sector. Early release of Rs.6,000 crores for committed liabilities is essential to reduce the financial stress being faced by the industry.

After detailed deliberations, it was decided to refer the matter to IMSC.

This is for your kind information.