

Highlights of the 1st IMSC Meeting of ATUFS held on 5th October 2016 at New Delhi

The first meeting of the Inter Ministerial Steering Committee (IMSC) meeting of Amended Technology Upgradation Fund Scheme (ATUFS) held at 4.00 pm on 05.10.2016 in Room No.47, Udyog Bhawan, New Delhi was chaired by the Hon'ble Union Minister for Textiles, Smt Smriti Zubin Irani. Secretary (Textiles), Smt Rashmi Verma, Vice-Chairperson, IMSC, Additional Secretary Smt Pushpa Subrahmanyam, Textile Commissioner Dr Kavita Gupta, other officials from MoT, Ministry of Finance, Ministry of Commerce and Industry, RBI, MSME, NITI Aayog, Banks, representatives from industry, etc., attended the meeting. Mr V K Ladia, Former Chairman CITI & Chairman, CITI TUF Sub-Committee, Mr Binoy Job, Secretary General, CITI, Mr M Senthilkumar, Chairman, SIMA and Dr K Selvaraju, Secretary General, SIMA and Member, CITI TUF Sub-Committee attended the meeting. The highlights of the meeting are given below:

- ✚ Smt Rashmi Verma, Vice Chairperson, welcomed Hon'ble Union Textile Minister and all the Members of IMSC for the meeting and requested the Hon'ble Minister to Chair the meeting and conduct the proceedings.
- ✚ Hon,ble Union Textile Minister welcomed all the members of IMSC. Vice Chairperson requested Dr Kavita Gupta, Textile Commissioner to make the presentation on the various items of the Agenda.
- ✚ **Agenda Item No.1:** The minutes of the 5th meeting of the IMSC held on 23.03.2015 was confirmed.
- ✚ Mr V K Ladia on behalf of the industry thanked the Hon'ble Prime Minister for extending the TUFs for the entire 13th Five Year Plan period by allocating Rs.17,822 crores and also announcing a special package of Rs.6,000 crores for garmenting sector to boost exports. He thanked and complimented Hon'ble Union Minister, all the officials of Ministry of Textiles especially the Textile Commissioner and her team for clearing the TUF subsidy upto June 2016 quarter on a fast track in a short span of time by working round the clock.
- ✚ Hon'ble Minister thanked the industry for appreciating the hard work put in by the MoT and advised to encourage the investors to make investments in the garmenting and take the advantage of the additional 10% capital subsidy extended for garmenting machines.
- ✚ When CITI/SIMA enquired about the inclusion of made-ups under the garment special package both Hon'ble Minister and Textile Secretary stated that the proposal was under active consideration.

Agenda Item No.2: Action taken on the decisions taken in the 5th meeting of the IMSC held on 23.04.2015:

- The revised committed liabilities of List II cases under MTUFS based on the representations received worked out to Rs.789.56 crores
- With regard to the evaluation / assessment of committed liabilities data under MTUFS, RTUFS, left out cases of MTUFS and RTUFS and black out period cases, NABCONS has been awarded the contract for MTUFS and RTUFS. However, with regard to the left cases of MTUFS and RTUFS and black out period cases, since the EFC/Ministry of Finance had decided not to consider these cases for grant of subsidy, the evaluation / assessment task was cancelled.
- CITI/SIMA requested the Hon'ble Minister to expedite the NABCON study and accordingly a time line of four months was fixed.Hon'ble Minister also advised the Textile Commissioner to make an attempt to reduce the time span further.

Agenda Item No.3: Progress of TUFS

a. Progress of issuance of UIDs under RR TUFS and ATUFS:

i. **RRTUFS (pending cases)**

Rs. In crore

Sr. No.	Description	Total cases	Subsidy amount (in Rs.Crore)	Allocation for pending applications as per Cabinet Note
1	Pending UIDs applications as on 12.1.2016 and received in TXC office up to 23.3.2016	7046	4609	
2	UIDs issued from pending cases till 28.9.2016	5987	3677	3965
3	UIDs under scrutiny	1059	932	(Balance available fund Rs.288 crore)

ii. **ATUFS:**

Rs. In crore

Sr. No.	Description	Total cases	Subsidy amount	Allocation for new cases as per Cabinet Note
1	UIDs application received in TXC Office till 28.9.2016	2197	458.86	5151
2	UIDs issued (as on 28.9.2016)	1001	217.15	
3	UIDs under approval	216	29.54	
4	UIDs returned	109	13.94	
5	UIDs under scrutiny	871	198.23	

b. Progress of utilization of allotted funds for the financial year 2016-17.

Rs. In crore				
S. No.	Scheme	Allocation	Total claims forwarded to MOT till 28.09.2016	Expenditure till 28.09.2016
1	MTUFS	1480 + 350	452.59	452.59
2	RTUFS		375.84	375.84
3	RR TUFS		563.29	563.29
4	MMS cases		53.60	53.60
	Total	1830	1445.32	1445.32

Note: Claims of Rs.209 crore of RTUFS and RRTUFS and of Rs.86 crore of MTUFS have been received from the Office of Textile Commissioner on 4.10.2016 which are being processed.

c. Requirement of additional funds to settle pending claim during the financial year 2016-17

- i. MTUFS List-I : 300 cr (Upto Dec 2016 quarter)
 - ii. MTUFS list-II :300 cr (Upto Dec 2016 quarter after approval of IMSC)
 - iii. RTUFS : 300 cr (Upto Dec 2016 quarter)
 - iv. RRTUFS (old): 400 cr (Upto Dec 2016 quarter)
 - v. RRTUFS (new): 400 cr (Upto Dec 2016 quarter)
 - vi. ATUFS : 25 cr
- Total : Rs.1725 crore

Agenda Item No.4: Inclusion of certain additional machinery under ATUFS recommended by TAMC was approved. Regarding the pending recoveries of excess claims by certain banks, Hon'ble Minister directed to ensure recovery with a time bound action plan and also advised the officials of the Ministry of Finance. The TAMC recommendations relating to technical textiles and inclusion of 24 lending agencies were approved.

Agenda Item No.5:

- o TAMC Core Committee recommendation of including made-ups under the Scheme for Production and Employment linked for garmenting unit under A-TUFS and extending additional 10% capital subsidy for the machinery was discussed. The Hon'ble Minister stated that the proposal is under active consideration. The Core Committee recommendation with regard to Minimum Economic Size, Investments and Employment in made-ups and garment manufacturing segments was noted by the IMSC Committee which is given below:-

Sl. No.	Sector	Minimum Economic Size	Investment- Rs. In lakhs	Jobs/ crore investment	Rs.1
A	Independent				
1	Made-Ups	20 (No.of machines)	33.75	160	
2	Garment	30 (No.of machines)	58.76	151.5	
B	Integrated				
1	Made-Ups	40 (No.of machines)	165	121	
2	Garment	60 (No.of machines)	270	83.6	

- o TAMC recommendation relating to the segment-wise indicative minimum economic size was approved as given below:

Sr.No.	Segment	Minimum Economic Size
I.	Spinning	6000 spindles
II.	Weaving	
A.	Independent	
i.	Plain Looms	2 machines
ii.	Semi-Automatic	4 machines
iii.	All Shuttleless – Narrow	6 machines
iv.	All Shuttleless – Wider	4 machines
B	Integrated	
i.	All Shuttleless looms	24 machines
III	Knitting	
i.	Circular Knitting Machine	2 machines
ii.	Socks Knitting Machine	4 machines
iii.	Flatbed Knitting Machine	2 machines
iv.	Warp Knitting Machine	2 machines
IV	Processing	
i.	Fiber dyeing	6 (tonnes)
ii.	Yarn dyeing	6 (tonnes)
iii.	Knitted fabric dyeing	6 (tonnes)
iv.	Woven fabric processing – batch	30000 (Meters)
v.	Woven fabric processing – Continuous Narrow width fabric	75000 (Meters)
V	Cutting and Sewing	
A.	Independent	
i.	Made-Ups	20 Stitching machines
ii.	Garment	30 Stitching machines
B	Integrated	
i.	Made-Ups	40 Stitching machines
ii.	Garment	60 Stitching machines

- Allowing one time correction of errors of the banks in UIDs obtained under RTUFS/RRTUFS within the overall committed liabilities: When the issue of allowing one time correction of errors of the banks in UIDs obtained under RRTUFS for three cases at the 5th TAMC meeting, Textile Commissioner stated that since the RTUFS cases were very old, only the cases of RRTUFS would be considered for one time correction, CITI/SIMA vehemently opposed the same and demanded even to make provision for one time correction of MTUFS cases. Accordingly, the committed liability for RTUFS and RRTUFS cases were analysed and TAMC observed that the onetime correction of 133 cases under RTUFS cases in fact would result in a net saving of Rs.16.62 crores and one time correction of 3 RRTUFS cases would require Rs.2.01 crores. The TAMC also had authorised the Textile Commissioner to allow a onetime correction of the banks in UIDs obtained under R-TUFS / RR-TUFS within the overall committed liabilities. However, at the IMSC meeting, though in principle, the onetime corrections were considered, it was decided that the committed liabilities would first be firmed up through the NABCONS study and thereafter they would be examined and considered. The same decision was taken with respect to one time correction and quarter-wise subsidy details within the overall committed liability in the UIDs obtained under R-TUFS in line with RR-TUFS.
- Names of SIMA member mills included under R-TUFS list of 133 cases with details are given below

○ (Amount in Rs.)

Name of the unit	TUF ref No.	Existing subsidy (total) as per UID	Revised subsidy (total)	Additional fund requirements
Thanjavur Spg Mills Ltd	NO16/1113	2502428	2221846	-280582
GHCL	NO30/2271	59185361	77116678	17931317
Sitaram Textile	NO05/2242	1807650	2433000	625350

- Regarding limited liability partnership (LLP) under A-TUFS, it was decided to include some more conditions to allow the same under A-TUFS which would be considered in the next IMSC meeting. The TAMC proposal for amending para 5.1.2 of GR on A-TUFS regarding requirement to keep the term loan component at a minimum of 50% of the total eligible machinery cost instead of 50% of the total project cost was discussed and approved. CITI/ SIMA made an attempt to reduce the minimum loan component to less than 15% which was not considered as the percentage of 50% was decided by the Cabinet.
- TAMC recommendation of reducing the speed of rapier shuttleless looms from 650 mtr per minute to 380 mtr per minute was discussed and approved to give retrospective effect from 1.4.2010, since the inception of RR-TUFS to benefit indigenous loom manufacturers and also the weaker powerloom sector. The additional fund requirement would be Rs.52.19 crore for the same.

- TAMC recommendation of modifying para No.4.2.2 of guidelines of A-TUFS as accessories / attachments / spare machines / spares received along with machinery or from other manufacturers of the machinery procured under the project up to a value of 20% of the machinery cost under A-TUFS.

 **Agenda Item No.6:**

- Request from Jute Commissioner to include machinery up to spinning stage and the spinning machines for jute industry under A-TUFS was not considered as the Cabinet had decided to exclude the spinning process for technology Upgradation in all the segments of the textile industry.

 **Agenda Item No.7:**

- Sharing of banks internal software with the Textile Commissioner through i-TUFS software in respect of TUFS cases was discussed and it was decided to discuss the same in the bank meeting.