

No 6/12/2014-TUFS  
Government of India  
Ministry of Textiles  
(TUFS Section)

Udyog Bhawan, New Delhi.  
Dated 17<sup>th</sup> September 2014.

**OFFICE MEMORANDUM**

**Subject: - Minutes of the 4<sup>th</sup> meeting of the Inter-Ministerial Steering Committee (IMSC) under Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS) held under the Chairmanship of Hon'ble Minister of State for Textiles (I/C) on 04.9.2014 – reg.**

The undersigned is directed to forward herewith a copy of the Minutes of the 4<sup>th</sup> meeting of the Inter-Ministerial Steering Committee (IMSC) under Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS) held under the Chairmanship of Hon'ble Minister of State for Textiles (I/C) on 04.9.2014.

  
(Naresh Kumar)

Under Secretary to the Govt. of India

Encl.: a/a

To

- |     |  |          |
|-----|--|----------|
| 1.  | Minister of State for Textiles (I/C)   | Chairman |
| 2.  | Secretary, Ministry of Textiles, Govt. of India  | Member   |
| 3.  | Secretary (Expenditure), Ministry of Finance, Govt. of India   | Member   |
| 4.  | Secretary (Financial Services), Ministry of Finance, Govt. of India                                      | Member   |
| 5.  | Secretary (Commerce), Ministry of Commerce & Industry, Govt. of India                                    | Member   |
| 6.  | Secretary, (IPP), Ministry of Commerce & Industry, Govt. of India  | Member   |
| 7.  | Secretary, Ministry of Heavy Industry & Public Enterprises, Department of Heavy Industry, Govt. of India | Member   |
| 8.  | Dy. Governor, Reserve Bank of India  | Member   |
| 9.  | Additional Secretary & Financial Advisor, Ministry of Textiles, Govt. of India                           | Member   |
| 10. | Textile Commissioner, Ministry of Textiles, Govt. of India   | Member   |
| 11. | Jute Commissioner, Ministry of Textiles, Govt. of India  | Member   |
| 12. | Development Commissioner, Handlooms, Ministry of Textiles  | Member   |
| 13. | Adviser, Planning Commission (In-charge of textile industry)   | Member   |
| 14. | Member Secretary, Central Silk Board, Ministry of Textiles   | Member   |
| 15. | Chairman & Managing Director, IDBI   | Member   |
| 16. | Chairman & Managing Director, SIDBI  | Member   |
| 17. | Chairman & Managing Director, IFCI   | Member   |

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S. K. Kaur

18.	Chairman, State Bank of India	Member
19.	Chairman, Indian Textile Accessories & Manufacturer Association (ITAMA)	Member
20.	Chairman, Confederation Indian Textile Industry (CITI)	Member
21.	Chairman, Federation of Indian Art Silk Weaving Industry (FIASWI)	Member
22.	Chairman, Indian Woollen Mills Federation (IWMF)	Member
23.	Chairman, Powerloom Development and Export Promotion Council (PDEXCIL)	Member
24.	Chairman, Indian Jute Mills Association (IJMA)	Member
25.	President, Clothing Manufacturers Association of India (CMAI)	Member
26.	Chairman, Small Spinning Association	
27.	Joint Secretary (In-charge of TUFS)	Member- Secretary

**MINUTES OF THE 4<sup>th</sup> MEETING OF THE RECONSTITUTED INTER-MINISTERIAL STEERING COMMITTEE (IMSC) UNDER REVISED RESTRUCTURE TECHNOLOGY UPGRADATION FUND SCHEME (RR-TUFS) HELD ON 04.9.2014.**

The 4<sup>th</sup> meeting of the Reconstituted Inter-Ministerial Steering Committee (IMSC) under Revised Restructure Technology Upgradation Fund Scheme (RR-TUFS) was held on 04.9.2014 in Room No. 47, Udyog Bhawan, New Delhi under the Chairmanship of Hon'ble Minister of State for Textiles (I/C). The list of participants is at **Annexure-I**.

At the outset, the Chairman welcomed all the participants and the new Secretary (Textiles) in the meeting of the IMSC. He informed that Secretary (Textiles) has a proactive approach towards the betterment of textile industry. Thereafter, the agenda points were discussed and the following decisions were taken.

**AGENDA NO.1: Confirmation of the minutes of 3<sup>rd</sup> meeting of IMSC held on 09.6.2014.**

The minutes of 3<sup>rd</sup> meeting of IMSC were confirmed.

**AGENDA NO. 2: Action Taken Report on the decisions taken in 2<sup>nd</sup> meeting and 3<sup>rd</sup> meeting of IMSC held on 10.3.2014 and 09.6.2014 respectively.**

The Committee took note of the Action Taken Report on the decisions taken in 2<sup>nd</sup> and 3<sup>rd</sup> meeting of IMSC and made the following observations: -

- (i) The manpower requirement in the office of Textile Commissioner, Mumbai (Sl. No. 2 (e) (ii) of the decision in Agenda 2 (a) of meeting dated 10.3.2014), the posts of Director, Deputy Director, Assistant Director and Technical officer/Economic Officer may be filled-up by promotion. The posts of Data Entry Operator and UDC/LDC may be filled by outsourcing after following the prescribed procedure. Textile Commissioner should take immediate action in this regard and complete the task within one month.
- (ii) As regards the creation of comprehensive computer system for management of TUFS (S.No. 2 (e) (iii) of the decision in Agenda 2 (a) of meeting dated 10.3.2014), Textile Commissioner informed that the job has been given to NIC, the design part of the system which accounts for 33% of the work has already been completed and the remaining will be completed by October – November 2014. The digitization of MTUFS data will take some more time. Secretary (Textiles) directed Textile Commissioner to get PERT/CPM based time commitment from NIC and monitor the work on weekly basis so

that the work is completed in time. Further, agreement with time bound schedule should be signed with NIC responsible for computerization of TUFs. The work should be taken up on priority basis.

- (iii) As regards the amendment in the Government Resolutions (GRs) under TUFs, other than RTUFs (Decision taken in 3<sup>rd</sup> meeting dated 09.6.2014), Textile Commissioner informed that the matter has been taken up with Ministry of Law & Justice, Branch Sect., Mumbai for seeking advice in this regard. TxC was requested to expedite.

Chairman, CITI expressed that matters relating to Cotton Corporation of India (CCI) should not be interlinked with the TUFs. CCI is a PSU under Ministry of Textiles and has a separate entity whereas TUFs is Government of India's Scheme. Entering into contract by private parties with CCI are commercial transactions and there are separate mechanism for redressal of disputes between the parties. Ministry of Textiles should not link the disputes arising out of commercial transactions. The Government has lost the case of M/s. BST Textiles Pvt. Ltd. before the Supreme Court.

It was informed that the Government has not lost the case before the H' Supreme Court. H' Supreme Court was not pleased to interfere with the interim order passed by the Hon'ble High Court, Mumbai in M/s. BST Textiles Pvt. Ltd. case and only the interim order of the Hon'ble High Court, Mumbai was implemented. Final decision in the matter is yet to come.

AS&FA, Ministry of Textiles stated that there should be clear distinction between business dispute and willful default. In case of willful default by the private party causing loss to the Government/PSU, the linking resorted to by the IMSC would be justified.

### **AGENDA NO. 3: Progress of TUFs/RR-TUFs**

It was informed that claims amounting to Rs. 653 crore under MTUFs, RTUFs and RRTUFs had been received in the Ministry from the Office of the Textiles Commissioner, Mumbai. The claims were examined on the basis of the guidelines concurred in and supplemented by the Internal Finance Wing (IFW) of Ministry of Textiles. The requisite certificates from O/o Textile Commissioner have been received and now files for release of subsidy would be moved in two three days. Secretary (Textiles) stated that the claims should be released by 15<sup>th</sup> September.

The Committee noted that out of the total subsidy amount of Rs. 2362.54 crore available for the 12<sup>th</sup> Five Year Plan, subsidy utilized as on 01.9.2014 was Rs. 1639.29 crore and the balance subsidy available was only Rs. 723.25 crore.

Executive Director, PDEXIL expressed his concern on the low availability of balance subsidy while two and half years of the 12<sup>th</sup> Plan are still left. He stated that keeping in view the progress of RR-TUFS, additional funds amounting to Rs. 2000 crore would be required for the remaining period of the 12<sup>th</sup> Plan.

Representative of CMAI stated that at this pace of subsidy utilization, there is likelihood of another black out period.

Chairman, CITI stated that the requirement of funds for the 12<sup>th</sup> Plan would need to be re-assessed.

Secretary (Textiles) informed that the total outlay for the 12<sup>th</sup> Five Year Plan is Rs. 11952.80 crore and the annual allocation for 2014-15 is Rs. 2300 crore. Additional allocation would be assessed at the appropriate time.

The Committee noted the progress.

#### **AGENDA NO. 4: Decisions of the Technical Advisory-cum-Monitoring Committee (TAMC)**

(a) The Committee took note of the definition of Composite Upgradation. It was suggested that the qualifying amount of eligible investment to be reckoned for the spinning component of the composite up-gradation should be limited to the eligible investment in the remaining forward linkage segment(s) and that the definition be suitably modified.

E.g. If the Total eligible investment in machinery under TUFS = 100. And

(i) eligible investment in forward linkage segment(s) = 40,

eligible investment in spinning = 60,

then investment qualifying under Composite up-gradation = 40+40 = 80.

Remaining eligible investment in spinning of 20 will qualify not as part of composite up-gradation but as stand alone spinning. So, 80 will get @6% IR and 20 will get @2% IR.

(ii) If eligible investment in forward linkage segment(s)  $\geq$  50

then qualifying investment under composite up-gradation would be 100. All 100 would get @6% IR.

(b) (i) & (ii) The Committee took note of the speed specification of rapier shuttle less loom for the use by decentralized power loom weaving industry and speed specification of shuttle less looms for 100% Jute weaving.

(iii) The Committee after going through the decisions of TAMC for modification of the machinery for Technical Textiles felt that the sub-committee could have done its recommending job better and is expected to do so in future. The Committee accepted the suggestion of the industry representatives to add the

words 'with resin dispense and mixing equipment.' in column 'Decision of TAMC' at S. No. 2 of Annexure – II.

The Committee directed that for technical textiles machineries the coverage should not be open ended and it should be ensured that the intended benefits do not go to other than for Technical textiles.

**AGENDA NO. 5: Recommendations made by the TAMC for consideration of IMSC**

The Committee deliberated on the recommendations of TAMC for relaxing the norm of counter-signing of Chartered Engineer's Certificate by the Indian Embassy in respect of imported machineries prior to the issue of Government Resolution (GR) on RR-TUFS and approved that the provision 3.2 (3) in Part III of the GR on RR-TUFS be made applicable with prospective effect i.e. 04.10.2013 from the date of issue of the GR on RR-TUFS.

**AGENDA NO. 6:** Special Leave Petition 18737 of 2014 filed by Cotton Corporation of India (CCI) before Supreme Court against the interim order dated 11.10.2012 passed by Hon'ble High Court, Bombay in W.P. filed by M/s. BST Textiles Pvt. Ltd.

The Committee noted the development and it was decided that advise of M/o Law & Justice be sought by the o/o TxC as to the course to be adopted in view of the developments.

**AGENDA NO. 7:** Specifying norms for considering the TUFS subsidy claims of units black listed by CCI but were subsequently taken out of the black list by the CCI.

The Committee deliberated the issue in detail. It was of the opinion that once the name of a unit is removed from the black list by the CCI the benefits under TUFS should stand restored.

Secretary (Textiles) stated that the underlying principle of National Litigation Policy is to reduce avoidable litigation in the Courts. Therefore, unnecessary litigation should be avoided. Textile Commissioner was requested to take up the matter with Ministry of Law & Justice furnishing full facts and seek legal opinion in this regard.

**AGENDA NO. 8:** Subsidy claims of left out cases & black out period cases of loans sanctioned under TUFS.

This point was discussed alongwith the additional supplementary Agenda item. The Committee noted that there is a considerable variation in the committed liabilities approved by the Cabinet Committee on Economic Affairs (CCEA) and the claims received and amounts released against it during the first two years of the

12<sup>th</sup> Five Year Plan. The total savings i.e difference between committed liabilities approved and committed liabilities released, during the first two years is approximately Rs. 870 crore.

The Committee also deliberated the Report of the sub-committee constituted under the Chairmanship of the Textile Commissioner for revision of the Committed Liability data of List-II cases under M-TUFS. Textile Commissioner informed that the data relating to 64 lending agencies was examined. Out of the data of 64 lending agencies, the committed liabilities in respect of 47 lending agencies show equal or less than the committed liabilities submitted earlier. The remaining 17 lending agencies submitted upward revision in the committed liabilities furnished earlier. But the overall committed liabilities have been reduced from Rs. 904 crore (approved by CCEA) to Rs. 831 crore. The sub committee recommended that the revised committed liabilities maybe accepted. SIDBI requested for another 15 days more as they are yet in the process of sending some of the cases with them. Secretary requested them not to be the cause for delay of those that have already been reviewed and submit within 7 days.

Chairman, CITI stated that the Scheme is for the benefit of the industry and due to the mistakes of lending agencies, industry has been suffering. Banks are not discharging their duty diligently. The examination of data of List-II under M-TUFS reveals that the lending agencies submitted exaggerated data of committed liabilities to the Government. He further suggested that:

All Left out eligible cases since 1.4.2007, including Black out period cases, be considered. Cases before that date are not insisted upon and the Industry is alright with it.

For eligible RR TUFS Left out cases TxC be authorized for one time delay condonation.

Time bound Reconciliation of Committed liabilities approved by the CCEA (Rs. 9290 cr.) and the projected liabilities for Left out (MTUFS and RTUFS) and Black out period cases be done through outside professional renowned agencies like E&Y, KPMG, PWC, Accenture etc. within 2 months. Further the details of committed liabilities after reconciliation should be put on the web site of Ministry of Textiles/O/o Textile Commissioner. An opportunity should also be provided to the beneficiary units to represent in case of any discrepancy.

In case the committed liabilities are found less than projected (Rs. 9290 cr.) this surplus may be used for Left out and Black out cases and additional funds if required be provided.

For systemic improvement it was suggested that 2 to 3 nodal agencies be appointed on payment basis to coordinate with other Banks and submit compiled correct data and claims to the TxC.

Repayment by beneficiaries net of subvention and reimbursement by the Government to the Banks instead of to beneficiary accounts through Banks.

The Chairman directed that left out cases from 1.4.2007 onwards may be segregated. AS&FA suggested that black out and left out cases should be listed separately.

Secretary (Textiles) stated that the findings of the sub-committee which re-examined the data of committed liabilities under List-II, M-TUFS has necessitated the need for reconciliation of data on committed liabilities through a professional agency.

Chairman stated that the banks should change their attitude towards their customers. Banks should be consumer friendly and every effort should be made that customers should not be at loss. There should not be any error in data handling.

The Committee agreed to the suggestion of reconciliation of data on committed liabilities approved by the CCEA and data on left out cases from 1.4.2007 onwards and the blackout period cases.

The report of the sub-committee which examined the data of committed liabilities in List-II under M-TUFS should also be put on the website of the office of Textile Commissioner for units/beneficiaries. Representation in respect of any mistake in the data of committed liabilities may be made to the Textile Commissioner within 15 days.

As regards the Repayment by beneficiaries net of subvention and reimbursement by the Govt. to the Banks instead of to beneficiary accounts through Banks, the Committee found merit in the suggestion as it would provide much better service to the target beneficiaries and make the Banks more responsive. This matter may be taken up with the Department of Financial Services and Ministry of Finance.

**AGENDA NO. 9:** Guidelines for release of subsidy under TUFS.

The Minister of Textiles in November 2013 had flagged the issue that there were complaints that subsidy benefits were not paid to the beneficiaries as per their entitlement. The response of the then Textile Commissioner was that the discrepancy was caused due to wrong reporting by banks. In December 2013, the then Minister of Textiles sought year-wise details of left out cases along with reasons and system of verification of physical assets by O/o Textile Commissioner. In 1<sup>st</sup> meeting of IMSC under RR-TUFS, the data of left out cases was sought from 2007 onwards. On 05.02.2014, the data of left out cases were sought from 2003

onwards. On 13.02.2014, the then Minister of Textiles instructed that the claims Rs. 10 crore and above would be audited.

Sample audit in respect of four lending agencies was conducted by the audit team of the office of Chief Controller of Accounts, Ministry of Textiles. The audit reports also revealed mistakes by the lending agencies. Internal finance wing also flagged negligence by Banks resulting in over-drawls and consequent refunds.

In this background, it was felt that to safeguard public interest apart from diligence expected of the Banks some guidelines for release of subsidy under the Scheme should be framed. The guidelines have been framed, concurred in and supplemented by the Internal Finance Wing.

These guidelines were noted. They chiefly comprised (i) the certificate of asset verification should be made available with the claims for quarter ending June 2014 onwards; (ii) the undertaking from the beneficiary units in respect of no duplicity in claiming the benefits in respect of same machinery should be sent with the claims for quarter ending September 2014; (iii) Textile Commissioner should send the certificate of correctness of claim on the basis of documents of the lending agencies with the claims for quarter ending March 2014 onwards; (iv) sample audit by CCA from amongst all the cases to be reported by the o/o TxC to the CCA. This was agreed to by the Committee.

Chairman, CITI reiterated that some of the leading lending agencies viz., SIDBI, IDBI and SBI may be assigned the task of coordinating, collecting, collating, compiling and consolidating the quarterly claims data and requisite certificates from all lending agencies/banks and submit the correct data/claims to the O/o Textile Commissioner/Ministry of Textiles in time. Government should consider payment to the selected lending agencies for this work from the administrative expenses under the scheme. Representatives of SIDBI, IDBI and SBI sought time for responding. The Committee agreed in principle to the Industry suggestion and instructed that the option be explored and implemented if found workable.

**AGENDA NO. 10:** Relaxation in the period for applying of UID under RR-TUFS.

The guidelines under RR-TUFS provide that the request for UID shall be entertained only upto one year from the date of sanction of term loan. There is no mention about any linkage with disbursal of term loan. Therefore, there might be some cases in which UID would be applied after disbursal of part of term loan but within one year of sanction of term loan. Thus the purpose of introducing UID i.e. ring fencing the liability within the funds provided for a given plan period would be defeated. It was suggested that the application for UID should be made within

one year of sanction of term loan but before disbursement of 1<sup>st</sup> installment of term loan, which was agreed to by the Committee.

Textile Commissioner informed that there are 71 cases under RR-TUFS which did not apply in the prescribed period and thus fall under left out category.

There was a general consensus that the responsibility to apply for UID within the prescribed period lies with the lending agency and the beneficiary should not be denied the benefit for the fault of bank.

Industry representative suggested that beneficiary be allowed to apply for UID under the Scheme. It was felt that authenticity of data/details would be doubtful if this be allowed.

Secretary (Textiles) stated that lending agencies may be cautioned that there should not be any delay in submission of application of UID. In respect of the 71 cases which did not apply in time, Textile Commissioner may examine each case on merit and decide accordingly with a reasoned order. Relaxation in period of one year for application of UID may be given in deserving cases. All cases may be decided within one month. This was agreed to by the Committee.

The Chairman stated that the matter may be resolved in a time bound manner.

**Supplementary agenda:** Freezing of committed liabilities under TUFS at initial stage under R-TUFS.

Under R-TUFS, the quarter-wise and year-wise committed liabilities for full period of the term loan is taken as final and frozen at the time of application for UID and no revision or modification is allowed. This system was introduced to ensure that the liabilities under R-TUFS remain within the overall plan outlay. Representative of SIDBI had stated in the 1<sup>st</sup> meeting of IMSC that committed liability is a dynamic figure and cannot be static. This issue was again discussed in 2<sup>nd</sup> meeting of IMSC under RR-TUFS held on 20.12.2013 and it was decided to constitute a sub-committee to deliberate the issue and give its recommendations to TxC. The sub-committee submitted its recommendations to Textile Commissioner. TxC is not in favour of removing the freeze for the reasons stated above.

Since change in committed liability in a case, if any, is most likely to be downwards and not upwards it was decided that downwards revision be allowed and difference added back in the balance provision. SIDBI were not very clear on the issue and sought 2 more days to return back on the issue. The committee decided to close the issue.

The meeting ended with a Vote of Thanks to the Chair.

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LIST OF THE PARTICIPANTS IN THE 4<sup>TH</sup> MEETING OF THE RECONSTITUTED INTER MINISTERIAL STEERING COMMITTEE (IMSC) HELD ON 04.9.2014 AT 3.00 P.M. IN ROOM NO. 47 UDYOG BHAWAN, NEW DELHI

1. Shri. S.K.Panda, Secretary, Ministry of Textiles.
2. Shri B.P.Pandey, AS&FA, Ministry of Textiles.
3. Shri Sujit Gulati, Joint Secretary (TUFS), Ministry of Textiles.
4. Smt. Kiran Soni Gupta, Textile Commissioner, Mumbai.
5. Shri Subrata Gupta, Jute Commissioner, Ministry of Textiles.
6. Shri S.P. Katnauria, Director (TUFS), Ministry of Textiles.
7. Shri Ateesh Singh, Director, Department of Financial Services.
8. Ms. Mugdha Sinha, Director, Department of Commerce.
9. Shri Sushil Lakra, Industrial Adviser, Department of Heavy Industry.
10. Shri M.C.Gupta, O/o D C, Handloom.
11. Shri O.M. Prabhakarn, Jt. Textile Commissioner, Mumbai.
12. Shri A.P. Singh, Sr. Development Officer, DIPP
13. Shri A.K. Khullar, Research Associate, Planning Commission.
14. Shri Naresh Kumar, State Bank of India.
15. Shri Y.Dutta, GM, IDBI
16. Shri Ajay K. Kapur, SIDBI.
17. Shri N.K.Narula, SIDBI.
18. Shri Mohan Sadhwani, ED, CMAI.
19. Shri Prem Malik, Chairman, CITI.
20. Shri D.K. Nair, SG, CITI.
21. Shri Vishwanath R. Agarwal, Chairman, PDEXCIL.
22. Shri K. Rangarajan, V.P. SISPA (Small Spinners)
23. Shri S.Majumdar, DG, IJMA.
24. Shri Raghavendra Gupta, Chairman, IJMA.
25. Shri Narendra Rao, FIASWI.
26. Shri Anil Kumar Singh, AGM, IFCI.
27. Shri S.Chandrasekaran, AGM, IFCI.