

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:4816
ANSWERED ON:24.08.2000
SPINDLE CAPACITY
BODAKUNTI VENKATESHWARLU

Will the Minister of TEXTILES be pleased to state:

(a) whether the Indian Chamber of Commerce and Industry (ICCI) appealed to lower existing minimum spindle capacity of 11,000 to 5,000 and review the economic size of the mills, while considering the spindleage; and

(b) if so, the details thereof and action taken by the Government thereon to enable small financially strong mills to avail of technology upgradation fund?

Answer

MINISTER OF STATE FOR TEXTILES (GINGEE N. RAMACHANDRAN)

(a) & (b) A representation has been received from the Indian Chamber of Commerce and Industry (ICCI) for lowering the existing minimum spindle capacity of 11,000 to 5,000 spindles and review the economic size of the mills, while considering the spindleage under the Technology Upgradation Fund Scheme (TUFS). The Minimum Economic Size (MES) and related matters for TUFS have been duly considered and decisions are as under :

The capacity expansion of smaller units to the level of minimum 12,000 spindles but less than 25,000 spindles (subject to strong management and financial track record) may be permitted if investment in permissible downstream value addition activities matches 50% of the expanded spinning capacity. For new spinning units or expansion beyond the MES (25,000 Spindles) only that portion of the spinning will be eligible for TUFS for which there is also investment in creating matching downstream value addition capacity. It has also been decided that the Minimum Economic Size (MES) in respect of other textile segments, the MES should be as per viability analysis of financial institutions or banks.