

**GOVERNMENT OF INDIA  
TEXTILES  
LOK SABHA**

STARRED QUESTION NO:24  
ANSWERED ON:25.07.2006  
TECHNOLOGY UPGRADATION FUND SCHEME FOR POWERLOOM SECTOR  
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**Will the Minister of TEXTILES be pleased to state:**

- (a) whether Technological Upgradation Fund Scheme will give impetus to the powerloom sector;
- (b) if so, the details of the scheme and the funds to be allocated for this purpose;
- (c) whether the scheme is also likely to solve unemployment problem in this sector; and
- (d) if so, the details thereof?

**Answer**

MINISTER OF TEXTILES ( SHRI SHANKERSINH VAGHELA)

(a) to (d) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN THE LOK SABHA STARRED QUESTION NO. 24 FOR ANSWER ON 25.07.2006.

(a) to (d) In order to provide necessary impetus to the modernization of textile and jute industry, so that its viability and competitiveness in the domestic as well as international markets may enhance, Government of India, Ministry of Textiles has launched a Technology Upgradation Fund Scheme (TUFS), which is in operation since 01.04.1999 to 31.03.2007. The Scheme mainly provides for reimbursement of five percent interest charged by the financial institutions/banks for loans provided by them in respect of technology upgradation projects in conformity with the Scheme. However, the following incentives are also available under this Scheme:-

- i) coverage of exchange rate erosion not exceeding 5% points per annum in respect of foreign currency loans instead of 5% interest support;
- ii) for small scale textile and jute industrial units, an option to avail of either 15% Credit Linked Capital Subsidy (CLCS) or the existing 5% interest reimbursement;
- iii) For textile processing sector, a credit linked capital subsidy @10% in addition to the existing 5% interest reimbursement.

Also, for small scale powerloom units, an option of credit linked 20% capital subsidy for powerloom and weaving preparatory machinery, upto a cost of Rs. 100 lakh, with the facility to obtain credit from an enlarged credit network that includes all cooperative banks and other genuine non-banking financial companies (NBFCs) recognized by the Reserve Bank of India, have been provided.

The response of the powerloom sector towards the TUFS is encouraging. Under the 5% interest reimbursement and 15%-CLCS schemes, as on 31.05.2006, powerloom projects worth Rs. 388 crore have been sanctioned. Under the 20% capital subsidy scheme, as on 21.07.06, projects worth 283.30 crore have been sanctioned. Under the 20% capital subsidy scheme, as on 21.07.2006, towards subsidy Rs 32.95 crore has been released. Since the scheme has greatly helped in the modernisation of powerloom sector by installation of additional modern looms, approximately 75,000 additional employments in pre-weaving, weaving and post-weaving activities are expected to have been created by it so far.