

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:232
ANSWERED ON:27.02.2007
EXTENSION OF TECHNOLOGY UPGRADATION FUND SCHEME
Pallani Shamy Shri K.C .;Sugavanam Shri E.G.

Will the Minister of TEXTILES be pleased to state:

- (a) the present status of implementation of Technology Upgradation Fund Scheme (TUFS) and its salient features;
- (b) whether the Government is aware of the demand from the textile industry to extend the period of TUFS for the growth and expansion of textile sector;
- (c) if so, the action taken thereon by the Government; and
- (d) if not, the reasons therefor;
- (e) whether there is demand to extent TUFS to handicraft sector also; and
- (f) if so, the details thereof and the action taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGO VAN)

(a) 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, Ministry of Textiles had 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. As such, the effective rate of interest charged to the borrower concerned will be five percentage points lower than the prevailing commercial rates of interest charged by the Financial Institutions and Banks concerned. In addition to this the following incentives are also provided under this Scheme:-

- # Coverage of 5% exchange fluctuation (interest & repayment) from the base rate on foreign currency loan (FCL); or
- # 15% credit linked capital subsidy for SSI textile and jute sector; or
- # 20% credit linked capital subsidy for powerloom sector; or
- # 5% interest reimbursement plus 10% capital subsidy for specified processing machinery.
- # 25% Capital subsidy on purchase of the new machinery and equipments for the Pre-loom & post-loom operations, handlooms/up-gradation of handlooms and testing & Quality Control equipments, for handloom production units

The status of implementation of the TUFS as on 31.12.2006 is as follows:- (Amount in Rs. crore)

Status as on	Received	Sanctioned	Disbursed				
on	No.of Total	No.of Total	Loan	No.of	Loan		
	appli- cost of	appli- cost of	amount	appli- amount			
	cations projects	cations projects	cations	cations			

31.12.2006 7031 59115 6739 52847 23623 5956 14902

- (b): Yes, Sir.
- (c) & (d): No, decision has been taken as regards extension or otherwise in respect of TUFS in view of its currency upto 31.03.2007.
- (e): No, Sir.
- (f): Does not arise.