



THE COTTON TEXTILES EXPORT PROMOTION COUNCIL
(Sponsored by Government of India)

The technology upgradation fund scheme (TUFs) has been continued till the end of the eleventh plan period with certain modifications.

The Ministry of Textiles announced today the continuation of the Technology Upgradation Fund Scheme (TUFS) for the entire period of the Eleventh Five Year plan (2007-12). The decision of the Government places special thrust on garmenting, technical textiles and processing segments of the textiles industry in view of their potential for value-addition and employment generation. This decision is expected to help the textile sector to achieve the targeted growth rate of 16% and make an investment of Rs. 150,600 crore in the Plan period. The salient features of the decision are as follows:-

- (a) Provision of 4% interest reimbursement for spinning machinery.
- (b) Retention of the provision for 5% interest reimbursement for all the remaining sectors.
- (c) Retention of the provision to purchase second hand machinery for shuttleless powerlooms.
- (d) Margin Money subsidy @ 20% to the powerloom units in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 200 lakh from Rs. 100 lakh. A minimum of 15% equity contribution from beneficiaries will be ensured.
- (e) Margin Money subsidy @ 15% for SSI textile and jute sector in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 200 lakh from Rs. 100 lakh. A minimum of 15% equity contribution from beneficiaries will be ensured.
- (f) 10% capital subsidy in addition to 5% interest reimbursement for machineries required in manufacture of technical textiles and garments will be provided machineries. The same level of assistance will continue for specified processing machinery.



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- (g) Interest subsidy/capital subsidy/Margin Money subsidy on the basic value of the machineries and exclude the tax component for the purpose of valuation.
- (h) 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 in addition investments like land, factory building, preoperative expenses and margin money for working capital will be assisted with 50% cap.
- (i) Investments like land, factory building, pre-operative expenses and margin money for working capital will now be ineligible for benefit of reimbursement under the scheme except meant for apparel sector with existing 50% cap.

Modified TUF Scheme 03-11-2007