Minutes of the 6th Meeting of the Technical Advisory and Monitoring Committee (TAMC) under A-TUFS held on 09.02.2017 at 11.30AM in the Office of the Textile Commissioner, Mumbai.

The 6th meeting of the TAMC under Amended Technology Upgradation Fund Scheme (A-TUFS) was held under the chairpersonship of Dr. Kavita Gupta IAS, Textile Commissioner on 09.02.2017 at 11.30AM in the conference hall of the Office of the Textile Commissioner, Mumbai. The list of participants is enclosed as **Annexure – I**.

At the outset, the Textile Commissioner welcomed all the participants. Thereafter, agenda points were taken up for discussion.

Agenda No.1: Confirmation of the minutes of the Fifth TAMC meeting held on 08.09.2016

Minutes of the fifth TAMC meeting has been forwarded to all members on 15.09.2016 by the Office of the Textile Commissioner, Mumbai. As, no comments/suggestions are received from the members of TAMC, **the minutes are taken as confirmed**.

Agenda No. 2 : Action taken on the decision taken by the TAMC in its meeting held on 08.9.2016 & IMSC in its meeting on 05.10.2016

i. The members have noted the action taken on the decision taken by the TAMC in its meeting held on 08.9.2016 & IMSC in its meeting on 05.10.2016.

ii. In regard to IMSC decision to validate/ reconcile the data of MTUFS (List-II) alongwith accounts under TUFS pertaining to MTUFS (List-I) and RTUFS through NABCONS (Agenda 2.6. of TAMC), it was informed to the Committee that NABCONS signed the Agreement in the said regard on 09.01.2017 and also started work w.e.f. 9th Jan 2017 and in accordance with the agreement signed, NABCONS is required to complete evaluation within 2 months from the date of signing of the agreement. They have to do evaluation/reconciliation of all accounts pertaining to List-I & list-II under MTUFS, RTUFS and partially left-out cases of MTUFS, which had received subsidy during 11th plan but the banks had failed to report the committed liabilities of such cases of MTUFS period for the 12th plan period.

CITI and SIMA requested that the banks should give all the required details since it is a last chance given by the Government to reconcile the accounts and address in omissions/revisions which are necessary.

The Chairperson of the Committee Dr. Kavita Gupta, Textile Commissioner, Govt. of India asked the representatives of NABCONS to inform the schedule prepared by them for completion of task and submit the Report by 9th March 2017. Shri Subhransu Tripathi of NABCONS informed that they are facing various problems due to lack of coordination with the Banks and in particular with the Bank of Baroda, Allahabad Bank & Union Bank of India. It was further informed by him that some of the accounts have already closed and the banks are not furnishing any details stating that the accounts are closed. Hence they are finding it difficult to complete the task by 9th March 2017 as requested as per the signed Agreement.

The Chairperson requested all the banks to provide all the required information to NABCONS and she reiterated that the exercise is important since it is the last chance for reconciling the accounts. The Chairperson also asked NABCONS to engage enough man power in the work so that the work can be completed in time. NABCONS was further directed to list out all the documents required for various cases bank-wise and provide the details to TxC office for further necessary action.

The industry representatives requested that they be associated in the exercise so that they may impress upon the banks to provide required details for completion of reconciliation process by NABCONS. The industry representatives also informed that the banks are supposed to keep records upto 8 years after completion/ re-payment of term loan.

The Chairperson informed that since it is a third party audit, it may not be in the best of practice to involve industry in this process of audit by NABCONS. She also informed that RO-TXCs would be duly informed to give all possible assistance to NABCONS to carry out this activity of reconcillation since it is important and time bound.

After detailed deliberations on this issue, the TAMC agreed that since the reconciliation process is yet to pick-up, the time line of completing the exercise of reconciliation be extended upto 31st March 2017 and draft report may be submitted on or before 15th March 2017 for discussions. MoT may accordingly be requested for the same.

iii. In regard to IMSC direction for suggestion on sufficient safeguards/thresholds for considering LLP units under ATUFS(Agenda 2.8. of TAMC), the banks informed that the Banks while considering term loan applications, always ascertain and ensure the security of the loan amount and also consider the enforceability of security aspects and only thereafter sanction the term loan to the applicant units. It was also informed by the Banks that they are framing-up their credit policy for extending credit to all kind of units as per RBI guidelines. In accordance to their credit policy, extending the credit to LLP units is definitely safer than extending the credit to partnership units, which are already permitted to avail the ATUFS benefits. Most of the developed countries have also changed their policy for extending credit to the LLP units. Note in this regard, prepared and submitted by banks is enclosed at ***Annexure-II.***

The industry representatives also informed that ATUFS is credit linked scheme hence, if banks are extending credits to LLP units, then benefits of ATUFS should also be allowed as such units are being established under LLP, Act 2008, issued by the Ministry of Corporate Affairs for which proper monitoring by said Ministry is being done. It was also opined by the members that under ATUFS, sufficient safe-guard measures have been put in place for e.g. verification of assets by Joint Inspection Team (JIT), 3rd Party inspection / inspection by Ministry of Textiles' senior officers of assets on a random basis etc., hence extending the benefits to LLP units will enable the process of modernisation of the textiles and apparel industry.

The Committee after deliberation recommended the inclusion of LLP units under ATUFS as eligible entity as safeguards are available and loan is sanctioned by the banks only after due diligence.

Agenda No.3: Review of Progress of TUFS

The Committee reviewed the progress of TUFS. The Industry Association requested that the Rs. 200 Crore which has been reduced in the allocation for the year 2016-17 be restored under Revised Estimates (R.E.) and requested to increase the allocation for timely release of funds and also for clearing the backlog of the claims under TUFS.

As regards to the slow progress of availing benefits of special package extended to garments and made-ups units, the industry representatives informed that the industry is gearing –up its efforts to avail maximum benefit from the same. The Chairperson requested that the Industry should do due publicity of the scheme and mobilise investments in the sector in view of the special benefits given by Govt. of India.

Agenda No. 4: Granting of Capital subsidy benefit under ATUFS to Self financed projects including safeguards against misuse of subsidy and Composition of JIT for asset inspections:

The Committee has discussed and recommended that the self financed projects may be considered only for MSME units, and for such units appraisal of project may be carried out by an empanelled agency, as is being done by the State Government of Maharashtra. After installation and commissioning of machineries, Joint Inspection Verification may be carried out as per the provisions under ATUFS.

The members have also approved the proposed note attached to the TAMC agenda at Annexure IV with the addition that only MSME units may be permitted to avail the subsidy on self financed projects. The Committee further recommended that loan component be reduced from 50% to 25% under ATUFS so that the units get a greater flexibility of investing its retained earnings and also so that the units are not unduly burdened with interest payment on debt.

Agenda No.5: Condonation of delay in submission of application for issuance of UID under ATUFS

There are 29 applications for condonation of delay. The Committee deliberated that under ATUFS, the units/entrepreneurs have to directly submit application for issuance of UID, and delays are directly the responsibility of the entrepreneur. However, due to the change in the scheme from RR TUFS to ATUFS, and since the entrepreneurs took time to familiarise themselves ATUFS, the matter is referred to IMSC to consider whether in view of this the delays can be considered for condonation.

Agenda No.6: Inclusion of new machinery manufacturers and machines under ATUFS

a) **Machine manufacturers enlisted as per decision taken by TAMC since its last meeting**

The Committee after discussing, ratified the decision of the Textile Commissioner in regard to inclusion of names of the 24 Domestic machinery manufacturers/Authorised Agents under ATUFS as given in the agenda.

b) Request received from machine manufacturers for revision of the guidelines decided by TAMC since its last meeting

The Chairperson informed that for imported machinery manufacturers, if they provide attested copy of letter/Certificate regarding manufacturing of Textile machines from Indian Embassy/Consulate General then the same may be enlisted under ATUFS. Accordingly TAMC approved a total of 12 machinery manufacturers listed at 7B, 7C & 7F of Agenda. The approved list of machine manufacturers is as under:

Sr. No	Name of the Unit
1.	Jiangsu S & S Intelligent Science and Technology Co. Ltd., China
2.	Zhengda Machinery Co. Ltd., China
3.	Suzhou Tue Hi-Tech Non Woven Machinery Co. Ltd., China
4.	Qingdao Huazun Machine Co., Ltd China
5.	Qingdao Baijia machinery Co. Ltd., China
6.	Qingdao DRDE Machinery & Technology Co. Ltd., China
7.	Yamato Sewing Machine Mfg. Co.Ltd, Japan
8.	H. Stoll AG & Co. KG, Germany
9.	Shaoxing Textile Machinery Group Co. Ltd., China
10.	Jinhua Debang Technology Co Ltd, China
11.	MS Printing Solutions, Itlay
12.	Arioli Spa, Itlay

For the cases where machinery manufacturer do not sell their machines directly and they sell their machineries through their subsidiary/dealer in other countries, the Committee informed that the original manufacturer has to be enlisted as a manufacturer and the seller has to be enlisted as an authorised agent. The MoU between machine manufacturer and their authorised agent should clearly spell-out about the commission to be charged by the agent on basic price of the machinery.

c) Request received for inclusion of machinery under ATUFS

Representations were received from various units for inclusion of the machineries under ATUFS. The Committee deliberated and decided that Technical literature/brochure received before a fortnight of the TAMC meeting will only be considered by the Committee since the same has to be circulated to all the members in advance for appropriate decision in the TAMC meeting. Accordingly, the request received from M/s. Vardhaman, M/s. Lohia Corp Limited and M/s. Welspun Flooring Limited was deferred for next meeting. The Committee has also deferred its decision on Fabric Relaxing Machine (represented by AEPC) and High Speed Zipper Coil Forming machine (represented by M/s. Helina Enterprise) in absence of proper technical literature and justifications. As regard to inclusion of other machines under ATUFS, the representations of AEPC and Ashima Limited were examined. The Committee observed that requested machines were already considered and incorporated under ATUFS. Machine-wise below mentioned observations were made by the Committee:

A. Representation from AEPC

Sl. No	Name of the machine	Annex no.& name of the M/c in RR TUFS	Decision taken by TAMC
1.	Spreader Machine	**MC 7 (89)** - Fabric laying / spreading machine (Garmenting segment)	**Automatic Spreading & Cutting table** with vacuum and/or air blowing device having speed of 18 Mts / Min. and above is already covered. As such, the Fabric laying / spreading machine is duplication of the said machine.
2.	Thermic Fluid Heater	**MC8 (65) –** Thermic fluid heater/other high temperature heating system (Processing segment)	Higher version of boilers are already covered i.e. PLC based Husk/oil / gas fired boiler (Steam /Thermic fluid) with automatic control on combustion efficiency, O2 Monitoring Equipments, and with Electrostatic precipitator and Micro dust collector
3.	CAM Cutting Machine	**MC8 (65) –** Computerized CAD/CAM /cutting machine	**Computerized Pattern maker/ grader/marker machine/Laser marker is already covered.** As such this machine is duplication of the said Machine

B. Representation from M/s. Ashima Limited

Sr No.	Name of the Machine	Annexure	Decision taken by TAMC
1	Yarn Winding Machine for rewinding dyed yarn package with length measuring.	Not listed in ATUFS Notification. Machine need to be added in list MC-2.	Soft Package Precision Winding machine with individual drum/Spindle driven is already covered under ATUFS.
2	Ply parallel yarn winding machine with length measuring	Not listed in ATUFS Notification. Machine need to be added in list MC-2	

Agenda No.7: Consideration of pending RR TUFS relating to the period from 01.12.2015 to 12.01.2016 under ATUFS.

The industry representatives have informed that RRTUFS pending applications have to be considered in accordance to the RRTUFS guidelines as they had planned the project in accordance to RRTUFS benefits. Accepting the ATUFS benefits for RRTUFS pending application would also not be feasible due to change in machinery technology level, requirements of details of the machines suppliers and machines nos. in accordance to ATUFS guidelines and in-eligibility of few segments such as stand alone embroidery, G&P units, stand-alone spinning, VSF manufacturing etc.

The Chairperson informed that getting additional fund for pending UIDs under RR TUFS would take a substantial amount of time, hence the industry may deliberate on whether they would like to await for the same or alternatively they would like to avail the benefits under ATUFS. The Chairperson further stated that in case they would opt for availing benefits under ATUFS, request will be made to MoT for extending the time for applying for these cases under ATUFS.

The Committee deliberated and recommended to assess who would like to exercise either of option. The entrepreneur may submit their proposal for the option through an online submission in ATUFS.

<u>Agenda No.8:</u> Clarification on eligibility of machineries purchased from the "custom bonded warehouse" after sanction of term loan under RR-TUFS.

The Committee observed that in the case of M/s Jindal Worldwide Limited, Ahmedabad the machines (high speed shuttleless looms) were purchased from the Custom Bonded warehouse and the payment was made after the date of sanction of the term loan. In the said case the date of commercial invoice i.e., 21.08.2013 is prior to the date of loan sanctioned i.e., 17.04.2014, however the payment has been made after the date of sanction of term loan and the Custom Department has issued a certificate about the date of release of goods from custom bonded area.

The Committee deliberated on whether such a case may be considered and allowed for benefit under RR TUFS. The Committee also deliberated, if this case is allowed all such cases have to be allowed under RR TUFS and same logic may also be applicable under ATUFS.

The TAMC deliberated and felt that since the actual unit may purchase the machine from Custom Bonded Warehouse, the relevant date should be the date of release of goods from the Custom Bonded Warehouse. Moreover, this may be particularly relevant for MSME units since they usually purchase machines from Custom Bonded Warehouse and the machines brought in built by the authorised dealer into the Custom Bonded Warehouse.

In view of above, the TAMC recommended that the case for consideration of IMSC to allow the unit to avail the benefit under RR TUFS. Similarly the TAMC also recommended that such cases may be allowed to avail benefits under RR TUFS and also under ATUFS and the relevant date be the date of release of goods from custom bonded warehouse and not the date of Commercial invoice.

List of Participants of the 6th TAMC meeting held on 09.02.2017

Sr. No.	Name & Designation of the participants	Organization
Committee Members		
1.	Dr. Kavita Gupta, Textile Commissioner & Chairperson	Office of the Textile Commissioner
2.	Shri.S.Balaraju, Addl. Textile Commissioner	Office of the Textile Commissioner
3.	Shri.S.P.Verma, Joint Textile Commissioner	Office of the Textile Commissioner
4.	Ms. Jayashree Sivakumar, Under Secretary	Ministry of Textiles
5.	Shri Arpit Singh, Asstt. Manager	Union Bank of India
6.	Shri Saurabh Ganguly, Secretary-cum-JGP, Marketing Head	Indian Jute Mills Association (IJMA)
7.	Shri Dilip Singh, Manager	Punjab National Bank
8.	Shri Subhransu Tripathi	NABARD
9.	Dr. K. Selvaraju	SIMA
10.	Shri T. Ramesh Rao, Nodal Officer, TUFS Cell, H.O.	Bank of India
11.	Shri Laxmikant Rathi, Vice President	A.T.E. Enterprises
12.	Shri Sachin Kumar	TMMA (I)
13.	Shri A. Ravi Kumar, Joint Director	TEXPROCIL
14.	Shri Purushottam K. Vanga, Chairman	PDEXCIL
15.	Shri S. S. Loke, Chief Manager, TUFS Cell	Central Bank of India
16.	Shri K. Rangarajan, President	SISPA
17.	Shri V. K. Ladia, CITI TUF Committee Chairman	CITI
18.	Shri Subroto Mondal, DGM	IDBI Bank
19.	Shri Sahil Ramchandani, AM	IDBI Bank
20.	Shri Atulkumar Hadole, Sr. Manager (TO)	Central Bank of India
21.	Shri Naresh Kumar , Chief Manager	State Bank of India
22.	Ms. Chand Kureel, DGM	SIDBI
23.	Shri Rushabh Mehta	ITTA
24.	Ms Saeeda Y. Patel	AEPC
25.	Shri Milind Aurangabadkar, AGM	Bank of Baroda
26.	Shri Rahul Khaparde	Bank of Baroda
Invitees		
27.	Shri.Ajay Pandit, Director	Office of the Textile Commissioner
28.	Shri.T.L.Balakumar, Deputy Director	Office of the Textile Commissioner
29.	Shri.S.K.Singh, Deputy Director	Office of the Textile Commissioner
30.	Shri.M.Balasubramanian, Deputy Director	Office of the Textile Commissioner
31.	Shri.A.Paramasivan, Assistant Director	Office of the Textile Commissioner
32.	Shri.S.Dhanasekaran, Assistant Director	Office of the Textile Commissioner
33.	Shri.Sivanand Bichundi Assistant Director	Office of the Textile Commissioner
34.	Shri. Santosh Pakhre, Assistant Director	Office of the Textile Commissioner
35.	Smt.R.Revathi, Technical Officer	Office of the Textile Commissioner
36.	Shri.G.S.Sivakumar, Technical Officer	Office of the Textile Commissioner

NOTE ON LIMITED LIABILITY PARTNERSHIP

Limited Liability Partnership has been introduced in India by way of Limited Liability Partnership Act, 2008. The basic premise behind the introduction of Limited Liability Partnership (LLP) is to provide a form of business organization that is simple to maintain while at the same time providing limited liability to the owners. A Limited Liability Partnership combines the advantages of both the Company and Partnership into a single form of organization and one partner is not responsible or liable for another partner's misconduct or negligence. Therefore, all partners have a form of limited liability for each individual's protection within the partnership, similar to that of the shareholders of a corporation. However, unlike corporate shareholders, the partners have the right to manage the business directly. An LLP also limits the personal liability of a partner for the errors, omissions, incompetence, or negligence of the LLP's employees or other agents. LLP is one of the easiest form of business to incorporate and manage.

Characteristics of Limited Liability Partnership

Separate Legal Entity

A LLP is a legal entity and a juristic person established under the Act. Therefore a LLP form of organization has wide legal capacity and can own property and also incur debts. The Partners of a LLP have no liability to the creditors of a LLP for such debts.

Uninterrupted Existance

A LLP has 'perpetual succession', that is continued or uninterrupted existence until it is legally dissolved. A LLP, being a separate legal person, is unaffected by the death or other departure of any Partner but continues to be in existence irrespective of the changes in Partnership.

Easy Transferability

The ownership of a LLP can be easily transferred to another person by inducting them as a Designated Partner of the LLP. LLP is a separate legal entity separate from its Managing Partners, so by changing the Managing Partners, the ownership of the LLP can be changed.

Owning Property

A LLP being a juristic person, can acquire, own, enjoy and alienate, property in its own name. No Partner can make any claim upon the property of the LLP so long as the LLP is a going concern.

Limited Liability

Limited Liability means the status of being legally responsible only to a limited amount for debts of a LLP. Unlike proprietorships and partnerships, in a LLP the liability of the members in respect of the LLP's debts is limited.

SAFEGUARDS IN RESPECT OF LLP

- Since the unit is to be incorporated as per the rules issued by Ministry of Corporate Affairs, GOI, there are sufficient safeguards for monitoring of LLP in comparison to Partnership and proprietary concerns.
- The LLPs are recognized as separate borrowing entities to borrow from the banks like proprietorship, partnerships both Pvt.Ltd & Public Ltd companies, PSUs etc. and has been

included in duly approved Credit policy of the Bank.

- The Category of LLP is under Corporates as they are incorporated as per the provisions of statute other than Non Corporates like partnerships Trusts, Association of Persons etc.

- Like other borrowing entities, Process of Due Diligence is followed in case of LLP before considering their credit proposals by banks.

- The process of duly approved assessment of Term Loans/Project Loans from the point of view of Bankability/Viability of the loans are also applicable to Loan proposals received from LLPs.

- The promoters Margin is applicable to PPL borrowers also like other entities.

- Execution of proper standard documents as per terms of sanction as prescribed and approved by the bank from time to time like other borrowing entities are also applicable to LLPs.

- Creation of charge in favor of Bank on the assets created out of Bank Finance or on additional collateral securities in the form of Hypothecation, Equitable or Registered Mortgage etc as stipulated in terms of sanction to safeguard the interest of bank.

- The creation of charge or securities on the asset of the LLP as stated above are enforceable in the court of law like other borrowing entities.

- Physical Verification of the assets created out of Bank Finance are must like other entities in LLPs from time to time.

All the above mentioned measures as applicable to other borrowing entities are also applicable to Limited Liability Partnerships(LLP).

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