

**Press Information Bureau
Government of India
Ministry of Textiles**

29-August-2013 19:45 IST

Continuation of the Technology Upgradation Fund Scheme in

12th Plan period

The Cabinet Committee on Economic Affairs today gave its approval for continuing the Technology Upgradation Fund Scheme (TUFS) during the 12th Plan period with a major focus on powerlooms in accordance with the Budget announcement for the financial year 2013-14.

The total budget outlay for continuation of the scheme will be about Rs.11,900 crore, out of which Rs. 2,400 crore have been allocated for the financial year 2013-14.

The major features of the scheme are:

- i. To promote indigenous manufacturing of the textile machinery, Interest Reimbursement (IR) on second hand imported shuttleless looms shall be reduced from 5 percent to 2 percent. On the other hand, for new shuttleless looms capital subsidy would be raised from 10 percent to 15 percent, IR from 5 percent to 6 percent, Capital Subsidy from 10 percent to 15 percent and margin money subsidy from 20 percent to 30 percent with an increase in subsidy cap from Rs. 1 crore to Rs. 1.5 crore.
- ii. Capital subsidy for handloom and silk sectors would be increased from 25 percent to 30 percent. In addition to this, margin money subsidy cap would be increased from Rs.45 lakh to Rs. 75 lakh in respect of MSME and Jute sectors.
- iii. Sectoral cap of 26 percent will be applicable only for the spinning segment and sectoral caps for all other segments have been removed to enable balanced growth across the value chain.
- iv. A pilot project for Hire-Purchase of new shuttleless looms shall be introduced with a plan outlay of Rs.300 crore within TUFS to enable poor powerloom weavers, having limited capacity to make capital investments, to upgrade their looms through payment of easy instalments.

These features will help induce capital investment in the textile sector to achieve growth in the fibre, yarn, fabric and garment production chain. It will generate 11.5 percent annual growth in volume terms in cloth production and 15 percent in value exports by increasing domestic value addition and technological depth and by

enhancing the global competitiveness of textiles products to generate an additional employment to 15.81 million workers.

Background:

Technology Upgradation Fund Scheme(TUFS) is one of the flagship schemes of the Ministry of Textiles and has helped the industry to garner investments of Rs. 2.43 thousand crore. The scheme was launched in 1999 and has been instrumental in helping India achieve new heights in the development of the textile sector and particularly in the spinning segment.

The Finance Minister in his Budget Speech of February, 2013, had announced continuation of TUFS in the 12th Plan with a major focus on modernisation of the powerloom sector. Higher subsidies for weaving / powerloom sector have accordingly been planned in the continued TUFS.
