

## **Amended Technology Up gradation Fund Scheme (ATUFS)**

**1. Introduction:** The Amended Technology Up gradation Fund Scheme (ATUFS) has been notified by the Ministry of Textiles vide Resolution of even number dated 13.01.2016. In accordance to the said resolution, the Guidelines of ATUFS i.e. financial and operational parameters and implementation mechanism for ATUFS during its implementation period from 13.01.2016 to 31.03.2022 are laid as under:

### **2. Objective:**

**2.1** In order to promote ease of doing business in the country and achieve the vision of generating employment and promoting export through “ Make in India “ with Zero effect and zero defect in manufacturing, it has been decided that the Government would provide credit linked Capital Investment Subsidy (CIS) amended Technology Up gradation Fund Scheme.(ATUFS).

**2.2** The scheme would facilitate augmenting of Investment, productivity, quality, employment, exports along with import substitution in the Textile industry.

### **3. Definitions under the Scheme**

**3.1** ATUFS benefits are available for the benchmarked machinery under the scheme covering the following activities:

- (a) Weaving, weaving preparatory and knitting.
- (b) Processing of Fibres, Yarns, fabrics, garments and made-ups.
- (c) Technical textiles.
- (d) Garments/made-up manufacturing
- (e) Handloom Sector.
- (f) Silk Sector.
- (j) Jute Sector.

### **4. ELIGIBILITY CRITERIA FOR GRANT OF CAPITAL INVESTMENT SUBSIDY**

**4.1** The Capital Investment Subsidy under ATUFS will be available for investment on eligible benchmarked machinery in the specified segments. Eligible benchmarked machinery will be updated and specified annually as on 15t April by

the Technical Advisory cum Monitoring Committee (TAMC). The Textile Commissioner shall notify the list of eligible benchmarked machinery after approval of the TAMC. Machinery with technology levels lower than those specified under the scheme will not be eligible for subsidy benefits. Make and Year of manufacture of all the eligible benchmarked machinery should either be clearly indicated on machine or on a name plate attached to the machine.

**4.2** Machinery purchased directly from the machine manufacturers or their authorized agents will be considered for benefits under the scheme. However, the benefit would also be available to the garmenting machinery purchased.

## **5. General Eligibility Condition**

### **5.1 Type of Unit**

**5.1.1** Entities /Units registered under the Companies Act ,1956 or under the Companies Act 2013 or under the Companies ( Amendment) Act, 2015 or as per the provision in the amendment of the said Acts with the Registrar of the Companies, which have an acknowledgement of Industrial Entrepreneur Memorandum (IEM) with the Department of Industrial Policy and Promotion except MSME units which will be as per the instructions of the Ministry of MSME or units which are registered with the concerned Directorate of the State Government showing clearly the activity for which the unit is registered , will only be eligible to get benefit under this scheme inn case of non-MSME units.

**5.1.2** Existing units and new units will be eligible for subsidy within the overall ceiling fixed for an individual entity. However, in case the entity has availed subsidy under RRTUFS, it will be eligible for only the balance amount within the overall ceiling fixed for an individual entity.

**5.1.3** Textile units including Handloom, Silk, Jute units are eligible to get benefits under this scheme.

## **6. TYPE OF ELIGIBLE TEXTILE MACHINERY**

**6.1** Under the ATUF Scheme, only new benchmarked machinery for the specified segments indicating the names of the manufacturers or their authorized agents shall be finalized and notified every year as on <sup>1st</sup> April by the Textile Commissioner on the recommendation of the Technical Advisory-cum-Monitoring Committee (TAMC) will be permitted.

**6.2** Accessories / attachments / sample machines / spares received along with the machinery up to a value of 20% of the machinery cost eligible under ATUFS will also be eligible.

6.3 Machinery eligible for one segment is eligible for other segment(s)/ activity (ies) also unless its eligibility is specifically restricted for a particular segment/ activity.

6.4 Eligibility of any other textile machinery not notified by Textile Commissioner for the year as on 1<sup>st</sup> April may also be included subsequently on the recommendation of TAMC, if considered essential.

6.5 The issuance of Unique Identification Numbers (UIDs) will be linked to the list of benchmarked machinery eligible for subsidy under the scheme which will be revised based on the budgetary provision and liabilities, and recommendation of the TAMC every year.

6.6 Machinery (imported and indigenous) purchased directly from the machine manufacturers or their authorized agents will be considered for benefit under the scheme.

6.7 **Purchase date Means:** The purchase date means the commercial invoice date both in case of domestic and imported machines.

6.8 **Machine Identification Code (MIC)** allotted by the Textile Commissioner should be mandatorily inscribed on the respective machine(s) on which subsidy under this scheme is claimed.

## **7. ELIGIBILITY CRITERIA FOR ASSISTANCE:**

7.1 Entities as specified in pars 5.1.1. above will only be eligible to get benefit under this scheme.

7.2 Registration with the concerned authority indicating product manufactured as textiles item(s) is a prerequisite, which is to be produced at the time of verification of machinery to the Joint Inspection Team (JIT), for availing benefit under the scheme.

**Note:** Investment made other than the specified machinery will not be eligible under this scheme.

### **7.3 Norms for Eligible subsidy**

Every eligible individual entity will be paid Capital Investment Subsidy (CIS) under ATUF scheme, on the eligible investment, as per the rates and the overall subsidy cap indicated below-

Sl No	Segment	Rate of Capital Investment Subsidy (CIS)	CIS per individual entity
1	Garmenting, Technical Textiles	15% on eligible Machines	Rs 30 Crore*
2	Weaving for brand new Shuttle-less (Including weaving preparatory and knitting), Processing, Jute, Silk and Machines Handloom.	10% on eligible Machines	Rs 20 Crore*
3(a)	Composite Unit Multiple Segment-If the eligible capital in respect of Garmenting and Technical Textiles Category is more than 50 % of the eligible project cost.	15% on eligible machines	Rs 30 crore*
3(b)	Composite unit /Multiple segments-If the eligible capital investment in respect of Garmenting and Technical Textiles category is less than 50 % of the eligible project cost.	10 % on eligible machines	Rs 20 crore*

**Note:** In case the applicant had availed subsidy earlier under RRTUFS, he will be eligible for only the balance amount within the overall ceiling fixed for an individual entity. The maximum subsidy for overall investment by an individual entity under ATUFS will be restricted as indicated above for respective segments.

#### **8. SUBSIDY NORMS:**

8.1 The capital investment subsidy under ATUFS will be released in full in one go on eligible investment, only after satisfactory installation/commissioning and commencement of production.

8.2 Benefits under the scheme shall be available only if the eligible benchmarked machinery is purchased by availing term loan from a notified lending agency.

8.3 Subsidy will be provided only in case of investment made with institutional finance. Investment made by availing

- Buyers Credit,
- Usance Credit and
- Sellers Credit

will not be eligible for availing benefits under the scheme unless the entire amount is paid up by the beneficiary before claiming the subsidy and concrete documentary proof is produced for the same at the time of Joint inspection Team (JIT) verification within the prescribed timelines defined in the scheme.

**9. CUT-OFF DATE:** The date of sanction of term loan shall be the date of the letter of the lending agency vides which the sanction of term loan is communicated to the entrepreneur.

**10. COVERAGE OF INVESTMENT PRIOR TO SANCTION OF THE LOAN:**

Advance / token payment up to the margin money for machine cost can be paid by the unit prior to the date of sanction of term loan. However, machines purchased on or after date of sanction of the term loan only will be eligible under the scheme subject to fulfilment of other terms and conditions.

**11. BENEFIT OF OTHER SCHEMES:**

Textile units are permitted to avail of benefits of State Governments Schemes, in addition to the benefit provided under this scheme, unless specifically disallowed.

**12. FINANCIAL NORMS:**

12.1 Under the ATUFS, capital investment subsidy will be provided subject to terms and conditions given below:

12.2 Financial norms like security, debt-equity ratio, previous year's profit position, net worth etc. will be as per the prevalent norms of concerned lending agency.

12.3 Since the Scheme is credit linked, the entrepreneur will be required to keep the term loan component of machinery at a minimum of 50% of the total project cost, to become eligible under the scheme.

12.4 All Public Sector Banks, State Financial Corporations, State Industrial Development Corporations (SIDCs), Schedule Banks and NBFCs registered with RBI are eligible for funding under the scheme.

12.5 Foreign Currency Loan: Foreign Currency Loan availed of from overseas branch of the Indian Bank/ Foreign bank having Indian branch will be eligible for benefits under this scheme. However, the loan account should be operational from the Indian branch also so as to make it possible to transfer the subsidy amount in Indian Rupee into the loan account of the applicant in the Indian branch.

**13. Period of Term Loan under the Scheme:**

13.1 The term loan sanctioned for availing the benefit of the scheme should not be for less than three years including moratorium period for

SSI units and not less than 5 years for other categories.

**13.2** To prevent misutilisation of the subsidy, it is expected that the unit should atleast function for the minimum period of term loan specified above.

#### **14. IMPLEMENTATION MECHANISM**

14.1 The scheme would be executed/ implemented by the Textile Commissioner through its Regional/State Offices. A state/ regional level office of the office of Textile Commissioner is being set up in each state which will implement and monitor ATUFS on priority. Implementation of the scheme will be done in a five-step process:

Step 1: Submission of the term loan application by the entity /unit/ applicant along with a copy submitted to the State/Regional office of the Textile Commissioner who will facilitate sanction of the term loan by the Lending Agency.

Step 2: Application for Unique Identification Number (UID) by the entity/ unit/ applicant to the Textile Commissioner through the lending agency using i-ATUFS software for pre-authorization of subsidy under the scheme and issuance of UID.

Step 3: Installation of machinery.

Step 4: Submission of the subsidy claim online by the Unit to the Textile Commissioner and forwarding of the claims by Textile Commissioner to the Ministry of Textiles.

Step 5: Release of the eligible subsidy by the Ministry of Textiles to the applicant's account.

#### **15 MONITORING MECHANISM:**

The scheme will be administered with a two stage monitoring mechanism i.e. by Technical Advisory-cum-Monitoring Committee (TAMC) and Inter-Ministerial Steering Committee (IMSC).

#### **16. GRIEVANCE REDERESSAL MECHANISM**

All grievances received in prescribed format related to implementation of this scheme shall be redressed by a Grievance Committee set up under the

chairpersonship of the Textile Commissioner with the representatives from the Ministry of Textiles, Lending Agencies and industry associations etc.