

MINISTRY OF TEXTILES
OFFICE OF THE TEXTILE COMMISSIONER
48, VITHALDAS THAKARSEE MARG
NISTHA BHAVAN (NEW C.G.O. BLDG), MUMBAI – 400020
Tel No. 022-22001050 Fax : 022-22004693 :: E-mail : atufs.mum-textiles@gov.in
Website: www.txcindia.gov.in

F.N. TS-16014/2/2024-TUF/135

Date: 23.07.2024

Sir/Madam,

Minutes of 38th Meeting of Technical Advisory-Cum-Monitoring Committee (TAMC) for discussing issues of ATUFS and Previous Versions of TUFs held in the office of the Textile Commissioner at 04:PM on 04.07.2024 through hybrid mode is enclosed herewith.

Encl: as above.

(S P Verma)
Addl. Textile Commissioner

To,

1-All members of TAMC Meeting

Copy to:

1. PS to TxC: For kind information
2. US (TUFs), MOT New Delhi
- 3.M/s STTL Ahmedabad
- 4.Computer cell, office of the TxC Mumbai

Minutes of 38th Meeting of Technical Advisory-Cum-Monitoring Committee (TAMC) for discussing issues of ATUFS and Previous Versions of TUFS at 04:00 pm on 04.07.2024 through hybrid mode

The 38th Meeting of the Technical Advisory-cum-Monitoring Committee (TAMC) for discussing the issues on Amended Technology Upgradation Funds Scheme (ATUFS) and Previous Versions of TUFS was held at 04:00 pm on 04.07.2024 through hybrid mode under the chairpersonship of Ms. Roop Rashi, Textile Commissioner. The list of participants is at **Annexure-I**.

Agenda No.1:

Minutes of 37th meeting of TAMC held on 24.01.2024 were circulated to all the members on 06.02.2024 and no comments have been received, hence minutes may be treated as confirmed.

Decision: TAMC approved the Minutes of previous meeting circulated to all members on 6th June, 2024.

Agenda No. 2: Review of Progress of TUFS

a. Progress of utilization of allotted fund for the financial year 2023-24.

S. No	Scheme	Allocation(BE/RE) in Rs. Cr.	Expenditure in Rs. Cr.
1	ATUFS	675	481.51
2	MTUFS		5.01
3	RTUFS		1.53
4	RR-TUFS (bank routed)		88.09
5	RR-TUFS (MMS)		1.62
	Total		577.76

b. Segment wise details of UIDs issued & Subsidy released under ATUFS as on 11.06.2024:

S. No	Segment Name	UID Issued	Project Cost in Rs. Cr.	Provisional Subsidy in Rs. Cr.	Subsidy released in Rs. Cr.
1	Garmenting (15% CIS)	1468	3325.55	340.31	107.62
2	Handloom (10% CIS)	60	56.30	04.57	0.38
3	Jute (10% CIS)	13	16.52	01.31	
4	Silk (10% CIS)	30	41.44	02.71	
5	Multi activity (10% CIS/15% CIS)	2293	31693.05	2039.02	576.97
6	Processing (10% CIS)	1622	6602.54	445.28	183.9
7	Technical Textile (15% CIS)	534	4243.68	396.42	141.26
8	Weaving (10% CIS)	8369	23180.87	1733.37	1146.4
	TOTAL	14389	69161.87	4963.15	2156.3

The progress and above data are placed before the TAMC for information.

Decision: TAMC Noted the progress of ATUFS.

Agenda No.3: "Deferred Agenda No. 08 of 35th TAMC" Representation of AEPC on Certificate of Origin issued by Machine Manufacturer itself:

23/07/2024

In few cases, it has been observed that the certificate of origin issued by Machine Manufacturer i.e. Juki Singapore PTE Limited for sewing Machines and its accessories for Indian Textile and Apparels Industry As per the Singapore Custom Office website www.customs.gov.sg/businesses/certificates-of-origin/overview/

Ordinary COs is also known as Non Preferential COs can issue by Singapore Customs or any of the following authorized organizations:

- Singapore Chinese Chamber of Commerce and Industry
- Singapore Indian Chamber of Commerce and Industry
- Singapore International Chamber of Commerce
- Singapore Malay Chamber of Commerce and Industry
- Singapore Manufacturing Federation

Apart from Singapore Customs, these authorized organizations do also issue ordinary COs for locally manufactured or processed goods, and goods from other countries which are re-exported from Singapore. However, they do not issue ordinary COs for the export of Singapore-origin textiles and textile goods to the United States of America.

All Preferential COs are issued only by Singapore Customs

In the above referred instances, the matter was taken up (with Reminder also) with the Customs of Singapore with respect to acceptability of such documents, in general, i.e. Certificate of Origin issued by Machine Manufacturer/supplier itself i.e. M/s Juki Singapore PTE Limited for Textile Machinery which were supplied to Indian Textile & Apparel Industry.

No Reply has been received from Singapore Custom hence TAMC may deliberate and decide on the issue.

Decision of 38th TAMC: TAMC has decided to refer back the agenda to COO Committee for deliberation along with AEPC on analyzing the risks involved in considering such cases purchased the imported machines through EPCG in line with the decision taken on via/on Behalf of mentioned in COO.

Agenda No.04 Representation of PDEXCIL (Industry Association) to consider the cases where Year of Manufacturing is after Just one day of commercial invoice/Packing List date.

Representation of PDEXCIL to consider **MSME units** where one-day difference in Year of manufacturing **April 2022** and Commercial Invoice / Packing list date is **31.03.2022** of M/s Itouchu Sys Tech Corporation (Authorized agent of M/s Toyota Industries Corporation Japan)

- M/s Itouchu Sys Tech Corporation has clarified that Machine was shipped from Japan to India on **03.05.2022** i.e. after the Manufacturing date **April 2022**
- M/s Itouchu Sys Tech Corporation has also clarified that due to geo Political tension in the International market as well as non-availability of vessels the production was disturbed and delivery of the machine got delayed.
- In the Invoice it was mentioned that shipping date as May 2022.

- Itouchu has clarified that after receipt of complete payment and complying with terms and conditions invoice was raised.

PDEXCIL has requested to consider the cases where Invoice issued by Authorized agent of Machine manufacturer after complete payment in the last date of financial year i.e. 31.03.2022 and Manufacturing date mentioned on machines as "April 2022" and shipping was made after the Manufacturing date.

TAMC may deliberate and decide on the issue.

Decision of 38th TAMC:- TAMC observed that due to release of payment the supplier M/s Itouchu Sys Tech Corporation though have raised the invoice but has clearly indicated in advance only on its said invoice that machines will be shipped in May, 2023. Hence, it is decided to consider such specific case where Toyota like international Japanese manufacture with proven credibility is involved as regards technology in supplying machines. It was also decided by TAMC that this relaxation is considered after examining the genuineness of supplier and supplier machines, hence will be considered in this case only and is NOT a general relaxation.

Agenda No. 05:- Interpretation of Para no.5.1.5 of GR and 5.6 of RR dated 02.08.2018 pertain to *Foreign Currency Loan*

Some units have availed Term loan in Foreign Currency under ATUFS from Standard Chartered Bank, London Branch i.e. Foreign Branch of Foreign Bank Further, the Para no.5.1.5 of GR and 5.6 of RR dated 02.08.2018 are reproduced below.

The para no.5.1.5 of GR dated 29.02.2016

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.

The para no.5.6 of Revised Resolution dated 02.08.2018

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 accounts should be operational from the Indian branch also so as to make it possible to transfer the subsidy amount in Indian Rupee into the account of the applicant in the Indian branch. Conversion of Rupee Term Loan (RTL) into Currency Loan (FCL) and vice-versa is permitted.

Eligibility has been determined interpreted the para above that, claims eligible **only** for the loan availed from Indian Branch of Foreign Bank in order to ensure for applying UID, the participation of bank in JIT inspection and also monitor the functionality of machines till the repayment period.

Further, Hypothecation of assets is to be done by the branch who sanctions loan and to ensure protection of Government fund, prevent of pursuing for any recovery of GOI funds, Sanctioning bank/branch can only recover the ineligible subsidy.

However, the Standard Chartered Bank Submitted a declaration in supersession of their earlier submissions to this Office on the above mentioned claim under ATUFS briefing the loan disbursement details and also stated that "All the assets are hypothecated with Standard Chartered Bank"

23/07/2024

Since the sanction letter submitted with JIT report in its page no.6 mentioned that, *the finance documents will be covered by English Law, the court of England will have exclusive jurisdiction in relation to any dispute including a dispute relating to non-contractual obligations arising out of or in connection with any Finance document*”.

In this regards clarification has been asked from Bank to assure the protection of funds released from Government account and to clarify unambiguously whether the local branch in India /Standard Chartered bank, Barakhamba Road Branch, New Delhi would have control and enforceable rights / authority of security as regards the credit linked assets created with funds involving funds of Government of India, in case of any dispute?

Bank has informed that *“the security has been created in favour of Axis Trustee Services Limited, acting on behalf of all lenders including Standard Chartered Bank. The Security documents are governed by Indian Laws and is subjected to jurisdiction of court at New Delhi. As charge holder of aforesaid security, Axis Trustee Services Limited has right to enforce the security. Standard Chartered Bank , through Barakhamba Road Branch New Delhi (India) is party to the Security Trustee Agreement with Axis Trustee and will have control/ custody of the funds in case of any disputes for credit linked assets.*

TAMC may deliberate also whether Foreign Currency Loan availed from Overseas branch of Overseas Bank can be considered under above mentioned para 5.1.5 of GR and 5.6 of RR Dated 02.08.2018 and also the above matter with respect to Security and hypothecation as per Indian Law. Accordingly the matter may be taken up in IMSC as per the direction of Ministry.

Decision of 38thTAMC:- TAMC after detailed deliberations has decided to allow such arrangement since not only hypothecation/security of assets has been ensured unambiguously but also now as per clarifications provided by the bank, the documents are also governed by the Indian Laws and is subjected to jurisdiction of court at New Delhi. Since matter related to Policy interpretation hence matter may be place before IMSC to duly clarify as following in RR 5.6 of 2018 :

Foreign Currency Loan by an “Overseas Branch” of Foreign Bank having a local Branch in India for asset creation in India would also be eligible under ATUF, if the local branch has control and enforceable rights/ authority as regards credit linked assets created in India involving Funds of Government of India.

Agenda No. 6 (Agenda Point No. 2 of 73rd ITC Cutoff date for delisting the Agents of Subsidiary Sales Units

TUFS cell requested to provide cutoff date for delisting for M/s Alpine Knits India Pvt. Ltd as authorized agent of M/s. Brother Machinery (Asia) Ltd, Hong Kong.

M/s Alpine Knits India Pvt. Ltd. was delisted from Annexure-III as authorized agent of M/s. Brother Machinery (Asia) Ltd which was enlisted at serial no.19 under ATUFS as per decision of 36th ITC dated 10.02.2022. The decision was ratified in 27th TAMC dated 13.04.2022. This decision is taken in line with the decision of 28th ITC dated 12.10.2021 and 25th TAMC dated 22.02.2022 regarding delisting of Authorized agent who have not submitted MoU with parent manufacturers.

M/s Alpine Knits India Pvt. Ltd has submitted MOU on 13.03.2023 for enlistment of authorized agent for the machine manufacturer Brother Industries Ltd, Japan and M/s. Eastman – C.R.A USA & Hong Kong. The matter was deliberated in 63rd ITC dated 23.03.2023 and the committee

decided to call for additional clarification regarding invoicing practices and shipping documents. The unit has not replied to this office email query dated 29.03.2023 as per ITC decision.

Section Comments:

List of agents delisted under ATUFS as per the decision of 25th & 27th TAMC is enclosed as Annexure - I. From the list, it is noted that all delisted agents were re-enlisted as per ITC decision except M/s Alpine Knits India Pvt. Ltd (Machine Manufacturer Brother Machinery Asia Ltd and M/s. Eastman – C.R.A (Hong Kong) Ltd, Hong Kong as the units has not replied to this office email query dated 29.03.2023 as per ITC decision.

Decision Taken in 73rd ITC: The committee noted that TAMC had decided the cutoff date of delisting with effect from date of TAMC in similar cases viz. agenda no.19 of 31st TAMC dated 14.09.2022. Hence, in similar line ITC recommended to mention cutoff date as 13.04.2022 for the aforesaid case as ratified in 27th TAMC dated 13.04.2022.

TAMC may deliberate and decide

Decision of 38th TAMC:- TAMC has ratified the decision of 73rd ITC.

Agenda No 07 (Agenda Point No. 4 of 73rd ITC): Manufacturer name not mentioned on the machine name plate only Logo mentioned

RO- Navi Mumbai requested vide letter no. 3(1454)/2021/A-TUFS/ ROM/Navi Mumbai/93 dated 12.09.2023 to place the issue in respect of machinery manufacturer M/s. MONTI ANTONIO SPA, ITALY (enlisted at serial no.242 in Annexure-III under ATUFS) who supplied MC2-50 (Continuous transfer printing machine) to M/s. Beekalene fabrics Pvt. ltd. (ATUFS Beneficiary).

RO- Navi Mumbai noted that “MONTI ANTONIO” is mentioned on machine name plate and “MONTI ANTONIO SPA” is mentioned in the invoice. In support of this subject, RO- Navi Mumbai submitted Invoice Copy and Name plate of machinery photo Copy.

Manufacture declaration: “MONTI ANTONIO” is the brand name and “MONTI ANTONIO SPA” is full name. Manufacturer submitted their trademark registration certificate with the given brand name.

Decision Taken in 73rd ITC:- The committee examined the documents and noted that the logo available in invoice, technical literature, machine name plate and public domain such as website, is in line with trademark certificate and declaration. Hence, the committee recommended the case to consider for release of subsidy if other conditions are met as per ATUFS guidelines.

TAMC may deliberate and decide

Decision of 38th TAMC:- TAMC has ratified the decision of 73rd ITC.

Agenda No. 08: (Agenda Point No. 5 of 73rd ITC): Manufacturer name differences in Invoice and name plate

The case forwarded by TUFS cell vide note no. 12(3942)/JIT/ATUFS/2022/TUFS/218 dated 29.12.2023 for deciding the eligibility of the claim. The machine manufacturer supplied RMG curing/heat setting oven machine (MC04-69) to M/s. Globe Denwash Private Limited (ATUFS beneficiary). The details are as under,

Handwritten signature and date: 25/07/2024

Enlisted name at serial no.10 in Annexure-V under ATUFS	Name in Commercial Invoice, COO and Bill of Entry	Name in Machine name plate
METOD MAKINE SAN. VE TIC. LTD. STI, ISTANBUL, TURKEY	METOD MAKINE SAN VE TIC LTD., STI"	METOD MAKINA SAN VE TIC LTD., STI'

Manufacturer Declaration:

- The **official name** of our company is MetodMakine San. Ve Tic. Ltd. Sti (As per business license).
- As a manufacturer and exporter, hereby we take all responsibility of misspelling and mistake of "Metod Makina San. Ve Tic. Ltd. Sti." that was written in the technical plate of the conveyor oven that had been sent to Globe Denwash Pvt. Ltd. in 2018.". The mistake has happened in this claim only.
- The manufacturer informed that they are using MAKINA in website logo available in company website and website address is also <https://www.metodmakina.com/> - . They also stated **both MAKINE and MAKINA have same meaning. They use metodmakina extension for our email and websites however official name of their company is METOD MAKINE.**

Decision Taken in 73rd ITC: The committee not accepted the clarification given by the manufacturer and not recommended the case for considering release of subsidy.

TAMC may deliberate and decide

Decision of 38th TAMC: TAMC has ratified the decision of 73rd ITC.

Agenda No. 09 (Agenda Point No. 2 of 74th ITC) Enlistment of Parent Machinery Manufacturer

M/s KaeserKompressoren SE, Germany requested for enlistment of parent unit and subsidiary company M/s Kaeser Compressors India Pvt Ltd as textile machine manufacturer under ATUFS. The unit has submitted given documents as per circular-6:

S No	Documents	Remarks
1	Business License	The unit established in 1919 as per website
2	Embassy Certificate	Signed by Consulate general of India, Munich
3	3 Years Sales Figures	Domestic and overseas sales figures provided
4	Undertaking (MC-1-A-8,C-10,MC-2-81,MC-4-70)	Revised undertaking as per 6 th IMSC Decision
5	ISO9001-2015/ CE Certificate	Verified online and valid till 31.10.2025
6	Technical Literature	Available
7	ATUFS UID Details as per 39 th ITC	UID-ATUFS/2020-21/W/000367, ATUFS/2021-22/P/003151
8	Request from ATUFS/RO	Request from RO- Ahmedabad vide e-mail dated 07.08.2023

am 7/1/24

9	Audited Balance Sheet	Available
10.	Sample of name plate	Available

Business Practice as declared by the unit:

- Kaeser Compressor India Pvt Ltd is 100% subsidiary of KaeserKompressoren SE and is importing this equipment in India.
- In some cases, under EPCG, SEZ and EOU which allows customer to clear the goods at concessional custom duty, Kaeser India signs an High Sea Sales Agreement with customer and the customer clears the material.
- Apart from the above M/s Kaeser Compressor India Pvt Ltd also imports raw material to assemble and test the equipment and sell them in Indian Market.

Decision Taken 71st ITC dated 24.08.2023: The committee examined the submitted documents and decided to call for the inspection report of M/s Kaeser Compressor India Pvt Ltd carried by Powerloom Development Cell for placing in next ITC meeting. In addition to that, TUFS cell also be requested to inform the fallout effect in the matter under reference.

Now, RO- Navi Mumbai has submitted inspection report of M/s. Kaeser Compressor India Private Limited, Pune and TUFS Cell submitted the comments in reference to the 71st ITC decision.

Decision Taken in 74th ITC: The committee scrutinized the documents and recommended to enlist M/s KaeserKompressoren SE, Germany as machinery manufacturer under ATUFS. Further the committee noted that M/s. Kaeser Compressors (India) Pvt. Ltd, Pune which is enlisted at serial no.31 in Annexure-III under ATUFS is a sole assembler of M/s KaeserKompressoren SE, Germany as per the documents submitted by M/s KaeserKompressoren SE, Germany and visit report of RO- Navi Mumbai. Hence, the committee decided to delist the M/s. Kaeser Compressors (India) Pvt. Ltd, Pune with immediate effect.

TAMC may deliberate and decide

Decision of 38th TAMC:- TAMC has ratified the decision of 74th ITC.

Agenda No. 10 (Agenda Point No. 6 of 74th ITC: Case of Model no difference in invoice and machine name plate

RO- Navi Mumbai forwarded a case of M/s Duratex Apparels TUF Ref. No: ATUFS/2019-20/128. The unit purchased machines from Juki Singapore PTE Ltd, Singapore wherein the model no mentioned in invoice, machine name plate and machine Serial number list are different. The details are as under:

- **Invoice:** DDL-900BSNBK
- **Machine Name Plate:** DDL-900BSNB
- **Certificate of Machine Sr No-** DDL-900BSNBK-AA

The machine manufacturer M/s Juki Corporation, Japan, submitted clarification as below:

“The machine model number mention in the machine plate, machine name plate and certificate does not match because for our internal office communication and records purpose. We use additional details on invoice and serial number letter.”

Section Comments: The latest catalogue is checked online and details received for the given model are as below

23/07/2024

Machine model- Lock Stitch machine DDL-900BSNBK. The model coding is as follows:

DDL-900B_(a)_ (b)_ (c)_ (d)_

(a): Having variant- for sewing specification i.e. Standard (-) and Shorter thread function (B)

(b): Variant for application: **S- Standard** & H- Heavy Weight materials

(c): Variant for Wider, Nipper and reversal feed: 0B- Not provided, WB- Wiper Provided, **NB- Nipper Provided**

(d): Variant for Power supply and country of export: **K- General Exports, China** and N- for Europe

**The additional term "AA" is mentioned in certificate of Serial number list having no details in catalogue in relation to model variant.

Decision Taken in 74th ITC: The committee reviewed the submitted documents by the unit and the information available on the manufacturer website. The committee recommended the case to consider for release of subsidy if other conditions are met as per ATUFS guidelines.

TAMC may deliberate and decide

Decision of 38th TAMC:- TAMC has ratified the decision of 74th ITC.

Agenda No. 11 (Agenda Point No. 2 of 75th ITC) Case Forwarded by RO-NAVI MUMBAI - Logo reg.

RO- Navi Mumbai forwarded a case of logo issue in respect of machinery manufacturer M/s. Lasser AG. Switzerland who supplied Multi head computerized embroidery machine (MC:4-47) to ATUFS beneficiary M/s. KFS Embroidery (ATUFS/2021-22/3309).

During scrutiny, it has found that machine name plate comprises only "LÄSSER⁺" wherein Invoice is consisting manufacturer name as "LASSER AG". In this connection, RO- Navi Mumbai called clarification from the manufacturer and the clarification is as under:

- "LÄSSER" is the brand name of M/s. Lasser AG. Switzerland, where AG stands for Public limited company in German.
- The official logo is "LÄSSER⁺" with tag line "Swiss Embroidery Machines".

RO- Navi Mumbai submitted the following documents in support of the matter,

1. Invoice Copy and Name plate of machinery photo Copy
2. Manufacturer note on their branding exercise, marketing practices

Section Comments: The manufacturer is enlisted at serial no.420 in Annexure-III under ATUFS. The logo available in machine name plate, invoice, manufacturer website and documents submitted for enlistment are same.

Decision Taken in 71st ITC dated 24.08.2023: The committee examined the submitted documents and decided to call for machine name plate and invoice copy from ATUFS section/RO in respects of other ATUFS claims of the same machine manufacturer.

Sr.	Beneficiary Name	Invoice Logo	Machine Name Plate Logo
1	Shubhlaxmi Embroidery (Model no : MVD73, Invoice date- 01.02.2022)	LASSER+ Swiss Embroidery Machines	LASSER+AG Swiss Embroidery Machines



2	Suvidha Fashion, (Model no : MVD73, Invoice date- 07.02.2022)		
3	Flowers creation, (Model no : MVD73, Invoice date- 10.02.2022)		
4	Colour Impex, (Model no : MVD71, Invoice date- 15.02.2017)	LASSER+ Swiss Embroidery Machines	LASSER+
5.	KFS Embroidery (Model no : MVD71, Invoice date- 20.01.2022) (Extant Case)	LASSER+ Swiss Embroidery Machines	LASSER+ Swiss Embroidery Machines

Now, TUFs cell submitted the documents in respect of above decision as under,

Section Comments:

- The logo in all invoices of reference cases are found same.
- The logo in machine name plate are found different i.e. 3 types in reference cases.
- The logo available in office records is same as logo of invoice & website.

Decision Taken in the 74th ITC Meeting dated 28.03.2024: The committee examined the documents and noted that the manufacturer is following different branding practices in the referred cases. Hence, the committee decided to call clarification on difference in Logo in machine plates along with their trade mark certificate from the manufacturer.

Now, M/s. Lasser AG Switzerland submitted the reply in reference to this section email dated 12.04.2024 as follows,

- “LÄSSER” is the brand name, “+” is for Swiss cross and AG stands for Public limited company. Important is “LÄSSER”
- There is no reason for different branding practices.
- Today we are only using LÄSSER + AG on the Name plate.

Decision Taken in 75th ITC: The committee reviewed the clarifications submitted by the manufacturer and examined information available in manufacturer website. It is noted that the brand name “LÄSSER” is found same on all the machine name plate and in commercial invoice. Hence, the committee recommended the case to consider for release of subsidy if other conditions are met as per ATUFS guidelines.

TAMC may deliberate and decide

Decision of 38th TAMC:- TAMC has ratified the decision of 75th ITC.

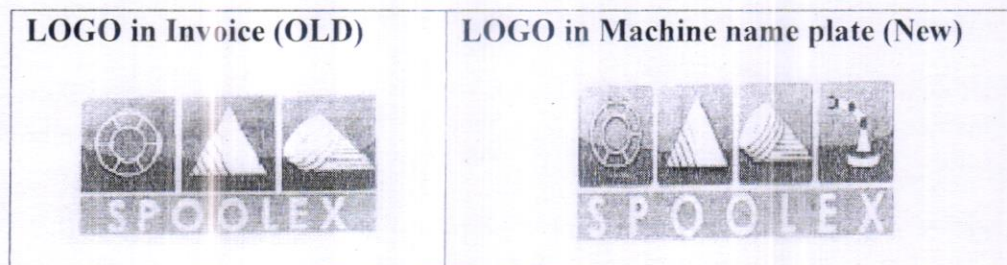
Agenda No. 12 (Agenda Point No. 3 of 75th ITC) Manufacturer name not mentioned on the machine name plate only Logo mentioned

TUFS Cell forwarded the case to confirm the acceptability in respect of machinery manufacturer M/s. Spoolex S.A.S., France (enlisted at 524 in Annexure-III), who supplied Ultrasonic Slitting machine under MC03-h-2 to M/s. Plasti weave Industries LLP M/s. Harmony Plastic Pvt. Ltd. (Beneficiary: ATUFS/2019-20/1535). During JIT it has been found that machine name plate comprises only logo of the machinery manufacturer along with unit address. The logo available in name plate is slightly different than logo in invoice. The address mentioned in invoice and name plate is found same. The date of invoice is 11.04.2018, 22.06.2018.

Manufacture declaration:

Signature
28/07/2024

- “SPOOLEX” is the brand name of M/s. Spoolex S.A.S., France. As per general trade practice, the unit mentioned “Spoolex” on machine name plate.
- As a trade practice, the unit is mentioning logo of the company in both Invoice and machine name plate. In this instant claim, at the time of issuing invoice the software not updated with new logo whereas new logo updated in machine name plate. “SPOOLEX” mentioned both in invoice and machine name plate.



Section comments: The new logo is found in manufacturer website - <https://www.spoolex.com/>.

Decision Taken in the 74th ITC Meeting dated 28.03.2024: The Committee reviewed the submitted documents and decided to call effective date of new logo adopted by the manufacturer along with supporting documents and trade mark certificate.

Now, M/s. Spoolex S.A S., France submitted the reply in reference to this section email dated 26.03.2024. The manufacturer reply is as under,

- Effective date of new logo introduction - September 2019
- Trademark certificate for old logo and new logo
- Our trademark is protected by word and nonfigurative trade mark. i.e. **SPOOLEX**
- Our trademark only is registered (not the logo) and submitted the same (not the logo). “SPOOLEX” mentioned both in invoice and machine name plate.

Decision Taken in 75th ITC: The committee reviewed the documents submitted by the manufacturer i.e trademark certificate, manufacturer website and noted that the registered trademark is available in both invoice and machine name plate. Hence, the committee recommended the case to consider for release of subsidy if other conditions are met as per ATUFS guidelines.

TAMC may deliberate and decide

Decision of 38th TAMC: - TAMC has ratified the decision of 75th ITC.

Agenda no. 13 Minutes of the 4th Meeting of Committee for deciding issues related to Country of Origin as per ATUFS

Sub Agenda Point No-01:

RO- Noida forwarded a case of M/s Jayshree International related to Certificate of Origin (COO). The unit purchases machinery from M/s Brother Machinery (ASIA) Limited, Hong Kong where in COO is issued by M/s Brother International Singapore PTE Limited, Singapore.

- **Invoice issued by:** M/s Brother Machinery (ASIA) Limited, Hong Kong dated 30.04.2021
- **COO Issued by;** M/s Brother International Singapore PTE Limited, Singapore. Dated 17.08.2021 on behalf of: M/s Brother Machinery (ASIA) Limited, Hong Kong
- **Machine Manufactured at:** China & Vietnam
- **Place of supply as per Bill of Lading:** Malaysia

Handwritten signature/initials

The manufacturer has also submitted a letter stating that all brother machinery is manufactured under the control of M/s Brother Industries Ltd., Japan and sales are governed from designated sales office by way of raising invoices to end user. The aforesaid machineries were manufactured at China production unit.

Section note:

- The above mentioned companies including Parent, Sales offices and subsidiary units at Japan, Hong Kong, China, Vietnam and Singapore are enlisted in Annexure-III under ATUFS.
- The COO issued from Singapore Chamber of Commerce containing the term- issued retrospectively.

Decision taken by 3rd COO Committee meeting: The committee examined the case and decided to call clarification that why the machine is supplied under such arrangement i.e. invoice from Hong Kong, Bill of lading from Malaysia and Certificate of Origin from Singapore issued retrospectively.

As per decision, a clarification was called from M/s Brother Machinery (Asia) Ltd, Hong Kong vide letter dated 07.06.2023. The unit submitted the clarification as below:

- "M/s Brother Machinery Asia Limited is an area sales office designated for raising invoices to customers.
- Further, the logistics and bankers are based in Singapore, hence COO issued by Singapore Chamber of Commerce.
- The manufacturing units are located in Japan, China and Vietnam having name plates of Brother Industries Ltd with respective countries of manufacturing. All units are enlisted under ATUFS.
- The centralized warehouse is located in Malaysia; hence Bill of lading comprises Malaysia."

Section Comments: This section has called the details of ATUFS cases of the same manufacturer. As per ATUFS cell submitted data for 4 cases, it is noted that the machines were supplied under similar arrangement in respect of Certificate of Origin. The Bill of lading having place as Malaysia and Singapore.

Further, it is observed that the ATUFS cell has processed the similar case and rejected where COO bears the Malaysia Origin for accessories items supplied along with the machine since the manufacturing activity at Malaysia is neither enlisted nor declared in any documents to this office by the manufacturer.

Decision of the COO committee: The Committee examined the documents provided by Regional office and declaration letter given by the Manufacturer. The committee accepted the supply arrangement made in aforesaid case and recommended for release of subsidy if other conditions of ATUFS are met as per GR.

TAMC may deliberate and decide

Decision of 38th TAMC:- TAMC has ratified the decision of COO Committee. However, the Committee requested the ATUFS section to report on the number of claims for which the COO bearing the Malaysia Origin for accessories items supplied along with the machine.

Sub Agenda Point No-02: Case forwarded by ATUFS Cell to decide the eligibility of COO and examine the irregularities or fraudulent activities in the COO

28/07/24

ATUFS Cell vide note no. TS-27/11/2023-TUF/16 dated 03.01.2023 forwarded the case of M/s Nyalkaran Fabrics (ATUFS /2017-18/1167) alongwith enclosed letter from RO- Indore dated 30.06.2023 regarding two COO in respect of one commercial invoice.

The JIT of M/s Nyalkaran Fabrics (ATUFS /2017-18/1167) was conducted by RO Ahmedabad in 02.08.2018 to verify the Waterjet machines supplied by M/s Qingdao Huifang Textile Machinery Co. Ltd. China vide commercial invoice No. HF-519 dated 29.06.2017. The RO did not consider the case being a case of amended invoice.

Further as per MoT/HQ directives, JIT was again conducted by PSC Surat on 04.08.2022 for reverification and JIT submitted COO with other date. The details are as under:

S No	JIT date	Name of Exporter	COO Issued on	Invoice No & date in COO
1	02.08.2018	QuangzhouLaifenhong Trading Co Ltd Guangzhou, China O/b Qingdao Huifang Textile Machinery Co. Ltd.	27.10.2017 (Issued retrospectively)	HF-519 29.06.2017
2	04.08.2022	JingningTeng Yuan Trade Co. Ltd., Jingning Zhejiang, China, O/B Qingdao Huifang Textile Machinery Co. Ltd.	17.07.2017	HF-519 10.03.2017

Section Comments:

It was noticed that the manufacturer produced amended invoice with declaration that the amended invoice was raised on account of non-availability of Machine Sr Nos in invoice copy as per ATUFS guidelines. However, the unit submitted to two COO copies with same invoice number with different dates.

The observation made by section are as under (as per submitted documents):

1. In both COO the exporter name is different o/b of Qingdao Huifang Textile Machinery Co. Ltd. and there is no any record available of exporting company name except the machine manufacturer i.e. M/s Qingdao Huifang Textile Machinery Co. Ltd. China enlisted at Sr No- 38 Annexure-III as machine manufacturer
2. In the COO with invoice date 10.03.2017, HS code is mentioned as 84463040 00 however the later COO having HSN code 84463030. Since both cases products description is same hence the HSN code should be same. Further the 84463030 – HSN cod is found to be of Carrier Loom instead of Waterjet Loom as retrieved from online sources.
3. The weight of consignment is different in both COO.

Decision of the Committee: The Committee deliberated on the matter and observed that the documents submitted during the JITs, the beneficiary unit had submitted two Certificate of Origin for same invoice with different date of invoice & exporter name. The committee did not recommend the case for release of subsidy. It is also deliberated that the committee has no mechanism to check the fraudulent activities in the matter.

TAMC may deliberate and decide

Decision of 38th TAMC:- TAMC has ratified the decision of COO Committee and requested to issue advisory to the Industrial Associations in those area to sensitize the issue of such irregularities.

Agenda No. 14. Issues Related to Previous Version of TUFs :**Progress under Previous Versions of TUFs (as on 14.06.2024)**

Sr. No.	Particulars	MTUFS	RTUFS	RRTUFS	Total
1	No. of accounts for which documents uploaded by TUFs Cells of Banks	955	404	2045	3404
2	No. of accounts returned by ROTxC and not resubmitted by Banks	290	58	253	601
3	No. of accounts under consideration (1-2)	665	346	1792	2803
4	No. of accounts not submitted willingness for JIT	272	97	485	854
5	No. of actual accounts found fit for JIT (3-4)	393	249	1307	1949
6	No. of accounts could not be assigned due to non-cooperation from Banks and units	67	38	215	320
7	No. of actual accounts available for assignment (5-6)	326	211	1092	1629
8	No. of accounts assigned to JIT by ROTXC	278	182	1056	1516
9	No. of accounts in which JIT conducted	247	162	989	1398
10	No. of accounts JIT reports submitted to HQ	165	97	700	962
11	No. of accounts settled	36	18	437	491
12	No. of accounts under process at various stages	129	79	263	471

Note: Out of total 8453 cases under older TUFs, in respect of 5049 cases documents have not been uploaded by Banks

Progress under previous versions of TUFs (MTUFS, RTUFS & RRTUFS) was placed before the Committee and it was observed that Bank could only upload mandatory six documents in respect of 3404 cases for conduct of special JIT. However, mandatory six documents were not uploaded for balance 5049 cases (8453-3404). Out of 3404 cases, 601 cases were returned to bank for due to deficiency in documents and these cases were not resubmitted. Hence out of 2803 cases, 491 cases have been settled and remaining cases are at various stages for settlement. The committee noted the progress of the settlement of cases given in above table.

IMSC under ATUFS in its 10th meeting held on 05/02/2024 decided that a Committee headed by the Textile Commissioner would re-examine various concerns raised/difficulties pointed out by the industry/banks in the protocol/procedures for disbursement of subsidy under older versions of TUFs cases and suggest appropriate course of action including modifications in the protocol/changes in procedure, if any, and place as an agenda item before IMSC through TAMC/MoT.

Accordingly an Internal Committee under the Chairmanship of the Additional Textile Commissioner has been constituted to examine the issues under previous versions of TUFs. The internal committee held meeting with major bankers (IDBI, SIDBI and BOB, SBI was absent) on 25/6/2024 and with Industries Association (SIMA & FIASWI) on 28/6/2024. The issues and the views of the bankers and Industries Association gathered by the Internal Committee were placed in the 38th meeting of TAMC under ATUFS held on 04/7/2024. The issues discussed and recommendations/decisions of TAMC are given below for approval/ratification of IMSC:

Sub Agenda No. 1: Eligibility assessment document/Eligibility Certificate/ECN in respect of SIDBI

Concerns:

Signature
23/07/2024

- SIDBI could not provide ECN document for cases directly assisted by them. Therefore, all such cases are pending for conduct of physical verification by JIT as per issued protocol.
- The issue was taken up in 6th meeting of the IMSC under ATUFS held on 28/04/2022. The IMSC noted the decision of 26th TAMC for ECN on SIDBI assisted cases that SIDBI will share ECN document, corroborative document or the equivalent document issued after determining eligibility before lodging the claim. Further, the applicability of the same for cases assisted by them for co-opted PLIs.
- SIDBI has not issued ECN for their own assisted cases throughout the schemes under previous versions. SIDBI has offered to consider two documents (Loan Agreement & Deed of Hypothecation) as ECN equivalent document. SIDBI has also offered that they will provide certificate for the same.

Decision of 38th TAMC:- TAMC deliberated on the concerns of this issues and observed that how it can be possible that SIDBI had issued ECN to their Co-opted PLIs but had not issued ECN for their own funded cases. They might have accessed the eligibility amount under TUFs and had recorded in their system. Hence, SIDBI may be asked again to provide extract of their system showing eligibility determined with date to the Office of the Textile Commissioner.

The Office of the Textile Commissioner should also submit the details of cases involved related to such issue to decide the issue further.

Sub Agenda No. 2:-Acquisition of company on going concern basis:

Concerns:

- For cases where company has been acquired on going concern basis (all assets and liabilities are taken over) by another company by way of amalgamation, demerger etc. whether subsidy can be continued to new company who has acquired the company getting TUFs subsidy.
- After acquisition of the company the name of the account, PAN number and management of the company changes.
- As per Circular No. 5 (2006-2007 Series) dated 06/02/2007 issued under erstwhile TUFs (and also applicable to MTUFs) the companies who acquire units on "going concern basis" will be covered under TUFs by transfer of term loan availed by the previous company for TUFs compatible machinery to the acquirer company. Further, the newly formed joint venture company by transfer of entire assets and liability of an existing company will be covered under TUFs, provided the project is TUFs compatible.
- However, under RTUFs and RRTUFs there is no specific directions in this regard.

Decision of 38th TAMC:- TAMC deliberated on the issue and decided that subsidy may be continued to the acquiring company if the whole assets as well as liability of term loan also get transferred to the acquiring company. The decision of TAMC will be placed before IMSC for approval.

28/11/2024

Sub Agenda No. 3 : Under RTUFS and RRTUFS there are cases where UID has been obtained for particular segment(s), however machines actually installed for segment(s) other than segments applied in UID. Hence, there are segment changes from UID mentioned segment(s).

Concerns:

- a) Cases where segment declared is Technical Textiles. But the manufacturing Texturized Yarn & Knitted Fabrics
- b) Cases where UID has been taken for Garment/Made-up Manufacturing. But the machines actually installed High Speed Circular Knitting Machine under Annexure-MC-5-c-1 under Weaving/Knitting.
- c) Cases where UID has been taken for Garment/Made-up Manufacturing. But the machines actually machine installed under Processing Segments.
- d) Segment change partially in UID under RTUFS

Decision of 38th TAMC: - TAMC deliberated on the issue.

In case of b) the decision related to Warp knitting Machines has been a clear case of classification of higher segment vs actual and hence has been earlier decided as not acceptable as related to misclassification / overlap with DRI observations.

Earlier, MoT vide their letter no. 16011/02/2020-TUFS dated 07/02/2020 has allowed change in machinery subject to condition that "the machine actually installed should fall in the same segment as the one claimed in R1,R2/RR1,RR2, the machines should meet benchmark technology under scheme and overall committed liability of the accounts should not exceed mentioned in R1,R2/RR1,RR2". But the segment declared in reporting format R1,R2/RR1,RR2 and segment declared in UID application by lending agencies is different. Further, case-wise issues were placed before 8th meeting of IMSC under ATUFS held on 22/12/2022 and IMSC advised that instead of addressing individual cases, all cases of similar nature may be examined and put up to IMSC for a policy decision. Hence, considering the representations from industry time and again, it is considered to take the issue back to IMSC.

As such wherever there are financial implications due to such segment change, such cases should not be considered.

However, wherever mistakes are committed by the lending agencies in declaring segment(s) in the UID application while applying for UID, the same may be considered based on certificates / letter issued by the senior level officer of lending agencies (senior level officer as considered appropriate by DFS, MoF), clearly accepting there-in that the mistake actually occurred on their part. Such cases may be considered to be processed subject to the fact, if there is not going to have any impact on the overall committed liability mentioned in the UID.

Sub Agenda No. 4: For consortium cases physical verification conducted by JIT for the whole project, due to documents uploaded for accounts of some consortium member banks under consortium however documents are not uploaded for remaining accounts.

Concerns:

a) Where JIT already conducted:

- i. One case under MTUFS (List-I) where consortium consists of 8 accounts; documents uploaded for 5 accounts and documents NOT uploaded for 3 accounts.
- ii. One case under MTUFS (List-I) where consortium consists of 2 accounts; documents uploaded for 1 account and documents NOT uploaded for 1 account.
- iii. One case under RTUFS where consortium consists of 3 accounts; documents uploaded for 2 accounts and documents NOT uploaded for 1 account.

b) Where JIT yet to be conducted:

One case under MTUFS (List-I) where for three accounts documents not uploaded.

Decision of 38thTAMC:- TAMC observed that for such issue IMSC in last meeting has decided to open portal allowing therein to respective banks for submission of mandatory documents for conducting special JIT and accordingly further necessary action may be taken by Office of the Textile Commissioner and information in regard to availability of window for submission of mandatory documents in respect of old TUFs cases should be informed to the banks concerned and wide publicity to be given through industry associations.

Sub Agenda No. 5: Separate TUFs Ref. Nos. allotted for interest reimbursement and capital subsidy under MTUFS (List-II):

Concerns:

- Under MTUFS benefits are available in the form of interest reimbursement and capital subsidy (for specified machineries). Three separate formats were prescribed for interest reimbursement, capital subsidy for specified machineries and Margin Money Subsidy for MSMEs. Lending agencies used to submit online subsidy claims accordingly on online portal.
- However, after submission of quarter-wise committed liabilities and development of integrated software in 2014 there is provision of only one column for applying both interest reimbursement subsidy and capital subsidy.
- After firming up of cases under MTUFS (List-II) some cases are allotted two TUFs Reference Numbers to provision for interest reimbursement and capital subsidy separately.
- The allotment of two TUFs Reference Numbers for one term loan appears as if there are two applications.
- Therefore, there is need to cancel one TUFs Reference Number and apply all subsidies (committed liabilities) under one TUFs Reference Number, so as to remove duplication and confusion.

Decision of 38thTAMC:- TAMC deliberated on the issue and decided that to avoid duplication of accounts, details mentioned in the multiple TUFs Ref No. pertaining to one claim of a unit should be merged into one TUFs Ref Number.

Sub Agenda No. 6 : Partial machines sold out after full repayment of loan. Machines were verified earlier in March 2018 by ROTXC Noida in some other context. Earlier JIT report available.

Concerns:



- Lap former, high speed comber and multi cylinder drying range have been sold by the unit before conduct of physical verification by JIT after full repayment of loan.
- The physical verification of the unit was conducted by Regional Office of the Textile Commissioner, Noida earlier in some other context. The JIT report is available.
- Due to earlier verification it is confirmed that machines were installed earlier.
- Therefore, unit is requesting not to recover subsidy for investment against these machines.

Decision of 38th TAMC:- TAMC deferred the issue to the next meeting.

Sub Agenda No. 7: Under RTUFS and RRTUFS, ECN issued for interest reimbursement before application for UID. However, ECN for capital subsidy issued after receipt of UID number.

Concerns:

- Date of application created for UID is 06/03/2012 and date of UID approval 15/03/2012.
- Date of issue of eligibility assessment document/ECN for interest reimbursement is 05/03/2012.
- Date of issue of eligibility assessment document/ECN for 10% capital subsidy is 29/06/2013.
- ECN for 10% capital subsidy is after UID application date
- As per Part IV of GR on RTUFS for obtaining a Unique ID number, the nodal banks / nodal agencies / co-opted PLIs will submit information online in the prescribed format to the Textile Commissioner, Mumbai, after determination of eligibility.
- In UID the subsidy type is mentioned as 10% CS, 5% IR. Further, in subsidy schedule of UID, capital subsidy amount has been provisioned.
- Whether the account is eligible for benefits of 10% capital subsidy.

Decision of 38th TAMC:- TAMC deliberated on the issue and clarified that date of eligibility assessment document in respect of capital subsidy may not be considered as relevant date. The date of eligibility document in respect of interest reimbursement may be considered as relevant for both interest reimbursements as well as capital subsidy as the machine is already assessed and UID issued for both interest reimbursement and capital subsidy. The same will be placed before IMSC for ratification as the cases under Older TUFs normally need to be regulated as per respective GR, wherein ECN had certain timelines and any relaxation from there due to operating MoT protocol 2019 needs ratification by IMSC.

Sub Agenda No. 8 : What is the relevant date of sanction of term loan.

Concerns:

- Term loan applications received at the branch are sent to the Zonal Office/Corporate Office/Loan Sanctioning Committee etc. for approval of the term loan for the project based on the financial powers available at various levels.
- Corporate Office conveys the sanction of term loan to Zonal Office, which conveys to the branch. Branch ultimately conveys sanction of term loan to the unit.

- Therefore, there are three correspondence letters involved conveying sanction of term loan. Hence, which correspondence date is relevant as term loan sanction date.
- SIDBI has clarified vide their e-mail dated 04/07/2024 that date of letter issued to Borrower confirming sanction of loan assistance along with terms and sheet of loan, assistance should be considered as "Date of Sanction" for loan assistance, since process of approval of loan and approval date of sanctioning authorities are part of internal process of bank and without written communication of sanction with terms and condition and it's acceptance by the borrower, the process of sanction of financial assistance by bank cannot be treated as complete and binding on both the parties of financial assistance i.e. Bank and Borrowers.
- IDBI Bank vide e-mail dated 04/07/2024 has clarified that sanction letter issued to the customer is the formal communication of sanction of any facility to the customer. Any other dates related sanction/renewal/review/modification is for internal considerations.
- Bank of Baroda vide e-mail dated 04/07/2024 has stated that sanctions of loans are accorded at various committees / Branch Head as per the discretionary lending power of their Bank. The sanction date of loan and the date of communication to the borrower regarding the sanction of loan are two separate issues and the date may be same / different from each other. In cases of Loan where the sanction is accorded and communicated to the borrower on the same then the loan sanction date and communication date is same. In cases of Loan where the sanction is accorded and communicated to the borrower at a later date (more specifically the loans sanctioned at higher level committees) then the loan sanction date and communication date is different.

Decision of 38th TAMC:- TAMC deliberated on the issue. Based on the information received from the banks and internal committee deliberations with Banks, the date of communication of the sanction letter along-with terms & conditions to the unit by the lending agency, bank's branch, will be considered as the date of sanction of term loan. The same will be placed before IMSC for information.

Sub Agenda No. 9 : Industry views

Views of SIMA

- Previous versions of TUFs are Bank driven schemes. The schemes were in existence till 12/01/2016. There have been mistakes from Bank side.
- Policies were stringently followed with less flexibility.
- The objective of these schemes is to bring investment and new technology in textile industry. Investments, employment and exports are the parameters of development.
- What needs to be checked are whether term loan has been availed and whether investment has taken place.
- The current protocol is not practically worked out.
- Only three documents may be called i.e. term loan sanction letter, calculation sheet and declaration from the bank.
- Accordingly, simple protocol may be worked out. There is no need of physical verification for the investments made 10-15 years ago. There is no need to check documents.
- These schemes have been implemented through Banks/Lending Agencies. Therefore, at this stage don't involve units.
- Office of the Textile Commissioner may discuss all issues with all Bankers and come out with a simple solution for settling the cases and closure of the schemes.
- Government may not go by the rules and regulations.

- Office of the Textile Commissioner is empowered to visit any unit, in case of any irregularity/complaint.
- If these schemes would have continued the way it was till 2016, the industry would have got working capital and more investments would have happened.
- The whole cases their settlement and closure may be seen from the angle of the fundamental objective of these schemes.
- Out of 9000 cases the banks have filed the prescribed documents to only around 3400 cases. Most of the banks have no documents and for no fault of the units the remaining cases are getting affected. Hence, the whole exercise of settlement of cases cannot be completed.
- SIMA vide email dt 28/06/2024 has submitted their suggested policy measures to resolve TUF scheme issues.
- SIMA has mention major reasons for issues in Previous Versions of TUFs.
 - i. Closing single window clearance facility at OTxC and introduction of ring-fencing system.
 - ii. Mistakes committed by banks
 - iii. Failure of NABCONS Evaluation
 - iv. Decision to verify MTUFS, RTUFS and RRTUFS cases through special JIT
 - v. Online submission of six prescribed documents by the banks
- SIMA has suggested following policy measures
 - a. The Government has envisaged to increase the textile business size (2020: US\$ 162 Bn) to US\$ 350 Bn by 2030 and estimated Rs.7.15 lakh crores as the investment required for the entire value chain the same. Therefore, the TUFs needs to be continued to achieve the target.
 - b. The previous versions of TUF schemes were implemented through the banks and banks were ensuring asset installation while processing loan and doing yearly inspection
 - c. Sending special JIT after a gap of 8 to 10 years, it is very difficult to submit the documents. Therefore, it is suggested the JIT may verify on the basis of available document with both unit and bank, no. of years the unit has run, employment generated, actual installation of machines as per earlier guidelines, etc. and release the eligible subsidy.
 - d. Alternately, all the pending subsidies may be released based the OTxC internal committee report that was approved by IMSC and used for getting Rs.17,822 cross budget allocation for the period 2016-22.
 - e. Consider all genuine cases without insisting for unavailable/complicated documents/records, sold out machines and closed units.
 - f. Consider giving final opportunity and close the files for the units not coming forward to make the claims in a time bound manner.

Views of FIASWI

- Previous versions of TUFs need to be closed.
- Banks are not clarifying anything. There have been transfers of staff and mergers of banks. Many of them are not aware of the schemes. Therefore, old documents are not available.
- The whole responsibility of implementing the schemes was on banks and therefore they may be involved in this exercise.
- FIASWI subsequently vide email dt. 01/07/2024 has submitted their recommendations as listed below :-

➤ **Resolution through banks** : The erstwhile schemes were bank-driven, and nowhere in the governing resolutions was it mentioned that a Joint Inspection Team (JIT) should be constituted. Therefore, we recommend resolving cases through banks by collecting specified documents such

as the Sanction Letter, Calculation Sheets, and a Declaration from the Bank stating the eligibility of the case under TUFS.

➤ **Discontinuation of JIT:** There should be no further constitution of JITs for the resolution of cases under the previous versions of TUFS. This would streamline the process and reduce the administrative burden. If a unit expresses willingness for a JIT, a site visit can be arranged. Otherwise, these files should be closed with the notice that no further subsidy will be released. Without this approach, it would be necessary to recheck approximately 17,000 units (those who have already received their entire tenure subsidy but remain untouched), which is not feasible and could lead to litigation issues.

➤ **Allowance for Segment Change:** In cases where clerical mistakes were made by banks, units should be allowed to change segments to correct these errors. This will ensure that genuine mistakes do not result in unfair penalties or disqualification.

➤ **Moratorium on Recovery Letters:** No recovery letters should be issued to any units until further decisions are made in the upcoming Inter-Ministerial Steering Committee (IMSC) meetings. This moratorium will provide much-needed relief to the units and prevent undue distress.

Views on TxC Office on CAG report compliance:

The CAG compliance issue requires strengthening of controls. The measures taken should be reported by MoT to C&AG for settlement of issues.

New Internal Committee constituted vide O.M. No.5(2)/Policy Matters/2023/RR-TUFS/Vol-III/14 dated 07/6/2024 deliberated on the suggestions and recommendations of the banks and Industry particularly the difficulty being faced for implementing the protocol and considered it necessary to bring to the notice of the TAMC following points:

a. CAG in its Audit Report No. 52 of 2015 has given following recommendations:

- i. While designing the scheme in future, Ministry should assess segment-wise magnitude of problem of obsolescence in the industry and set the benchmarks to be achieved.
- ii. Ministry may also consider segment-wise monitoring of the scheme to keep a close watch on progress of each segment.
- iii. Ministry should maintain its own data of beneficiary-wise committed liabilities.
- iv. Ministry may instruct FIs for strengthening their due diligence mechanism to avoid recurrence of implementation issues in future.
- v. Ministry may also consider instituting checks at its end to ensure that the FIs are exercising proper due diligence so that subsidy is passed on to eligible beneficiaries/investments.
- vi. Ministry should activate its monitoring mechanism so as to take mid-course corrective action, if needed.

b. Further Public Accounts Committee (PAC) during an informal discussion held on 17/09/2019 on Performance of Audit of TUFS by C & AG (Report No. 52 of 2015) emphasized for strengthening the monitoring mechanism under TUFS. Accordingly, Textile Commissioner was advised to constitute and Internal Committee to suggest measures to strengthen the verification and monitoring mechanism for the claims received under Previous Versions of TUFS.

c. The Internal Committee constituted vide O.M. No.12(1)/ATUFS//Policy/2018/ TUFS/144 dated 12.10.2018 has mentioned in its report (Report of the Internal Committee on "Strengthening of Monitoring Mechanism while release of fund under previous version of TUFS" submitted to Mot vide letter no.12(1)/A-TUFS-Policy/MoT Ref/2018/TUFS/146 dated 14.11.2018)as given below:

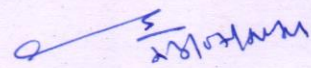
- i. In this process i-TUFS online software has been put in place and MOT has revised TUFS Scheme as Amended TUFS (ATUFS) which has enabling clause for 100% JIT verification in all cases before release of subsidy for cases under ATUFS.
 - ii. The Committee stated whether enabling provision would be required to be made by Ministry if 100% JIT is to be conducted before further processing the pending claims of MTUFS, RTUFS & RRTUFS.
 - iii. The Committee also discussed that if 100% JIT inspection is carried out, it will take a long time and all the claims received from the banks will be stopped. This could create lot of distress in Industry and it may result in increase in NPAs. Further increase in litigation can also not be ruled out.
 - iv. The Internal Committee submitted its report on 14/11/2018 and suggested carrying out either 100% Joint Inspection of all 8453 on-going claims under previous versions of TUFS or random verification of 20% cases on sample basis.
- d. IMSC under ATUFS in its 3rd meeting held on 27/02/2019 deliberated on the report of Internal Committee. IMSC noted that the GR of the previous versions of the TUFS do not stipulate any joint inspection (except MMS case under R/RRTUFS) while releasing the interest reimbursement through lending agencies. As per the guidelines of RTUFS & RRTUFS, lending agencies were required to verify the assets, for which requisite certificate were being submitted by the banks along with their claims.
- e. However, IMSC after detailed deliberations decided that Joint Inspection (JIT) in the pattern of ATUFS to be formed to physically verify the machinery procured under 8453 on-going subsidy accounts pertaining to previous versions of TUFS (MTUFS, RTUFS & RRTUFS).

In pursuance to the decision of 3rd IMSC under ATUFS to consider the claim for release of subsidy after due verification of assets and related documents through special JIT, the physical verification of the assets are being carried out. After 4 years of the protocol in the current scenario, we may forward the views of the industry along with the background of the CAG report stated above to Ministry/IMSC indicating on ground challenges in operating the protocol.

Decision of 38th TAMC:- TAMC viewed the submissions of the industry and their request for revision of the Protocol and also opined that the cases under previous version of TUFS cannot be completed by 31.03.2025, hence needs extension. TAMC also opined that the protocol for conducting special JIT for assets verification before release of fund had been issued by the MoT in pursuance to the decision of the 3rd IMSC under ATUFS held on 27/2/2019.

In view of above, TAMC decided that before taking up the matter for revision of protocol to IMSC, the Internal Committee may again conduct meeting with industry associations and major nodal banks in physical mode for preparing modalities for taking possible course of action covering the control concerns as raised by C&AG report/ IMSC in its 3rd meeting held on 27/02/2019 before issue of protocol. Only after that a suggestion for consideration of IMSC to review of protocol can be deliberated

Thereafter meeting ended with vote of thanks to Chair.


28/07/2024

Annexure-I

list of participants

1. Ms. Roop Rashi, Textile Commissioner-In Chair
2. Shri Gopal Bhusal, Deputy Secretary – Ministry's representative
3. Shri S.P. Verma Addl. Textile Commissioner, O/o TxC Mumbai
4. Shri Iqbal Ahmad, Director, O/o TxC Mumbai
5. Shri Bharat Gandhi, Chairman, Federation of Indian Art Silk Weaving Industry (FIASWI), Surat
4. Shri Vishwnath Agarwal, Chairman, PDEXCIL Mumbai
5. Dr. K. Selvaraju, Secretary General, The Southern India Mills' Association, Coimbatore
6. Shri Mohan Sadhwani E.D., Clothing Manufacturers' Association of India (CMAI), Mumbai
7. Shri Sivakumar S, Deputy Director, O/o TxC Mumbai
8. Shri S. Dhanasekaran, Deputy Director, O/o TxC Mumbai
9. Ms Chandrima, Secretary General CITI.
10. Shri Anmol Gupta, CITI
11. Shri Sasikumar Menon, Dy. Secretary WOOLTEXPRO
12. Shri N.K Gupta, Deputy Director, O/o TxC Mumbai
14. Shri Narottam Kumar, Assistant Director, O/o TxC Mumbai
15. Shri A. Paramasivan, Assistant Director, O/o TxC Mumbai
16. Shri P K Nath, Assistant Director, O/o TxC Mumbai
17. Shri K Barua, SRTEPC Mumbai
18. Representative of NCDC New Delhi
19. Shri Rajesh Mahajan, Assistant Director, O/o TxC Mumbai
20. Shri Ashish Bhoje, PDEXCIL Mumbai
21. Shri Saurabh Kumar, AEPC Mumbai
22. TUFSCell, Small Industries Development Bank of India (SIDBI)
23. TUFSCell, Bank of India.
24. Representative of TEXPROCIL Mumbai
25. Representative of PDEXCIL Mumbai
26. Ms. Saeeda Patel, AEPC
27. TUFSCell Indian Overseas Bank
28. Shri Nimish Shah, TUFSCell Punjab National Bank