

Cabinet approves Amended Technology Upgradation Fund Scheme for Textiles industry Amended scheme to boost 'Make in India' in textile sector: to generate investment of one lakh crore rupees and create over 30 lakh jobs

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi has approved the introduction of "Amended Technology Upgradation Fund Scheme (ATUFS)" in place of the existing Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS), for technology upgradation of the textiles industry, with effect from the date of notification of the scheme.

The new scheme specifically targets:

- a. Employment generation and export by encouraging apparel and garment industry, which will provide employment to women in particular and increase India's share in global exports.
- b. Promotion of Technical Textiles, a sunrise sector, for export and employment
- c. Promoting conversion of existing looms to better technology looms for improvement in quality and productivity
- d. Encouraging better quality in processing industry and checking need for import of fabrics by the garment sector.

The amended scheme would give a boost to "Make in India" in the textiles sector; it is expected to attract investment to the tune of one lakh crore rupees, and create over 30 lakh jobs.

A budget provision of Rs.17,822 crore has been approved, of which Rs. 12,671 crore is for committed liabilities under the ongoing scheme, and Rs. 5,151 crore is for new cases under ATUFS.

All cases pending with the Office of Textile Commissioner which are complete in all respects, shall be provided assistance under the ongoing scheme and the new scheme will be given prospective effect.

Office of Textile Commissioner (TxC) is being reorganised; its offices shall be set up in each state. Officers of the TxC shall be closely associated with entrepreneurs for setting up the industry, including processing proposals under the new scheme, verifying assets created jointly with the bankers and maintaining close liaison with the State Government agencies.

The implementation of the scheme would be executed and monitored online under iTUFS, launched in April, 2015.

Under the new scheme, there will be two broad categories:

- I. Apparel, Garment and Technical Textiles, where 15 percent subsidy would be provided on capital investment, subject to a ceiling of 30 crore rupees for entrepreneurs over a period of five years.
- II. Remaining sub-sectors would be eligible for subsidy at a rate of 10 percent, subject to a ceiling of Rs.20 crore on similar lines.

Background

The Technology Upgradation Fund Scheme was introduced by the Government in 1999 to facilitate new and appropriate technology for making the textile industry globally competitive and to reduce the capital cost for the textile industry. A sum of Rs. 21,347 crore has been provided as assistance to the industry during 1999 – 2015. It has led to investments worth Rs. 2,71,480 crore, and created job opportunities for nearly 48 lakh people.

The scheme was earlier amended for continuation during the 12th Plan. A sum of Rs.11,952 crore was provided for attracting investment of Rs. 1,51,000 crore during the period 2012-2017. Out of this, Rs. 9,290 crore was meant for committed liabilities and Rs. 2,662 crore for new investment. The amount provided for new investment has been exhausted and therefore the Ministry of Finance was approached for enhancing the allocation. The amendments in the scheme are expected to plug the loopholes in the earlier scheme and improve Ease of Doing Business. It will also give a boost to employment generation and exports in the textile sector in a big way.