

Textiles sector eyes increase in TUFSS funds

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BUDGET allocation under the Technology Upgradation Fund Scheme (TUFSS) may be hiked substantially if finance minister Pranab Mukherjee grants the Budget wishlist of the textile ministry.

It is learnt that the textile ministry has sought Rs 3,500 crore for the current fiscal as against the provisions of Rs 1,090 crore made during 2008-09, the sources in the textile ministry told *FE*.

Confirming the move, a senior official in the ministry told *FE* that the allocation is expected to make things easier for the industry by streamlining the disbursement of huge backlog, about Rs 1,700 crore since October 2008. The initiative will also help upcoming projects.

The official said, "We have forwarded a proposal seeking the funds and it is expected that the government will clear the proposal. The higher allocation under TUFSS will provide much needed respite to the industry which is hit by working capital crunch."

The ministry has also requested the finance ministry to put in place a mechanism for getting necessary date and doc-

umentation from banks on time to ensure timely assistance for TUFSS.

"The scheme is very good which lifted the textile industry from the primitive stage to a modern one. Health of the industry depends on the government which has to clear one-third of the backlogs and keeps its commitments, otherwise industry will become sick," Confederation of Indian Textile (CITI) secretary general DK Nair said.

The flagship scheme of the textile ministry was launched in April 1999 making funds available to the domestic industry to upgrade the technology of existing units and also to set up new units in order to enhance its viability and competitiveness in the international and domestic market with initial allocations of Rs 25,000 crore for five years. However, investments worth Rs 1,55,704 crore was made by December 31, 2008. The scheme covers spinning, weaving, processing, garmenting and technical textiles by providing interest compensation of 4% and 5% respectively.

Besides, 10% upfront capital subsidy is given to processing, garmenting and technical textiles segments.