

## **ENTREPRENEURSHIP MANAGEMENT**

### **TECHNOLOGY UP GRADATION FUND SCHEME (TUFS)**

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#### **ABSTRACT**

##### **What is an Entrepreneur?**

An Entrepreneur (ahn'tra pra nur) is a person who organizes and manages a business undertaking, assuming the risk for the sake of profit. Any person (any age) who starts and operates a business is an entrepreneur.

##### **Characteristics of an Entrepreneur**

- Action-oriented, highly motivated and ready to take risk
- Unwavering determination and commitment
- Creativeness, Result-oriented, hard working
- Enthusiasm
- Self-confident, dedicated and self-disciplined
- Thinker and do-er
- Future vision, intelligent, imaginative, self-directed

**KEYWORDS:** Entrepreneurship Management

#### **TEXTILE ENTREPRENEURSHIP**

##### **INTRODUCTION**

Textile sector is one of the largest and is as old as world textile industry. The Indian technical textile industry offers vast opportunities for small and medium enterprises which plays an important role in Indian economy in terms of development, employment and growth. Textile industry has enormous opportunities since it requires less capital, adding more to its benefits like government support and exclusive purchase by the government finance and subsidy, raw materials and machinery procurement, manpower, training, export promotion.

There are various schemes and supports from Central and state Government these are Schemes like Technological Up-gradation Fund (TUF), objectives of Textiles Committee, DC-Handlooms and Handicrafts, various schemes for Textile Clusters, etc.

##### **Textile Industry - Technology up Gradation Fund Scheme (TUFS)**

Ministry of Textiles introduced the Technology up gradation fund scheme (TUFS) for textiles and jute industry in

**April 1999** to facilitate induction of state-of-the-art technology by the textile units.

The benefits under the scheme include

- 5% interest reimbursement of the normal interest charged by the lending agency on RTL,
- 5% exchange fluctuation (interest & repayment) from the base rate on FCL,
- 15% credit linked capital subsidy for SSI sector,
- 20% credit linked capital subsidy for power loom sector
- 5% interest reimbursement plus 10% capital subsidy for specified processing machinery.

**IDBI, Small Industries Development Bank of India (SIDBI) and IFCI** is the nodal agencies for Non-SSI textile sector, SSI textile sector and Jute sector respectively.

### **TUFS Launched**

The Technology Up gradation Fund Scheme (TUFS) was launched on 01.04.1999 for 5 years. It was subsequently extended up to 31.3.2007. The Scheme has been **restructured on 28.4.2011** and approved up to 31.03.2012.

### **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 Up gradation Fund Scheme (TUFS) during the 12th Plan period with a major focus on power looms in accordance with the Budget announcement for the financial year **2013-15**.

### **Salient Features of the Technology Upgradation Fund Scheme**

- Plan scheme
- Provide capital for modernization of Indian textile industry at international interest rate.
- Technology levels are benchmarked in terms of specified machinery.
- Segments such as spinning, cotton ginning & pressing, silk reeling & twisting wool scouring, combing and carpet industry, synthetic filament yarn texturising, crimping and twisting, Viscose Filament Yarn (VFY) / Viscose Staple Fiber (VSF), weaving/knitting, fabric embroidery and technical textiles including nonwovens, garment, design studio, made-up manufacturing, processing of fibers, yarns, fabrics, garments and made-ups and the jute industry are eligible to get subsidy under this Scheme for their technology up gradation requirements.
- Voluntary Retirement Scheme (VRS) for restructuring of man power.
- Improved metal frame hand looms used by the handloom weavers have also been covered under the scheme.

### **Eligibility Conditions**

- Existing unit with or without expansion and new units.
- Existing units can modernize and / or expand with the state-of-the-art technology.
- New units must set up their entire facilities only with the appropriate eligible technology.

- A unit can undertake one or more activities in an integrated manner as specified in the scheme.

**Machinery / Equipment Eligible for 5% Interest Reimbursement**

- Spinning
- Friction spinning
- Accessories for spinning specialty yarns like aramide and
- High performance yarns
- Doubling or twisting machine for industrial yarn
- Weaving preparatory
- Weaving
- Knitting
- Made-up technical textile
- Non woven textiles
- Ancillary equipments

**Area of Textile**

The following segments of the textile and jute industry are covered under the Scheme

- Cotton ginning and pressing
- Textile industry covering:-
- Silk reeling and twisting
- Wool scouring and combing and carpet industry
- Synthetic filament yarn texturing, crimping and twisting
- Spinning
- Viscose Staple Fiber (VSF) and Viscose Filament Yarn (VFY)
- Weaving, knitting and fabric embroidery
- Technical textiles including non-woven,
- Garment/design studio/made-up manufacturing
- Processing of fibers, yarns, fabrics, garments and made-ups
- Jute industry

**Nodal Agencies under the Scheme**

- Industrial Development Bank of India Limited (IDBI) – Textile Industry (excluding SSI Sector)
- Small Industries Development Bank of India (SIDBI) – SSI Textile Sectors
- Industrial Finance Corporation of India (IFCI) – Jute Industry

#### **Nodal Banks Are**

- State Bank of India (SBI)
- Export-Import Bank of India (EXIM BANK)
- Punjab National Bank (PNB)
- Union Bank of India (UBI)
- Bank of Baroda (BoB)
- Canara Bank (CB)
- Bank of India (BoI)
- Central Bank of India (CBI)
- Andhra Bank (AB) etc.

#### **Co-Opted Agencies under the Scheme**

In order to provide a network of financial organizations for sanction and disbursement of loan so as to have a wider reach to the industry in the country, the **nodal agencies (IDBI, SIDBI and IFCI)** have co-opted various institutions such as All India Financial Institutions, Scheduled Commercial Banks, Co-operative banks, State Finance Corporations, State Industrial Development Corporations, National Cooperative development Corporations etc.

#### **Interest Rate Available Under the Scheme**

- The Scheme mainly provides for reimbursement of 5%.
- (ii) In addition, the Scheme provides coverage of exchange rate fluctuation not exceeding 5%.
- The Scheme provides an additional option to the powerlooms units to avail of 20% Margin Money subsidy in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 500 lakh and ceiling on subsidy Rs.60 lakh.
- The Scheme provides 15% Margin Money subsidy for SSI textile and jute sector in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 500 lakh and ceiling on subsidy Rs.45 lakh.
- The Scheme provides 5% interest reimbursement plus 10% capital subsidy for specified processing machinery excluding CETP, garmenting machinery and machinery required in manufacture of technical textiles.

- The Scheme provides 25% capital subsidy on purchase of the new machinery and equipments for the pre-loom & post-loom operations, handlooms/up-gradation of handlooms and testing & Quality Control equipments, for handloom production units.
- The Scheme provides Interest subsidy/capital subsidy/Margin Money subsidy only on the basic value of the machineries.
- The Scheme provides 5% Interest subsidy or 25% capital subsidy on benchmarked machinery at par with handloom sector.

### **Progress under (TuFs) for Textile Sector**

Taking note that the scheme in its R-TUFS form was extended for the first year of the 12th plan i.e. upto 31.03.2013, GoI continued the TUFS as Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS) w.e.f April 1, 2013 to March 31, 2017. RR-TUFS is introduced with an overall plan allocation of **Rs. 11952.80 crore** including the committed liabilities of spinning sector of erstwhile/ M-TUFS, RTUFS and fresh sanction in the 12th plan period.

### **Refund under TuFs**

Though the coverage of the sectors remains unchanged, scope of **Zero Duty EPCG Scheme** has been enlarged. At present, Zero Duty EPCG Scheme is not available to units that are availing the benefits of Technology Up-gradation Fund Scheme (TUFS). Henceforth, even if the benefit of TUFS has been availed, additionally the Zero Duty EPCG Authorization can be availed for another line of business by the same applicant. Further, if it is the same line of business, Zero Duty EPCG Scheme could still be availed if the benefits of TUFS already availed are **surrendered/refunded** with applicable interest.

### **Subsidies for Women Entrepreneurs in Textiles**

The Ministry of Textiles has released Rs 9,000 crore to the textile industry under the Textile Upgradation Fund Scheme (TUFS). Ministry of Textiles, Indian government, Maharashtra Government and SIDBI providing funds to female entrepreneurs living in India. According to India Ministry of Textiles Commissioner Shashi Singh, 9,000 crore rupees has been given by Ministry of Textiles to textile industry included in the Textile Up gradation Fund Scheme (TUFS). Anita Kulkarni, assistant general manager of SIDBI showed its schemes to be used by female entrepreneurs



**Meena Bindra, Founder of India's largest readymade ethnic-wear brand Biba**, grew up in Delhi but lost her father at a young age. She married a naval officer as a result of which she moved around across India, and got into the garments business only after her children grew up. She started off with a local block printer, initial sales to Mumbai stores,

and then her own company-owned outlets. Her sons joined the company for a while as trusted managers, then struck out on their own.

### Success Story

Union Finance Minister, Arun Jaitley on 10<sup>th</sup> July 2014 presented union budget 2014-2015.in textile sector, budget provided finance to set up trade facilitation centre and a crafts museum and to develop **textile mega clusters**. It also provided finance top set up a Hastkala academy and for the development of **Pashmina Promotion Programme** (p 3) and Jammu and Kashmir crafts.

### Funds Provided by TUFs are

- 50 crore rupees is provided to set up a **Trade Facilitation Centre and a Craft Museum** to develop and promote handloom products and carry forward the rich tradition of handlooms of Varanasi.
- Sum of 500 crore rupees for developing **Textile mega - cluster** at Varanasi and six more at Bareilly,Lucknow,Surat,Kutch,Bhagalpur and Mysore.
- 20 crore rupees to set up a **Hastkala Academy** for the preservation, revival and documentation of the handloom or handicrafts sector in ppp mode in Delhi.
- 50 Crore rupees is provided to start **Pashmina Promotion Programme (P 3)** and development of other crafts of Jammu and Kashmir.

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