

Tufs subsidy may rise to ₹1,000 crore, says Sharma

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AS a part of relief package to debt-ridden textile industry, the government has decided to enhance subsidy under technology upgradation fund scheme (Tufs) to Rs 1,000 crore over the next five years, commerce and textiles minister Anand Sharma has said.

"We plan to increase the subsidy component of the Tufs to Rs 1,000 crore over the next five years," Sharma said.

Under the Tufs, the government has already implemented 20 per cent credit linked capital subsidy scheme since November, 2003. Also, Rs 239 crore was disbursed to 3,212 units till March, 2012, Sharma told reporters here over the weekend, on the sidelines of an industry function.

The ministry is targeting to upgrade 2 lakh looms out of 23 lakh during the 12th plan, with 26 per cent assistance under Tufs for the weaving sector, he said.

The development comes after last Tuesday's financial package announced by the government for the sector, under which it had asked banks to restructure loans worth Rs 35,000 crore for the textile sector, which is reeling under the impact of volatile yarn prices and slowdown in major markets.

Banks have an exposure of Rs 1.75 lakh crore to the sector, which means just under a quarter of the loans will be restructured in one of the biggest loan recast programmes.

The CDR package was unveiled following discussions the ministries of textile and finance had with RBI and planning commission. The industry will be provided with rescheduling of loans, interest relief and working capital needs.