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## NEWS HIGHLIGHTS >>>

- ❖ **TN GOVT URGED TO RETAIN PRESENT WIND BANKING PERIOD**
- ❖ **CAI FURTHER LOWERS 2017-18 COTTON CROP TO 360 LAC BALES**
- ❖ **INDIA'S COTTON EXPORTS TO CHINA MAY BLOOM**
- ❖ **INTERNAL E-WAY BILLS IN FIVE STATES**
- ❖ **TN GOVT REQUESTED TO DROP MINIMUM WAGES NOTIFICATION FOR APPRENTICES**

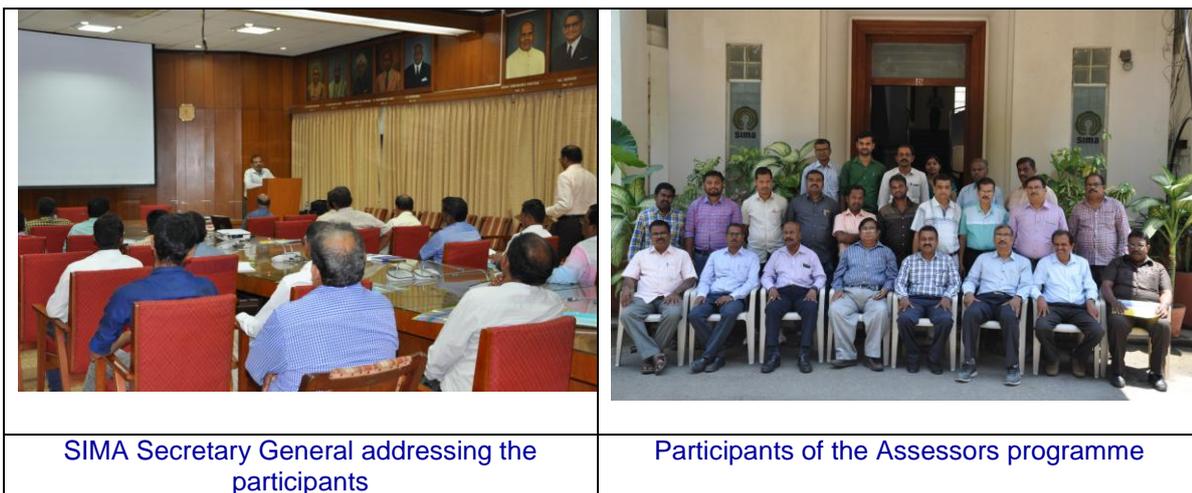
## REPRESENTATIONS >>>

- ❖ Association vide its letter dated 5.4.2018 sent to Mr.K.Phanindra Reddy, IAS., Principal Secretary to Government, Handlooms, Handicrafts, Textiles and Khadi Department, GoTN appealed to prevail on TNERC to retain the present wind period from April to March for wind banking facilities.
- ❖ Association vide a representation dated 6.4.2018 sent to the Principal Secretary to Govt., Department of Labour and Employment, Government of Tamil Nadu through Commissioner of Labour, Chennai submitted its suggestions on the draft notification dated 7.6.2017 on revision of minimum wages for apprentices in textile industry seeking to withdraw the notification citing the case of Karnataka.
- ❖ The Association submitted a representation dated 10.4.2018 to the Hon'ble Chief Minister, Govt of Tamil Nadu requesting to drop the notification dated 7.6.2017 seeking revision of minimum wages for apprentices in textile industry.
- ❖ The Association submitted a representation dated 10.4.2018 to the Hon'ble Minister for Labour & Employment, Govt of Tamil Nadu, Dr Nilofer Kafeel requesting to drop the notification dated 7.6.2017 seeking revision of minimum wages for apprentices in textile industry.
- ❖ The Association vide a letter dated 13.4.2018 submitted its comments to the Textile Commissioner, Dr. Kavita Gupta, IAS., on the Minutes of the meeting of Simplification of Procedures on A-TUFS.

## MEETINGS >>>

### Training of Assessors Programme

- ❖ The Association conducted Training of Assessors Programme of six days duration for textiles and handloom sector including spinning, processing, knitting, weaving & handloom. Around 25 assessors from five different assessment agencies participated. The participants hailed from Andhra Pradesh, Telangna and Tamil Nadu. The Textile Sector Skill Council (TSC) will issue certificate for the Assessors.



## TEXTILE SCENE >>>

### Patanjali Ayurved to launch garments in 2019

- ❖ Indian company Patanjali Ayurved will foray into the garment manufacturing business next year, yoga guru and company co-founder Baba Ramdev recently announced at 'Goa Fest 2018' organized by the Advertising Agencies Association of India (AAAI). The garments will include ethnic wear, kidswear, menswear, women's wear and sportswear. Ramdev had announced last year plans to enter garment manufacturing business with a 'swadeshi' line of clothing. The company manufactures and sells cosmetics, health and wellness products and food items. He also announced that Patanjali would enter other countries, including poorer nations, and the profit would be invested back in that country, according to a news agency report. The company has already entered Nepal.

## GLOBAL TEXTILE SCENE >>>

### Pak reviewing FTA with China, textile policy soon: official

- ❖ Pakistan's export target of \$23 billion for 2017-18 will be achieved and the commerce ministry is working on a five-year trade policy that will be announced soon, the country's commerce secretary Muhammad Younas

Dagha said recently. Pakistan is reviewing its free trade agreement (FTA) with China and the second phase of talks would be held next month, he said. Realising that Pakistani products faced the problem of high cost of production and doing business, the government is considering reduction of gas and water tariffs, Dagha said after inaugurating the three-day 19th Textile Asia International Exhibition in Karachi. Favouring devaluation of the Pakistani rupee, he said the value of local currency would set a pattern of future exports growth, according to a report in a Pakistani newspaper. Due to rising interest of China in ASEAN countries, Pakistan could not avail the benefits of the FTA, he said. The country is also trying to overcome the massive under-invoiced imports from China.

### **Steep Chinese tariffs on 128 US imports**

- ❖ China has imposed tariffs on 128 US imports worth \$3 billion as a counter measure to US duties on steel and aluminum that, according to Beijing, "seriously infringed" its interests. China has termed Washington's assertion about steel and aluminum imports from the former being a threat to national security an "abuse" of World Trade Organisation (WTO) guidelines. The decision was taken by the Chinese state council's custom tariffs commission followed weeks of rhetoric, according to a news agency report. China has urged the United States to stop its "economic intimidation" and had warned earlier that it was ready to hit back. The US measures "are directed only at a few countries, seriously violating the principle of non-discrimination as a cornerstone of the multilateral trading system, which seriously infringed the interests of the Chinese side," said a statement on the Chinese commerce ministry website. "We hope that the United States can withdraw measures that violate WTO rules as soon as possible to put trade in the relevant products between China and the US back on a normal track," the commerce ministry statement said. Tariffs of 10 per cent on aluminum and 25 per cent on steel by the United States have reportedly angered US allies as well. Though the US Government has temporarily suspended the tariffs for the European Union (EU), Argentina, Australia, Brazil, Canada, Mexico and South Korea, it has unveiled plans to impose new tariffs on some \$60 billion of Chinese imports over the "theft" of intellectual property. The United States ran a \$375.2 billion deficit with China last year.

### **US suspends duty-free benefits for Rwandan textile imports**

- ❖ The United States plans to suspend duty-free access to Rwandan textile imports as the latter has refused to lower trade barriers for US-made clothing and shoes. The suspension applies to all apparel products from Rwanda eligible under the African Growth and Opportunity Act (AGOA) in 60 days, the office of the US Trade Representative (USTR) said in a recent statement. The USTR last year began an 'out-of-cycle' review to determine the eligibility of Rwanda, Tanzania and Uganda to keep their trade benefits under the AGOA, which was signed into law by President Bill Clinton in 2000. The USTR's review followed a complaint by the US textile industry over a decision by the three east African nations to ban import of used

clothing and shoes they say are decimating local textile and apparel industries. The US-based Secondary Materials and Recycled Textiles Association said the ban would impose significant economic hardships in the US apparel industry, USTR said. The United States exported \$330,000 worth of textiles and apparel to Rwanda in 2016 and imported similar goods worth \$460,000.

## RAW MATERIAL FRONT

### CAI further lowers 2017-18 cotton crop to 360 lakh bales

- ❖ The Cotton Association of India (CAI) has reduced the cotton crop estimate for 2017-18 season further by 2 lakh bales than its previous estimate. India's projected cotton output for the ongoing season now stands at 360 lakh bales of 170 kg each. CAI has reduced one lakh bales each in Maharashtra and Karnataka compared to its previous estimate. The projected Balance Sheet drawn by the CAI for 2017-18 crop year beginning October 1, 2017 estimates total cotton supply at 410 lakh bales, which includes the opening stock of 30 lakh bales at the beginning of the season and the imports which the CAI has retained at 20 lakh bales as in the previous month. The CAI estimates domestic consumption at 324 lakh bales while the exports for the season are predicted at 65 lakh bales which is higher by 5 lakh bales than the CAI's estimate of the previous month. CAI has increased its cotton exports projection as cotton export demand has picked up due to the US-China trade war. As a result, the carry-over stock at the end of 2017-18 season is estimated at 21 lakh bales, which is lower by 1 lakh bales than the CAI's earlier estimate made last month. The CAI estimates cotton arrivals up to March 31, 2018 at 287 lakh bales based on the data received by it from upcountry associations and various other trade sources.

### Egypt to raise cotton production to meet high export orders

- ❖ After a disastrous year for Egypt's cotton industry in 2016, the country's agriculture ministry has initiated measures to boost the cotton sector by improving and raising production of long-staple and medium-length cotton. It also plans to increase the area under cotton cultivation to 224,208 acres to meet export market demand. Despite the increase in production, Egyptian cotton exporters say production cannot meet the high export demand, according to a report in an Egyptian newspaper. The government needs to ensure that cotton production in 2019 reaches at least 2 million quintals so that it can meet the global demand, Nabil al-Sanrissi, head of the Egyptian Cotton Exporters Association, reportedly told a local news outlet. According to Adel Abdul Azim, head of the country's Cotton Improvement Fund, cotton growing areas would increase to 415,200 acres by 2019. Statistics show the value of Egyptian cotton exports fell by 4 per cent between 2012 and 2016.

### India's cotton exports to China may bloom, trade war effect

- ❖ After the Chinese government's move to counter US trade restrictions by putting cotton under the proposed tariff list, the world's second biggest cotton exporter, eyes a promising proposition with the Dragon country. Experts noted that India's cotton exports will surge amid trade war between US and China. "Currently, China is left with 25% of its stock. Imports from the US may fall on higher tariff. In this situation, we can see Chinese demand opening up for India in January 2019 and there will be good opportunity for Indian cotton in the Chinese market" said Atul Ganatra, President, Cotton Association of India.

### **Seed body hails HC Order in Monsanto case**

- ❖ The National Seed Association of India (NSAI) has hailed the Delhi High Court's judgment which brings clarity on the scope of patent and PPVFR Act with reference to transgenic traits and varieties. The Delhi HC has disallowed a plea by American agricultural biotechnology firm Monsanto to enforce its patent for its genetically modified (Bt) cotton seed varieties "Bollgard" and the widely used "Bollgard II" in India. The government controls train value (royalty) the firm received on the technology from some 50 domestic seed companies.

## **POWER SCENE**

### **Wind power target for 2022**

- ❖ The Centre is looking to boost the country's renewable energy footprint through offshore wind energy project. "The first bid for setting up of an offshore wind project in Tuticorin will come this year. We expect to have 10 GW of installed offshore wind power generation by 2022", said Anand Kumar, Secretary, Ministry of New and Renewable Energy, at the launch of the TERI Energy and Environment Data 2016-17.

### **Wind power prices firm up to Rs.2.51**

- ❖ Electricity tariffs discovered in the latest reverse auctions conducted by the State-run Solar Energy Corporation of India (SECI) for 2,000 MW of wind power have brought relief to the industry. The lowest price quoted in the bidding which concluded was Rs.2.51/unit, 16% higher than the previous low of Rs.2.44/unit discovered under any central government scheme.

## **GST**

### **Internal e-way bills in five States from April 15**

- ❖ The Union Government announced that it would be rolling out the e-waybill system for intra-State transport of goods in Andhra Pradesh, Gujarat, Kerala, Telangana and Uttar Pradesh on April 15. The countrywide e-way-Bill system for the inter-State movement of goods was rolled out on April 1. "Till April, 2018, more than 63 lakh e-waybills have been successfully generated", the government said.

## JUDGEMENTS

### **ST - BAS - Assessing authority is required to determine the specific characteristic of the service which is a necessary pre-requisite for fastening liability: CESTAT**

MUMBAI, APRIL 06, 2018: SERVICE Tax demand of Rs.7,21,116/- has been confirmed against the appellant along with interest and penalties on the finding that they have rendered 'Business Auxiliary services' to M/s Jawaharlal Nehru Port Trust, taxable under section 65(105)(zzb) of Finance Act, 1994. Before the CESTAT, the appellant submits that despite depositing the tax amount during investigation they challenge the taxability as they do not provide any taxable service and that the lower authorities have not isolated the relevant aspect of 'Business Auxiliary service' applicable to them from among those enumerated in section 65(19) of Finance Act, 1994.

Reliance is placed on the decision of the Tribunal in the case of Golden Handling Works 2017-TIOL-3957-CESTAT-DEL [para 7 refers] wherein it is held that without specifying the category of tax liability under BAS the proposal in the SCN is vague and cannot sustain. The AR submitted that the appellant had been rendering services to vessels without which the safety of the cargo and vessel would be compromised and, therefore, the lower authorities are correct in holding the activity to be taxable and in classifying the service as 'business auxiliary service'.

The Bench observed thus -

“4. The decision of the Tribunal in the Golden Handling Works is categorical in requiring the assessing authority to determine the specific characteristic of the service which is a necessary pre-requisite for fastening liability. We also find that the Port Trust has engaged the services of the appellant and that appellant is in receipt of consideration from the Port Trust. In these circumstances, the existence of third party in transaction, which is a necessary element for coverage under section 65(105)(zzb) read with section 65(19) of Finance Act, 1994 is questionable...”

The order was set aside and the appeal was allowed.

### **CX - Since duty is paid before finalization of provisional assessment, no interest is payable - amount which is not payable cannot be retained by Govt. without authority of law: CESTAT**

MUMBAI, APRIL 05, 2018: M/s. IMIL merged with the appellant company on 25.10.2005. Prior to merger and during the period from April 2003 to 25.10.2005, goods were supplied by IMIL to the Appellant on payment of duty on a provisionally declared value. On final determination of cost of production, M/s IMIL paid differential duty along with interest (under protest) amounting to Rs.3,03,81,370/-.

The order of final assessment was passed by the Assistant Commissioner on 28.12.2006. The Appellant filed Refund claim on 20.04.2007 in respect of the interest paid by them.

The ground taken is that the differential duty was paid by them prior to the date of final assessment order whereas in terms of Rule 7(4) of CER, 2002 interest is not payable in case where differential duty is paid within one month of the date of order.

The claim was rejected by the original authority. The Commissioner(A) upheld this order. It was also held that the claim was covered u/s 11B of CEA, 1944 and that the appellant had not followed the procedure for payment of duty Under Protest. Also, the Appellant were required to establish that they had not passed on the incidence of the amount for which the refund was claimed.

The appellant is before the Tribunal and inter alia submits that as per Rule 7(4) of CER, interest is payable only when the differential duty arises as a result of finalization of provisional assessment and if the same is not paid within one month of finalization; that no interest is payable where the differential duty is paid prior to the finalization of the provisional assessment. Reliance is placed upon the decisions in Ispat Industries Ltd - 2006-TIOL-1994-CESTAT-MUM, - 2010-TIOL-923-HC-MUM-CX which was further upheld by Apex Court; CEAT Ltd. - 2015-TIOL-397-HC-MUM-CX as affirmed by Supreme Court; Northern Minerals Ltd. - 2007-TIOL-601-HC-P&H-CX; CM Envirosystems Pvt. Ltd. - 2008-TIOL-2249-CESTAT-BANG & Final Order No. A/ 87152/17/SMB dated 05.04.2017 passed in their case.

The AR while reiterating the findings of the impugned order emphasized that all refunds are covered u/s 11B of CEA, 1944; that refund was filed on 20.04.2007 whereas date of payment of interest is 2004-2005, hence refund is time barred; that provisions of unjust enrichment are applicable.

After considering the submissions, the CESTAT observed –

Merits:

++ Appellants have paid interest in respect of duty paid before the finalization of the assessment. In case duty is paid before the finalisation of the assessment, interest is not chargeable as held by Hon'ble Bombay High Court in the case of CEAT Ltd. - 2015-TIOL-397-HC-MUM-CX and the same was affirmed by the Hon'ble Supreme Court ...Therefore the amount of interest paid by the appellant is refundable to them.

++ Also, the appellant admittedly paid the amount as interest and if it is not payable, the same is refundable, even if not under Section 11B, otherwise also, as the said amount which is not payable cannot be retained by the Government without authority of law.

++ The contention of the lower authority that the refund of interest is not covered under section 11B is not sustainable in the light of the fact that as the interest was

demanded in terms of Section 11AB, therefore, it cannot be excluded from the provisions of Section 11B as was held in case of CCE, Delhi III Vs. Northern Minerals Ltd. [ 2007-TIOL-601-HC-P&H-CX ].

++ Appellant vide their letter dt. 01.07.2004 had intimated the department that the interest shall be paid Under Protest. Also the Deputy Commissioner vide letter dt. 19.01.2005 asked the Appellants to pay interest pursuant to which the Appellant paid Interest. In such circumstances the payment of interest was clearly having been made Under Protest.

Limitation:

++ Refund has arisen only after finalization of assessment and before finalization of the assessment there was no ground for the Appellant to file refund as the same would have been held premature . The provisional assessment was finalized on 28.12.2006 and the instant claim was filed on 20.04.2007 which is well within the six months of the finalisation of the assessment, hence the claim cannot be considered to be time barred.

Unjust enrichment:

++ It is observed that the interest was paid by the appellant on their own and the same, not being the part of the price of the goods, question of passing of incidence of the same does not arise. Therefore, we are of the view that in the facts of the present case, the refund is not hit by unjust enrichment.

The impugned order was set aside and the appeal was allowed

### **Gratuity denied after 22 years of daily wage**

The Supreme Court assailed the conduct of the Chhatisgarh Government which kept an employee for 22 years as a daily wage on a salary of Rs.2776 per month and denied gratuity after regularizing him in the last three years. The High Court had upheld the government stand. In its judgment, Netram Sahu Vs State, the apex court said, "It was indeed the state which took 22 years to regularize his service and went on taking work on payment of a meager salary...the state had no justifiable reason to deny gratuity which was his legislation. It is the duty of the state to voluntarily pay the gratuity rather than to force the employee to approach the Court to get his genuine claim. "The Court imposed costs on the government and ordered it to release the gratuity amount due to him. It added: "It is really unfortunate that the genuine claim was being denied at every stage of the proceedings up to this court and dragged him in fruitless litigation for all these years".

## COTTON AND COTTON YARN PRICES

### Price Behaviour

#### Cotton – Spot\* (Rs/Candy)

- ❖ Given below are the cotton and cotton yarn prices prevailed at various dates for the benefit of the members:

Variety	07.04.2018	31.03.2018	24.03.2018	17.03.2018	10.03.2018	03.03.2018	24.02.2018
<b>ICS-101</b> (Bengal Deshi (RG) / Assam Comilla)	42700	42200	42400	42600	42800	42100	42000
<b>ICS-201</b> (Bengal Deshi (SG))	43200	42700	42900	43100	43300	42600	42500
<b>ICS-102</b> (V-797)	26500	26000	26200	28200	29000	29300	29200
<b>ICS-103</b> (Jayadhar)	32100	32300	32800	33500	34000	33500	33400
<b>ICS-202</b> (J-34)	40000	39700	39800	39900	40100	39800	39200
<b>ICS-105</b> (LRA-5166)	40500	40200	40600	40700	40900	40600	39800
<b>ICS-105</b> (H4-Mech 1 - Guj)	40000	39700	39700	40200	40500	40100	39100
<b>ICS-105</b> (Shankar – 6 (Guj))	40900	40600	40600	41000	41200	40900	39800
<b>ICS-105</b> (Bunny / Brahma)	41800	41500	41400	41800	42100	42600	41900
<b>ICS-107</b> (DCH 32)	53600	53600	53600	54000	54300	54100	55100

\* - Spot rates quoted based on growth & grade standard (i.e: parameter based)

Source: CAI

#### Cotton Yarn (Rs/Kg – Taxes Extra)

Count	07.04.2018	31.03.2018	24.03.2018	17.03.2018	10.03.2018	03.03.2018	24.02.2018
<b>Hank Yarn</b>							
20s	190	190	190	190	190	190	190
30s	210	210	210	210	210	210	210
40s	233	233	233	233	233	233	233
60s K	254	254	254	254	254	254	254
60s C	327	327	327	327	327	327	327
80s C	382	382	382	382	382	382	382
<b>Cone Yarn</b>							
20s	190	190	190	190	190	190	190
30s	200	200	200	200	200	200	200
40s	208	208	208	208	208	208	208
60s K	255	255	255	255	255	255	255
60s C	280	280	280	280	280	280	280
80s C	354	354	354	354	354	354	354

Source:\* - Mill Source: (Quotes are only indicative)

## CIRCULARS ISSUED DURING THE FORTNIGHT

Sl. No	Cir.No	Date	To	Subject
1)	101-A/2018	2.4.2018	Member Mills in Tamil Nadu	TNERC Order on generic Tariff on Solar power for the year 2018- reg
2)	102/2018	3.4.2018	All Member Mills	Weekly cotton prices - reg
3)	102-A/2018	3.4.2018	Member Mills in Tamil Nadu	TNERC Order on generic Tariff on Solar power for the year 2018- reg
4)	102-B/2018	3.4.2018	Member Mills in Tamil Nadu	Revision of T&D Losses – CFC Memo based on TNERC Order – reg
5)	103/2018	3.4.2018	All Member Mills	Amendment to the Payment of Gratuity Act, 1972 – enabling the Central Government - increase in the eligible gratuity limit – Maternity leave period to be taken for purpose of calculation of the Gratuity – notifications - reg.
6)	104/2018	5.4.2018	All Member Mills	Minutes of 2nd meeting of IMSC under A-TUFS – reg
7)	105/2018	5.4.2018	All Member Mills	Disposal of machinery available with Sree Ayyanar Spinning & Weaving Mills Private Limited – reg
8)	106/2018	5.4.2018	All Member Mills	Enrolment of members under the Employees' Pension Scheme - in the non-possession of Adhaar card - reg.
9)	106-A/2018	5.4.2018	Member Mills in Kerala	Kerala Electricity Regulatory Commission order on extending the present tariff order– reg
10)	107/2018	6.4.2018	All Member Mills	Resignation of Deputy Secretary, Mrs.Hema Mohankumar & New official dealing with taxation matters – reg
11)	108/2018	9.4.2018	All Member Mills	Difficulties in generating and compliance with e-way bill - reg
12)	109/2018	9.4.2018	All Member Mills	Constitution of Committee under Amended Technology Upgradation Fund Scheme (ATUFS) - reg
13)	109-A/2018	9.4.2018	Member Mills in Tamil Nadu	Supply of power by M/s. IL & FS Tamil Nadu Power Company Limited
14)	109-B/2018	10.4.2018	Member Mills in Tamil Nadu	CGP Appeal status – hearing before the Madurai Bench – reg
15)	110/2018	10.4.2018	All Member Mills	Roll-out of e-Way Bill system for Intra-State movement of goods in the States of Andhra Pradesh, Gujarat, Kerala, Telangana and Uttar Pradesh from 15th April 2018
16)	111/2018	10.4.2018	All Member Mills	Weekly cotton prices - reg

17)	112/2018	10.4.2018	All Member Mills	Integrated Industrial Unit in Marathwada Region – reg
18)	113/2018	12.4.2018	All Member Mills	Enlistment of additional Certifying Bodies and Accreditation Agencies under ATUFS - reg
19)	113-A/2018	13.4.2018	Member Mills in Tamil Nadu	Consumer Price Index Numbers - Chennai City –February 2018
20)	113-B/2018	13.4.2018	Member Mills in Andhra Pradesh & Telangana	Consumer Price Index Numbers - All India –February 2018
21)	114/2018	13.4.2018	All Member Mills	APTEL order regarding CERC determination of Forbearance price and Floor price both in respect of non-solar and solar REC filed by IWPA and others