



The Southern India Mills' Association

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NEWS CLIPPINGS –11-06-2018

Commerce Ministry working on mechanism to refund taxes paid by exporters under GST

Business Line

<https://www.thehindubusinessline.com/economy/commerce-ministry-working-on-mechanism-to-refund-taxes-paid-by-exporters-under-gst/article24130365.ece>

Payments will make shipments more competitive, provide substantial relief to exporters

The Commerce Ministry is trying to find a mechanism to refund taxes, including embedded ones, that are still being paid by exporters after the implementation of the Goods & Services Tax (GST) regime.

“Such payments to exporters would not only make exports more competitive but would also be allowed under the World Trade Organisation (WTO) regime where questions are being raised on India’s export subsidies,” a government official told BusinessLine. “The taxes that are not getting refunded under GST and which exporters are continuing to pay include electricity duty, VAT on petroleum goods, mandi tax, stamp duty and many embedded taxes. If a mechanism is found to refund these taxes, it could amount to substantial relief,” the official said.

According to the Apparel Export Promotion Council, embedded taxes for the garment sector, which include the levies on cotton, electricity, and input tax credit restrictions for man-made fibres which is purchased from unregistered dealers, put an additional burden of about 4-5 per cent on the industry.

An informal committee set up by the Commerce Ministry to find alternative ways to compensate exporters once the WTO-incompatible export incentive schemes are withdrawn is closely examining how exporters could be compensated for the non-refunded taxes. The committee, headed by the Directorate-General of Foreign Trade and comprising representatives from the industry and think-tanks, is also studying experiences of other countries.

Review of taxes

Interestingly, the latest Economic Survey suggested that the GST Council should conduct a comprehensive review of embedded taxes arising from products left outside the GST (petroleum and electricity) and those that arise from the GST itself. The latter, for example, could include input tax credits that get blocked because of “tax inversion,” whereby taxes further back in the chain are greater than those up the chain. “This review should lead to an expeditious elimination of these embedded export taxes, which could provide an important boost to India’s manufacturing exports,” the Survey said.

Many exporters are suffering from a credit crunch in the GST regime as the mechanism for refund of taxes is not yet robust. Although the Finance Ministry is trying to clear the back-log by organising fortnightly clearance camps, a substantial amount is still pending.

Aurangabad: Even before the monsoon was officially declared as having arrived in the region, good rains in Marathwada – comprising eight districts – has left scores of farmers perplexed about whether the time is ripe for sowing kharif crops.

Since June 1, the region has received 180% excess rainfall, with 26 taluks reporting over 100 mm showers. Some circles have received even more than 200 mm. Farmers are tempted to begin sowing, though agricultural experts advise that they should wait for the monsoon to advance. Traditionally, receipt of 100 mm rainfall at the outset of rainy season is considered as the thumb-rule for undertaking sowing activity in many areas. Experts, however, warn that a dry spell could ruin seeds already planted if sowing is done before the monsoon advances.

At the Parbhani-based Vasantrya Naik Marathwada Agricultural University, experts say sowing has already begun in some areas. Farmers, however, are advised to wait for the advancement of the monsoon to avoid the risk of re-sowing.

Cotton, soybean and pigeon pea are common crops in Marathwada in the kharif season. The state, as a whole, has 140.69 lakh hectares under cultivation for different kharif crops, excluding sugarcane, with sowing activity completed on 0.16 lakh hectares so far.

Farmer Subhash Pargaokar of Osmanabad district said he has purchased cotton seeds for his six-acre farm. "Our area has been receiving heavy showers since the beginning of the current month. The moisture in the soil is adequate to undertake sowing. We farmers have been discussing whether to start planting cotton seeds or not."

As per official data, Osmanabad district has received average 115 mm showers since June, which accounts for nearly 202 per cent of expected rainfall. Similarly, Latur has received 272 per cent of expected rainfall, while Nanded 221 per cent. Among other districts, Hingoli (223 per cent), Parbhani (196 per cent), Beed (150 per cent), and Jalna (107 per cent) have reported good pre-monsoon showers. With receipt of only average 19 mm rainfall, Aurangabad district is the only district in Marathwada showing deficient rainfall (44 per cent).

BV Asewar, chief scientist at Vasantrya Naik Marathwada Agricultural University said farmers should not rush to sow even if parts of the region have received exceptionally good rainfall. "The monsoon is yet to spread over Marathwada officially and therefore it is advisable to wait for couple of monsoon showers. The Met department has predicted a dry spell over Marathwada in the coming week. Unnecessarily rushing for sowing could invite the trouble of re-sowing," he said.

Asks tiller to submit affidavit from lessor; farmers say no land owner will risk it

Thousand of farmers in Punjab, most of them 'kashtakar', the landless who cultivate land mainly taken on lease from others, are likely to be hit by the new guidelines issued by the state's Cooperative Societies department that put stringent conditions on them for availing short-term crop loans under the maximum credit limit (MCL).

As per the new conditions, any landless farmer seeking loan from a cooperative society to cultivate a plot of land taken on lease will have to submit an affidavit from the lessor mentioning details of plot. But what is more worrying for the landless farmer is that he will also have to mortgage some land to the cooperative society against the MCL on the leased land, a condition the lessor would be shy of fulfilling. Such farmers fear they may not be able to avail of cooperative loans from this Kharif season. This has happened for the first time in Punjab. Farmers say this will increase their dependence on private money lenders as well as commercial banks.

The new guidelines were issued recently by the office of Registrar of Cooperative Societies. The 'kashtakar' have been doing cultivation on leased land for decades. Chhota Singh of Khatriwala village in Buladha block of Mansa district is from the family of kashtakars. His family has been cultivating 6-7 acres of land for decades, growing wheat, paddy and cotton. "The owner of this land is settled in Patiala. Even on revenue records, we are the pucca kashtakar (permanent cultivator) of this land. And on that basis, we were getting the MCL for both Kharif and Rabbi crops from our village's cooperative society," he says. "For this Kharif season, our MCL was not made by the cooperative society because according to them, we are not eligible as we do not own the land," he says.

"We went to an Arhtiya (private moneylender) and he promised us a loan," Singh says. Balwant Singh, another farmer from the same village, says he owns two acres and takes another three acres on lease for farming purposes. "We used to get MCL on all five acres. This time, however, the cooperative society told me the MCL would be provided only on two acres which was in my name, and if I wanted to take MCL on the leased land, I needed to get an affidavit from my lessor and also mortgage some of my land to the cooperative society against the MCL of leased land," he said.

"Even if I mortgage some of my land, my lessor will never give me an affidavit about the leased land. Such arrangements work on mutual understanding between the lessee and the lessor," Balwant Singh says. Mehar Chand, secretary of the Khatriwala Cooperative Society, said, "Both these farmers earlier used to get MCL on the leased land too from us since they are 'pucca' (permanent) cultivators of that land as per revenue records too. But now, because they are not owner of that land, they will not get MCL for the same unless they provide an affidavit from their lessor."

Kulwant Singh Kishangarh of Kishangarh village in Mansa district, who is also secretary of his village cooperative society, said loan disbursal had come down in his village too because of the new rule. He said "pucca kashtakars" are quite high in number in Mansa, Sangrur and Patiala districts. "Neither farmers not their lessors will mortgage their land, which means all those who cultivates leased land will be deprived of MCLs," says farmer Gurmit Singh,

who takes 15 acres on land on lease for cultivation. He says his lessor has never given in writing that he cultivated his land.

“No landowner will give such an affidavit for the fear that the lessee does not claim the ownership of the land after cultivating the same for years together,” says farmer Satnam Singh, who has been giving 10 acres of his land on lease to a tiller for decades but there is no legal proof of it.

“Several cases of denial of MCLs for kashtakars are being reported from every village in Patiala, Mansa, and Sangrur districts and several other blocks across the state,” said Bhartiya Kisan Union (Dakunda) general secretary Jagmohan Singh. Sukhdev Singh Kokri Kalan, general secretary of BKU (Ugrahan), said such cases were also being reported from villages in Moga, Faridkot, Firozpur, Mukatsar and Bathinda.

State’s Registrar Of Cooperative Societies Arvinder Singh Bains could not be contacted. Dr S K Batish, managing director of Punjab State Cooperative Bank Ltd., said the new guidelines would even facilitate the landless farmers to avail of MCL on short-term crop loan. Earlier, they were not eligible for the same but now they can avail of loan if they submit an affidavit from the lessor, he said.

Surat airport gets international status	Daily News Analysis http://www.dnaindia.com/india/report-surat-airport-gets-international-status-2624078
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Good news for Surat! Now, Surtis will soon be able to fly abroad from their own city. With the central government notifying the airport as customs airport, it has now got the status of an international airport. Not only it will be good for tourists, the business community, essentially, will get a huge benefit.

The Airports Authority of India (AAI) is ready to begin the processes once they get confirmation from the local commissioner of customs, to go ahead with setting up of X-ray machines and immigration counters.

As per the notification, the Central Board of Indirect Taxes and Customs has notified Surat airport as customs airport through its notification under section 7 of the Customs Act, 1962 issued on June 8.

“This notification is from the Department of Revenue. We now need one more notification from the local commissioner of customs and only after that, we can go ahead with immigration and other formalities. Since immigration will come from the Ministry of Home Department, the state government has agreed to give retired police people on deputation. We will now have to get in touch with Surat police commissioner or the Director General of Police for the same. In one months time, everything should be stelled,” Guruprasad Mohapatra, Chairman, AAI said.

“Air India Express previously wanted to fly abroad. I am not sure whether they would want to fly now, we will be asking other airlines too”, he added. The AAI had proposed the CBEC to approve customs at the airport in November-2016.

Guj economy to get a fillip

Diamond merchant and director of Ventura Ishwar Dholakia said, “It is a great news. After Ahmedabad, South Gujarat

is a hub in terms of economy and finances. The international airport will bring immense growth to our city. Even, the cargo can now come to Surat from Mumbai. I believe the credit has to be given to all Surtis, including diamond merchants, businessmen, traders, industrialists, officials from the airport, AAI chairman, etc. For us, now we have easy access to Dubai whereas, for textile traders who look for embroidery, access to middle-east has become very easy. This has opened the world for us.”

124 interns to survey cotton belt area

Tribune India

<http://www.tribuneindia.com/news/bathinda/124-interns-to-survey-cotton-belt-area/603383.html>

Around 124 agriculture graduates from Baba Farid College (BFC) have been selected for internship programme for the purpose of surveying and monitoring the cotton belt area where there is disease progression in an aggressive manner.

These students will cover eight districts of the state — Bathinda, Faridkot, Ferozepur, Mansa, Barnala, Sangroor, Moga and Sri Muktsar Sahib — in which approximately 1,000 villages have been selected.

Besides, during their internship programme, these interns will apprise farmers and villagers of the deleterious effects of insect pests on cotton crop, economic threshold value of these pests and the effective methods of their control, which in turn maximises the yield of cotton with least inputs and magnifying the economic returns.

These interns will get a stipend of Rs 12,000-Rs 15,000 per month during the programme. — tns

**Cotton cultivation area increase to 321.8K:
Minster**

Egypt Today

<https://www.egypttoday.com/Article/3/51877/Cotton-cultivation-area-increase-to-321-8K-Minster>

The total area of cotton cultivation this season increased by 100,000 feddans on a year-on-year basis, recording about 321,787 feddans, an official report showed.

The report revealed that Kafr el-Sheikh governorate came at the top of the governorates in terms of cultivating cotton with a land of 97,000 feddans, followed by Behaira by 56,657 feddans, Dakhalia by 51,352 and Sharkia by 48,349 feddans.

Al-Fayoum cultivated 16,162 feddans of cotton, and Gharbia cultivated 14,237 feddans, according to the report.

Minister of Agriculture and Land Reclamation Abdel Moneim el-Banna said that the Egyptian cotton's cultivation started to recover, referring that the minimum cultivated area, reached 130,000 feddans in 2016's season.

In 2016, the Ministry of Agriculture announced it has taken measures to support the domestic cotton sector and increase long-term productivity of the long-staple and medium-length cotton.

The exports of the Egyptian cotton amounted to \$462 million in 2016, a report by ITC Trade showed.

Three new varieties of high-yield cotton crop have been registered to suit the local yarn industry and increase its yield by 10 quintals per feddan, Banna added.

According to Banna, a classification map for Egyptian cotton was also prepared and distributed in the governorates, showing the cultivated varieties in each governorate, their productivity, and a map of the cultivars and the approved varieties for each fork

Trade and Industry Minister Tarek Kabil said in May that the government in Egypt is keen on upgrading the system of cotton cultivation and textile industry to better meet demands of the local market and enhance exports.

The Central Agency for Public Mobilization and Statistics (CAPMAS) said that Egyptian cotton exports (from December 2017 to February 2018) increased by 181.6 percent to reach 379,700 tons against 134,800 tons during the same quarter of the previous year.

In 2018, the ministry announced it will increase areas used for cotton cultivation to reach 216,000 feddans to meet increasing demand from foreign countries

Textile processing units to allow third-party monitoring

The Hindu

<http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/textile-processing-units-to-allow-third-party-monitoring/article24132175.ece>

Decision aimed at ensuring implementation of zero liquid discharge, says chairman of Southern India Mills' Association

Textile processing units at SIPCOT Perundurai have decided to go in for third party monitoring of effluent treatment on their premises.

A meeting in this regard was held here recently.

P. Nataraj, chairman of Southern India Mills' Association, said it was essential for units to go in for self-discipline. In order to ensure that the units implement zero liquid discharge it is planned to have a tie-up with an external agency, which will monitor the units. Most of the textile processing houses at SIPCOT are part of export units.

International buyers insist on environmental norms and so the units largely have systems in place for zero liquid discharge, he said. SIPCOT houses 35 textile processing units and seven of these are connected to a common effluent treatment plant.

Besides, 26 units have a water quality watch centre through which the Tamil Nadu Pollution Control Board monitors real time data on energy consumption, water consumption, and effluent treatment.

Suresh Manoharan, secretary of Perundurai SIPCOT Textile Processors' Association, said in the last eight years, the level of TDS in wells around the SIPCOT reduced drastically. Textile dyeing units were among the first to start operations at SIPCOT Perundurai. Since then, several chemical processing units started operations. However, if there

is an effluent problem it is assumed to be from textile units.

Red category units

The Board should bring in an online monitoring system for all red category units, he said.

S. Chinnasamy, coordinator for the welfare association, said though courts directed processing units to ensure zero liquid discharge, many of them let effluents into borewells and wells. The level of TDS in and around SIPCOT ranges between 7,000 and 18,000.

The association is demanding closure of all units that do not implement zero liquid discharge. It plans a protest in this regard on June 26 at Perundurai.

The Hindu

₹7,000-cr. GST refunds cleared'

<http://www.thehindu.com/business/Industry/7000-cr-gst-refunds-cleared/article24123336.ece>

More than ₹7,000 crore or half of the pending GST refunds of exporters has been cleared in the first nine days of the ongoing Special Refund Fortnight.

“More than ₹7,000 crore of IGST/ ITC refunds sanctioned till now during the ongoing Special Refund Fortnight,” the Central Board of Indirect Taxes and Customs (CBIC) said in a tweet.

CBIC asked exporters and traders to visit their jurisdictional GST office or Customs House/Port and settle pending claims during the Special Refund Fortnight from May 31 to June 14, 2018.

About ₹14,000 crore of refunds of exporters were stuck due to various mismatches.

The Hindu

Cotton price rise has textile sector worried

<http://www.thehindu.com/todays-paper/tp-business/cotton-price-rise-has-textile-sector-worried/article24125939.ece>

Rates may remain high next season also on China imports

The recent increase in cotton prices is emerging as an issue of concern to the textile industry, the main consumer of cotton.

A month ago, the price of Shankar 6 variety of cotton was Rs. 43,000 a candy. It is almost Rs. 46,000 a candy now.

S.K. Rangarajan, president of the South India Spinners' Association, said that yarn prices had gone up for some varieties. “The market might not absorb any further increase in yarn price,” he added. Apart from price, the mills also faced quality issues in domestic cotton this year. Further, the industry fears that prices might remain high next season as well as China was importing cotton. According to textile mills, the higher cotton prices reflected on yarn

prices. For, some yarn varieties, the prices had gone up by 15 %.

The mills that had covered cotton at the beginning of the season would benefit now.

Low stocks

Those who were buying for daily needs might be affected. Cotton stocks with small and medium-scale mills would be low. Internationally, China was said to be importing large quantities, according to industry sources.

The mills fear that as the season comes to an end, the prices might go up further. Since cotton is the main raw material, the entire textile value chain will be affected.

**Yearly cotton imports to hit 2m tons by
2019/20**

Global Times

<http://www.globaltimes.cn/content/1106298.shtml>

Forecast follows last week's quota announcement from Chinese govt

China is set to return as a major cotton importer, taking 10 million to 15 million bales (2 million to 3 million tons) each year by 2019/20, said Tim Bourgois, head of the cotton platform at major trading house Louis Dreyfus Company.

Imports are expected to be around 5 million bales in 2017/18, he said.

The forecast comes after China's cotton industry association said earlier last week that the Chinese government would increase the import quota to boost overseas purchases.

Once the world's top cotton importer, China has seen its imports shrink from more than 5 million tons in 2011/12 to around 1 million tons in 2017, due to its efforts to reduce state stockpiles of the fiber.

Now, after several years of auctions to low state stocks and with demand improving, buyers are expected to return to the market to supplement a production deficit at home.

Domestic cotton usage is expected to increase by 1.5 million bales to 41.5 million bales in 2018/19, said Bourgois.

The group has lobbied the government to increase the import quota to meet demand from textile companies, Gao Fang, executive vice president of the China Cotton Association, told Reuters.

Production growth in China has been lean due to limited farmland and high labor costs.

Details on the timing and volume of the quota were not known, Fang said.

Market participants said last week that the plan was also likely related to pressure from the US for higher imports of US farm goods.

China has agreed to significantly increase its purchases of US goods and services, and cotton is one of the top agricultural exports of the US.

The industry is also lobbying for more cotton supplies amid a hike in prices that could drive more manufacturers to use cheaper manmade fibers instead.

Production of viscose staple fiber will increase further in 2018, pulling down prices, said Zhu Beina, president of the China Cotton Textile Association.

The association expects the cotton textile sector to be using 4 million tons of viscose fiber by 2019.

**China Bought Enough American Cotton
Futures to Make 400 Million T-Shirts**

WSJ

<https://www.wsj.com/articles/china-becoming-a-major-buyer-of-u-s-cotton-after-years-of-stockpiling-1528643756>

China is re-emerging as a major consumer of U.S. cotton after years of stockpiling the fiber, a shift that together with poor growing conditions in Texas has sent prices surging to a six-year high.

The world's most populous nation has purchased futures contracts covering more than 361,000 bales of U.S. cotton for 2019-20, according to U.S. Department of Agriculture data. That is enough to make 400 million T-shirts. China has never booked that much cotton that far in advance at this time of year, in data going back to 1998.

"It's very unusual to have that many bales in the books," said Peter Egli, risk manager at Plexus Cotton Ltd. "China is the biggest taker of forward sales."

China's return to global cotton markets is likely to mean a period of higher prices for a fiber used in most apparel, textiles and upholstery. It is also a boon to U.S. producers who have long labored under a market whose prices investors perceived to be capped by China's cotton stores, which for years have accounted for more than half of all global stocks.

China announced this month that it intends to raise cotton import volumes, a move that could increase Chinese purchases of American fiber at a time when the Trump administration is calling for more imports from the U.S.

The shift has revived interest in markets that were until recently seen as being overshadowed by Chinese policy. Open interest has reached all-time highs for this time of year, according to data from the U.S. Commodity Futures Trading Commission. July cotton futures on the ICE Futures U.S. exchange closed at 94.94 cents a pound on Friday, the highest level for a front-month contract since February 2012.

Commerzbank said this week that a commitment from China to buy large quantities of U.S. cotton should create a lasting rise in price levels.

China last week offered to purchase nearly \$70 billion of U.S. farm, manufacturing and energy products if the Trump administration abandons threatened tariffs on some \$50 billion in Chinese imports across 1,300 categories of products. President Donald Trump has pressed China to commit to reduce the \$375 billion U.S. merchandise trade

deficit with China by \$200 billion.

Cotton is the latest global commodity market held in sway by Beijing, whose policy decisions as a major purchaser and supplier of the world's commodities often shift global markets.

Chinese strategic cotton reserves are likely to run low by the end of August, according to analysts. China's Ministry of Agriculture and Rural Affairs said in its monthly report on May 10 that while the government sell down of cotton stocks will continue in 2018-19, the domestic supply of high quality lint is insufficient and cotton imports are expected to increase.

Overbooked auctions and surging futures prices in China recently led the country to limit merchant participation in daily cotton auctions.

China's move to begin hoarding the fiber eight years ago pushed cotton prices above \$2 a pound in 2011, bankrupting some mills and merchants globally. When prices spiked, remaining mills substituted cheaper, synthetic fibers into fabrics. The amount of cotton used in apparel imported to the U.S. dropped 12% between 2010 and 2011—and while prices had fallen back below 70 cents a pound by 2012, mills didn't increase their cotton purchases, according to U.S. trade data.

With China holding half the world's cotton in storage, some speculators were wary to return to a market they knew could see a downturn if China decided to unleash its stockpiles. China began auctioning off cotton in 2013 due to shortages among its mills and increasing global competition. China at one point held 67 million bales of cotton in storage, enough to meet all its needs for about two full years.

Market participants were always wary that China could suddenly unleash those stocks in earnest.

"They kept our prices artificially low as they were selling those bales on our market," said Wayne Boseman, president of Carolinas Cotton Growers Cooperative, Inc.

Demand is starting to spring back. In May, the USDA projected cotton consumption would reach its highest level ever in 2018-19, with global mill use at 125.4 million bales. That is in a year when world production is expected to drop to 121.2 million bales from 122.4 million bales last year. The largest year-over-year changes to cotton imports are forecast for China.

Growers in Texas—the largest U.S. growing region—are meanwhile struggling to get crops in the ground during a deepening drought.

Despite that, Kress, Texas grower Barry Evans planted his cotton acres. Now he is worried he won't have a crop to export. The quarter-inch of rain that fell earlier this month was just enough, he said, to settle the dust.

"Every day we get on the calendar without rain gets close to the point of no return," said Steve Verett, executive vice president at Plains Cotton Growers Inc. in Lubbock, Texas. "Farmers want to grow a crop, especially with prices like they are now."

Aptma rejects textile package**The News**<https://www.thenews.com.pk/print/327776-aptma-rejects-textile-package>

LAHORE: The Central Executive Committee (CEC) of the All Pakistan Textile Mills Association (Aptma) has rejected the textile package being extended by the previous government, saying that it would reverse 15 percent growth in exports, a statement said on Saturday.

The previous government had repeatedly assured the textile industry of the continuation of the original package, announced 18 months ago in January 2017, it said.

The previous government had further assured that it would strictly be available for exports from indigenous materials.

“It was agreed between the Aptma leadership and the previous government that rebate would be offered on indigenous materials,” a spokesman for the association said, adding: “But the package has revealed that it would be extended to the Indian products.”

Further, the CEC also criticised reduction in rebate and exclusion of yarn and fabric from the list.

The CEC also rejected the imposition of 11 percent duty on import of cotton from July 15, as the domestic cotton production in the coming season is expected to be even less than 10 million bales and the industry will have to import more than five million bales to meet the shortage.

The spokesman said the Aptma CEC met on Friday with group leader Gohar Ejaz and Aamir Fayyaz in the chair to consider developments regarding imposition of duty on cotton and changes in the export package by the previous government.

The CEC apprehended that the imposition of import duty on cotton would erode the viability and competitiveness of industry and nullify the gains in exports during the last one year.

Law to maintain quality of textile products coming; Bill placed**UNB**<http://www.unb.com.bd/bangladesh-news/Law-to-maintain-quality-of-textile-products-coming-Bill-placed/72856>

Dhaka, Jun 10 (UNB) - A bill titled ‘The Textile Act, 2018’ was placed in Parliament on Sunday, aiming to maintain the quality of textile products as Bangladesh earns huge foreign currency from apparel exports.

State Minister for Textiles and Jute Mirza Azam placed the Bill in the House and it was sent to the respective scrutiny committee for further examination.

The committee was asked to submit its report within 15 working days.

As per the draft law, a directorate will be formed with a Director General as its head who will be appointed by the government. The DG will work as its registrar and an officer responsible to inspect quality and standard of various elements used in the textile products, including paint and other chemicals. The government can establish a laboratory of international standard to carry out such activities. About the provision of punishment, the proposed law states that the registration of any company can be suspended or even cancelled for giving wrong or false information while getting registered.