sima

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NEWS HIGHLIGHTS

- INDIAN TEXTILE MARKETS FIRMING UP - SIMA
- SIMA SEEK INTERIM TEXTILE EXPORT PACKAGE
- SIMA HAILS CABOTAGE RULE RELAXTION FOR COTTON TRANSPORT
- SPECIAL RAIL TRANSPORT SCHEME URGED

REPRESENTATIONS

- In a representation dated 19.5.2018 sent to the Hon'ble Union Minister for Railways, Coal and Finance, Shri Piyush Goyal, the Association made an appeal for a special rail transport scheme for NES unemployed youths (Agartala) to Coimbatore. A similar representation dated 19.5.2018 was also sent to the Hon'ble Union Textile Minister, Smt Smriti Zubin Irani.

- Chairman of the Association, Mr.P.Nataraj vide a letter dated 19.5.2018 sent to Shri Biplab Kumar Deb, Hon'ble Chief Minister of Tripura thanked him for arranging recruitment of unemployed youths from Tripura for the textile mills in South. It was further requested to the Chief Minister to depute the senior officials from Government for a discussion with SIMA office-bearers and Committee members to decide strategy for future requirements.
- A memorandum dated 27.5.2018 was submitted to the Union Finance Minister, Shri Piyush Goyal as well as to the Union Textile Minister, Smt Smriti Zubin Irani seeking interim textile export package to double exports.

MEETINGS

Minutes of 10th and 11th TAMC meetings

- The 10th and 11th meeting of the Technical Advisory cum Monitoring Committee (TAMC) for Amended TUFS (ATUFS) under the Chairpersonship of Dr. Kavita Gupta IAS, Textile Commissioner were held on 04.05.2018 and 16.05.2018 respectively at the Office of the Textile

Commissioner, Mumbai. Dr K Selvaraju, Secretary General, SIMA attended the meeting.

Following decisions were taken at the 10^{th} and 11^{th} TAMC meetings:

- ✓ Claims received from lending agencies under RTUFS and RRTUFS for about 100.00 Cr have been forwarded to MOT for release.

- ✓ I-ATUFS software is being modified to facilitate online issue of UIDs under ATUFS.

- ✓ Since the progress under SPELSGU of ATUFS is not upto the mark, an action plan will be prepared by CMAI & AEPC within 15 days for promotion of investments in Garment and Made-ups.

- ✓ Machinery manufacturers have to submit only the following documents while applying for enlistment.

    - Incorporation of the unit evidenced by a Certificate of Incorporation, etc.
    - Sales figures
    - In case of imported machinery manufacturer, Certificate from the embassy or Trade Council of the respective Country either situated in their Country or in India, stating that they are Textile Machinery manufacturer in the respective country.
    - An Undertaking / Self Declaration as per prescribed format (Format is at Annex III).
    - Valid / Renewed ISO 9000 (ISO 14000 for processing machines & ISO 18000 for energy saving machines) or equivalent Quality Certification as specified vide Circular no. 1 (2017 - 18 series). Circular no. 6 (2017 - 18 series) & Circular no. 1 (2018 - 19 series) dated 26.04.2017, 14.07.2017 & 10.04.2018 respectively.

- → TAMC has decided that a relaxation should be made in the iTUFS software to allow for application of JIT inspection even after 2 years.

- → Recommended for inclusion of standalone Embroidery units under garment/apparel/made-up segment of ATUFS.

- → Recommended for relaxation of time lines for making JIT request for the cases (168 delayed by units and 98 delayed by banks for UIDs) under ATUFS condoned by IMSC.

- → Recommended for relaxation to be made in i-TUFS software to allow for application of JIT inspection even after 2 years for those cases approved by IMSC to consider pending RRTUFS cases under ATUFS.

- → Clarified that the machine serial numbers should be written on shipping documents such as commercial invoice or Bill of lading or Airways Bill or

Bill of Entry or packing list in case of imported machinery. However, in case of indigenous machineries it was decided that the machine serial number should be expressly written on the Commercial invoice.

- → Recommended electronic Jacquard for conventional shuttle looms under ATUFS.

- → Since there is no much progress on evaluation of committed liabilities under MTUFS and RTUFS by NABCONS, it has been advised to expedite the process for submission of documents and report.

Deputy Chairman and Secretary General meet Textile and Finance Ministers

- ❖ Honorable Union Finance Minister, Shri.Piyush Goyal and Honorable Union Textile Minister, Smt.Smriti Zubin Irani convened a meeting on 27th May 2018, had a detailed deliberation on a one-to-one basis with the Export Promotion Councils (EPCs) and SIMA and took major decisions to address the issues affecting the performance of the textile industry. Honorable Ministers had indicated clearing all the government dues such as RoSL and IGST very soon and the Finance Ministry would allocate necessary funds within 15 days on a priority basis. Honorable Ministers had expressed concern over migration of investment to countries like Ethiopia and indicated taking necessary steps to create a level playing field and also take necessary safeguard measures to prevent cheaper imports. The Ministers had indicated mandating the duty drawback committee immediately to recommend enhanced duty drawback rates and RoSL fully taking account of embedded taxes and state levies that are not subsumed under GST. Hon'ble Ministers indicated taking immediate decision on the rates of blocked/embedded central taxes and would also to recommend all the major textile manufacturing states to consider refunding the state levies through RoSL. They also advised the industry associations and export promotion councils to take-up the matter directly with the respective State Governments in their regions. Hon'ble Ministers also indicated to work out alternate schemes/benefits in lieu of certain non-WTO compatible benefits like MEIS, EPCG, etc. He has added that the government would advise Exim bank to work out a special scheme for reducing the interest rate burden on exports instead of increasing the IES benefits.

GLOBAL TEXTILE SCENE

Global new textile machinery shipments increased in 2017

- ❖ Deliveries of new short-staple spindles, long-staple spindles, and open-end rotors respectively improved by 21 per cent, 46 per cent, and 24 per cent from 2016 to 2017, according to the International Textile Manufacturers Federation (ITMF). The number of shipped draw-texturing spindles and shuttle-less looms increased by 23 per cent and 13 per cent. Shipments of new electronic flat knitting machines and finishing machines of the category 'fabric discontinuous' each rose by 44 per cent year-on-year. In contrast, deliveries of circular knitting machines stagnated in 2017 (+0.12 per cent) and finishing machines of the category 'fabrics continuous' fell by 2 per cent, ITMF said in the 40th annual International Textile Machinery Shipment Statistics (ITMSS). The report covers six segments of textile machinery, namely spinning, draw-texturing, weaving, large circular knitting, flat knitting and finishing. The 2017 survey has been compiled in cooperation with more than 200 textile machinery manufacturers representing a comprehensive measure of world production. This number includes numerous Chinese companies represented by the so-called 'District', ITMF said in a statement. In spinning machinery, shipments of new short-staple spindles increased for the first time since 2013. The level of short-staple spindles improved by about 1.65 million spindles. Most of the new short-staple spindles (95 per cent) were shipped to Asia, whereby shipments rose by almost 24 per cent year-on-year. Thereby China, the world's largest investor of short-staple spindles, experienced an increase of 34 per cent, whereas deliveries to Bangladesh and Vietnam decreased by 33 per cent and 39 per cent, respectively. Shipments to Indonesia strongly increased last year (+ 135 per cent). The six largest investors in the short-staple segment in 2017 where China, India, Uzbekistan, Bangladesh, Pakistan, and Indonesia. In texturing machinery, global shipments of double heater draw-texturing spindles (mainly used for polyester filaments) the downward trend ended and global shipments increased by 27 per cent on an annual basis to about 340,000 spindles. Asia's share of worldwide shipments amounted to 90 per cent. Thereby, China remained the largest investor accounting for 66 per cent of global shipments, the report said. In weaving machinery segment, 2017 worldwide shipments of shuttle-less looms increased by 12 per cent to 95,400 units. Thereby, shipments of air-jet, water-jet, and rapier/projectile shuttle-less looms increased by 18 per cent (to almost 27,000), 14 per cent (to 36,200), and 7 per cent (to 32,000), respectively. Not surprisingly, the main destination of shipments of all shuttle-less looms (air-jet, water-jet and rapier/projectile) in 2017 was Asia with 91 per cent of worldwide deliveries. Global shipments of large circular knitting machines rose slightly by 0.12 per cent to a level close to 28,000 units in 2017. Asia is also the world's leading investor in this category. 84 per cent of all new circular knitting machines were shipped to Asia in 2017. With 39 per cent of worldwide deliveries, China was the single largest investor. India and Vietnam ranked second and third with 5,100 and 2,000 units, respectively, according to ITMSS. In 2017 the segment of electronic flat knitting machines soared by 44 per cent to around 202,000 machines, the highest level ever. Not surprisingly, Asia received the highest share of shipments (96 per cent). China remained by far the world's largest investor for flat knitting machines in 2017. Thereby, Chinese investments increased from 101,550 units to 154,850 and the country had a global share of 76 per cent. In the segment of fabrics continuous (finishing machinery), shipments of mercerising-lines, singeing-lines, and stenters, increased in 2017 by 54 per cent, 11 per cent, and 2 per cent, respectively. Deliveries in the other sub-segments decreased. In the segment fabrics discontinuous, shipments of air-jet dyeing and overflow dyeing machines increased by 35 per cent and 72 per cent, respectively, whereas those of jigger dyeing/ beam dyeing machines fell by 7 per cent.

US commerce department finds PSF dumping from 4 nations

- The US department of commerce (USDC) has announced affirmative final determinations in the antidumping duty (AD) investigations of imports of fine denier polyester staple fibre (PSF) from China, India, Korea, and Taiwan. The scope of these investigations covered fine denier PSF, not carded or combed, measuring less than 3.3 decitex (3 denier) in diameter. The dumping margins determined by the USDC are 65.17 to 103.06 per cent for imports from China, 21.43 per cent for Indian products, zero to 45.23 per cent for goods from Korea, and zero to 48.86 per cent for imports from Taiwan. In 2017, imports of fine denier PSF from China, India, Korea, and Taiwan were valued at an estimated $61.4 million, $23.7 million, $11.9 million, and $7.4 million, respectively. The petition for AD investigations was filed by DAK Americas LLC (NC), Nan Ya Plastics Corporation, America (SC), and Auriga Polymers Inc. (NC). In the China investigation, USDC calculated a dumping rate of 72.22 per cent for Jiangyin Hailun Chemical Fiber Co., Ltd., and 65.17 per cent for Jiangyin Huahong Chemical Fiber Co., Ltd. The China-wide entity received a dumping rate of 103.06 per cent, based on adverse facts available, the Fact Sheet released by International Trade Administration said. Fourteen additional companies demonstrated that they are independent from the Chinese government control; thus, USDC granted these companies a separate rate, which is equal to the simple average of the dumping rates calculated for Jiangyin Hailun Chemical Fiber Co., Ltd. and Jiangyin Huahong Chemical Fiber Co., Ltd. In the India investigation, USDC assigned a dumping rate of 21.43 per cent to Reliance Industries Limited and Bombay Dyeing & Manufacturing Company Limited based on adverse facts available. USDC assigned a dumping rate of 21.43 per cent to all other producers and exporters of fine denier PSF from India. This rate is based on an AD margin from the petition. In the Korea investigation, USDC calculated a dumping rate of zero per cent for Toray Chemical Korea Inc., and assigned a dumping rate of 45.23 per cent to Down Nara Co., Ltd. (AKA Down-Nara Co., Ltd., AKA Koreco Synthetic Fiber Co., Ltd.) and Huvis Corporation based on adverse facts available. USDC determined a dumping rate of 30.15 per cent for all other producers and exporters of fine denier PSF from Korea. In the Taiwan investigation, USDC calculated a dumping rate of zero per cent for Tainan Spinning Co., Ltd., and assigned a dumping rate of 48.86 per cent to Far Eastern Textile Ltd. (AKA Far Eastern New Century Corporation) based on adverse facts available. USDC determined a dumping rate of 24.43 per cent for all other producers and exporters of fine denier PSF from Taiwan. The US International Trade Commission (ITC) is conducting investigations to determine whether or not the domestic industry is harmed by imports of fine denier PSF from China, India, Korea, and Taiwan. The ITC is scheduled to make its final injury determinations on or before July 9, 2018. If the ITC makes affirmative final injury determinations, USDC will issue AD orders. If the ITC makes negative final determinations of injury, the investigations will be terminated, and no orders will be issued.

RAW MATERIAL FRONT

Pakistani traders may import 20000 tons of Afghani cotton

- Pakistan is facing a shortfall of cotton due to water shortage and thus plans on importing close to 20,000 tons of cotton from Afghanistan. Cotton is stored in southern Afghanistan in sealed containers and Pakistan is willing to import the crop after checking it for sanitary and phytosanitary standards, said a Pakistani government official. A team consisting of members from the department of plant protection and the ministry of national food security and research is slated to visit Afghanistan to analyse the cotton crop, said Pakistani media reports quoting a government official. Cotton production in Pakistan has virtually been stagnant at 10-12 million bales since 1991-92, as per a report. The production dropped further down to 9.9 million bales in 2015-16. The country requires close to 15 million bales of cotton annually. Afghanistan is in favour of using Chaman and Torkham border points to save costs for its exporters as well as Pakistani importers. Pakistan currently only allows cotton imports to enter the country through the Karachi port. An Afghani delegation had visited Pakistan earlier this month to improve bilateral trade between the two countries. Pakistan exported goods worth $1.28 billion to Afghanistan in 2016-17, while it imported goods worth $337 million from the landlocked country. Cotton imports were halted during crop harvest in order to let farmers get an attractive price for their cotton crop, in turn encouraging them to plant more of it in the coming season. Pakistan government had also allowed duty-free import of cotton for textile millers, however, this move ended up benefitting Indian farmers who exported cotton to Pakistan

Global cotton consumption to reach record in 2018-19: USDA

- Reflecting continued growth in the global economy, world cotton mill use is forecast at 125.4 million bales in 2018-19, the US department of agriculture (USDA) has said. This is 4.7 million bales or 3.9 per cent above the 2017-18 estimate, and the seventh consecutive season of increased consumption, surpassing the record 124.2 million bales set in 2006-07. “Cotton consumption is led by China, India, and Pakistan, with a combined 2018-19 mill use forecast at 77.2 million bales, or 62 per cent of the global total. Expansion is also expected for the other leading cotton spinners, including Bangladesh, Turkey, and Vietnam,” the Economic Research Service of the USDA said in its latest ‘Cotton and Wool Outlook’ report. In China, cotton consumption is forecast to expand 4 per cent and reach 41.5 million bales in 2018-19, the largest since 2010-11, as investment in the textile industry continues and mills have access to local supplies from the national reserve. China’s mill use in 2018-19 may be further supported by a slower pace of yarn imports compared with recent years. Similarly, India’s consumption in 2018-19 is expected to grow nearly 4 per cent to 25.2 million bales, a record if realised; the global demand for cotton textile and apparel products has supported the recent growth seen in India. In Pakistan, cotton mill use is forecast at 10.5 million bales in 2018-19, slightly above a year earlier and the largest in 4 years, the report said.

Cotton mill use in Bangladesh is forecast to reach 7.8 million bales in 2018-19, up 500,000 bales or 7 per cent over 2017-18 as consumption hits new records annually. Tremendous growth has also been noted in Vietnam, where 2018-19 mill use is expected to expand 12 per cent to a record 7.4 million bales, up 800,000 bales over the previous season. Likewise, Turkey's consumption is projected 200,000 bales or 3 per cent higher in 2018-19 to a record 7.4 million bales, USDA said

LABOUR FRONT

Karnataka garment workers seek minimum wage hike

- Garment workers in Karnataka are demanding that the newly formed HD Kumaraswamy government implement the revision of minimum wages that was withdrawn by the earlier government in March 2018. The Siddaramaiah-led Congress government had issued a draft notification in February 2018 proposing to double minimum wages in the state's garment industry. As per the draft notification, the minimum wage was to be revised to Rs.445 per day for an unskilled worker from Rs.220 a day at present, a top national daily said. For a semi-skilled worker in Bengaluru, the wage was proposed to be revised from Rs.229 to Rs.490. For skilled and highly-skilled workers, the wages were proposed to be revised upwards from Rs.232 and Rs.240 to Rs.539 and Rs.593, respectively. The implementation of the notification would have benefitted around 4.5 lakh people, mostly women, employed in the state's garment industry. The capital city of Bengaluru alone employs nearly 3.5 lakh people. The notification was withdrawn by the labour department stating that the industry management objected to the revision as minimum wages in the state were already higher compared to other states, and increasing the wages would have an adverse impact on the industry. Wages for garment workers were last revised in Karnataka in 2009, but the revised wages were implemented after five years in 2014 when labour unions won a case in the High Court.

PRESS RELEASE

Indian textile markets firming up – SIMA

- The two historical reforms viz., demonetization and GST, brought by the Government within a span of eight months, though had a big impact on the performance of the textile manufacturing sectors especially the garment exports, the Indian Textiles & Clothing (T&C) industry could manage the challenges and register 5.37% export growth during 2017 as against the global export growth of 3.94%. The Indian T & C exports has increased from US $ 35.5 billion in 2016 to US $ 37.4 billion in 2017. Textiles exports (yarns, fabrics and made-ups) increased by 7.82% and the clothing exports (garments) increased by 2.82% during the year 2017 when compared to 2016. India could remain as the world's second largest T&C exporter accounting 4.95% global share, while China, the largest exporter accounted 34.2% share during 2017 and 36.7% during 2015. Countries like Germany, Vietnam, Spain and India are capturing the export space vacated by China. The increase in exports by Germany was 14.65%, Vietnam was 10.67%, Spain was 12.1% and India was 5.37% during 2017.During the year 2017, India could sustain as the largest cotton yarn exporting country registering 25% global market share and yarn export increased by 7.21% during this year when compared to 2016. However, Vietnam that had 11.93% global cotton yarn trade during 2015 could increase its global share to 18.13% in 2017 and registered 23.93% growth during this year as China has shifted its major volume of yarn imports from India to Vietnam. Vietnam cotton yarn attracts zero duty while Indian yarn attracts 3.5% duty in China. Vietnam does not produce any cotton and it imports large volume of cotton from India and exports yarn to China. The Indian spinning sector's long pending demand of extending the MEIS benefit for cotton yarn export is yet to be considered. If considered, this would enable the Indian spinning segment to have a level playing field and utilize the surplus spinning capacity and also convert the 60 to 70 lakh bales of raw cotton being exported into value added yarn and export and thereby create new jobs for several thousands of people and increase forex earnings. Recently, the Government has extended MEIS benefits for all textiles and clothing exports beyond 30th June 2018, except cotton yarn. In a Press Release issued at Coimbatore on 21st May 2018, Mr.P.Nataraj, Chairman, The Southern India Mills' Association (SIMA) has stated that the stability and advantage in the homegrown cotton prices during 2016-17 and 2017-18 cotton seasons have helped the industry to mitigate the challenges. SIMA Chief has stated that cotton yarn, fabrics, made-ups and handloom product exports has increased by 18% during April 2018 when compared to April 2017 with an increase of US $ 884 million and manmade textiles has registered 4.35% growth rate while there is a significant drop of 21.4% in the exports of readymade garments of all textiles. He has opined that the delay in releasing the export benefits like RoSL, refund of GST accumulated credits, TUF subsidies and also the delay in announcing the enhanced duty drawback rates and RoSL have caused financial crunch for the whole value chain especially the garment sector. Mr Nataraj has stated that the yarn market has gained momentum in the recent times and the unsold yarn stock level is one of the lowest in the recent years. Taking advantage of increased fabric demand, the yarn prices have increased to a certain extent during mid of May 2018 when compared to the previous month. The demand for coarse and medium counts especially open end yarn both in the domestic market and export market has increased considerably and several mills have got advance booking for few months. Mr.Nataraj has stated that early refund and clearing of Government dues would strengthen financial position of the exports and all other textile manufacturing units to revive from the financial crisis and capture the emerging market opportunities.

SIMA hails the Cabbotage Rule Relaxation for Cotton Transport

- India is the second largest textile manufacturing and exporting country in the world next only to China has been facing challenges on the logistics cost front, especially transport of cotton from cotton growing states to cotton consuming states. The steep increase in diesel price has increased the lorry transportation cost. Though India is the largest cotton producing country and net exporter of cotton in the world, the domestic cotton textile industry could not derive competitive advantage due to the steep increase in cotton transportation cost. At the same time, countries like China and Vietnam could transport the cotton at a much cheaper cost in the international cotton trade. The average cotton transportation cost between Gujarat and China is far less than USD 200 for a 40-foot container having a capacity of 170 cotton bales each weighing 170 kgs. (i.e., less than Rs.100 per bale). During the peak cotton season the lorry freight per bale between Gujarat ginning factory (the largest cotton producing state in the country) and spinning mills in Tamil Nadu (that account 47% of the spinning capacity in the country and producing less than 5% of its annual cotton requirement) was ruling upto Rs.1,000 per bale. The transportation cost for imported cotton from countries in West Africa to the spinning mills in Tamil Nadu was ruling around Rs.400 per bale. Therefore, the industry opted for the cotton transport by rail and ship. But, the price difference between lorry and these modes of transport was less than 10%. While competing countries are transporting cotton at a cheaper price, our cost is still high. Against this background, the cotton textile industry demanded relaxation of cabbotage rule for transporting cotton from ports in Gujarat to ports in Tamil Nadu and use foreign flag vessels to carry the cotton. At the direction of PMO, the Ministry of Shipping and DG shipping immediately convened the stakeholders meeting, facilitated reduction of cost by exempting the fuel used by the Indian flag vessels from Central Excise Duty and also 40% discount in the port handling charges. Since the Government did not exempted the fuel from Sales Tax and also the Indian flag vessels from Seafarer Tax, the cost remained high. In addition, only one or two players extended the service during the last three years charging high rate. The cost difference worked out to 10 to 15% less than the lorry transport. The lorry transport mode takes 3 to 4 days, while sea route takes around 15 days. Therefore, only larger mills could utilize this facility. Hence, the industry continued to demand for relaxation of cabbotage rule for cotton transport. Now the Ministry of Shipping has relaxed the cabbotage rule for transportation of cotton along with several other products and issued a General Order. In a press release issued at Coimbatore on 24th May 2018, Mr.P.Nataraj, Chairman, The Southern India Mills' Association (SIMA) has thanked the Hon'ble Prime Minister, Ministry of Shipping and Ministry of Textiles for considering the long pending demand and relaxing the cabbotage rule for cotton transport. He has said that this initiative would greatly benefit the lakhs of cotton farmers in Gujarat and the spinning mills in Tamil Nadu. Mr.Nataraj has said that the foreign flag vessels might be in a position to offer a competitive rate as large number of empty foreign containers being transported between the ports in Gujarat and Tamil Nadu and also the tax benefits extended for foreign flag vessels. SIMA Chairman has stated that Tamil Nadu spinning mills consume around 50 lakh bales of cotton grown in Gujarat. As this cotton has most preferred fibre quality parameters, the knitted garments produced by the Tirupur cluster would be greatly benefitted.

SIMA hails the joint initiative taken by Union Finance Minister and Textile Minister to address textile issues

- The textile industry has been facing numerous challenges in the international market and the global competitiveness of the industry has been affected after the implementation of GST due to considerable reduction in the duty drawback rates and RoSL benefits. The delay in clearing the various government dues like IGST, RoSL and TUFS subsidy has made the industry to pass through a severe financial crunch. In addition, the high tariff barrier has been the major bottleneck for India to achieve a sustained growth rate in exports. With the drop in the global textile and clothing trade from USD 820 Bn prevailed during 2014 to USD 755 Bn in 2017, Indian garment exports started continuously falling after the implementation of GST when compared to the previous years. The cyclic element of lower global demand, changes in the structural demand, reduction in export benefits and mainly the tariff barriers affected the exports. Certain leading manufacturers had to diverse their investments to countries like Ethiopia and other countries to overcome the challenges of tariff barriers as per the demand of certain global buyers. The industry has been demanding the government to address the various issues to enable the industry to revive from the recession and grab the emerging global opportunity. Against this background, Honorable Union Finance Minister, Shri.Piyush Goyal and Honorable Union Textile Minister, Smt.Smriti Zubin Irani convened a meeting on 27th May 2018, had a detailed deliberation on a one-to-one basis with the Export Promotion Councils (EPCs) and SIMA and took major decisions to address the issues affecting the performance of the textile industry. In a press release issued at Coimbatore on 30th May 2018, Mr.P.Nataraj, Chairman, The Southern India Mills' Association (SIMA) has appreciated the proactive approach of the government especially the Union Textile Minister for organizing a meeting, for the first time, jointly with Union Finance Minister and taking certain major decisions. Mr.Nataraj has stated that the Honorable Ministers had indicated clearing all the government dues such as RoSL and IGST very soon and the Finance Ministry would allocate necessary funds within 15 days on a priority basis. He has stated that this would greatly benefit the exporters and relieve them from the financial crisis. As the market condition is gaining momentum, this would strengthen the hands of exporters for enhancing exports, says Mr.Nataraj. SIMA Chairman has stated that the Honorable Ministers had expressed concern over migration of investment to countries like Ethiopia and indicated taking necessary steps to create a level playing field and also take necessary safeguard measures to prevent cheaper imports. He has added that the Ministers had indicated mandating the duty drawback committee immediately to recommend enhanced duty drawback rates and RoSL fully taking account of embedded taxes and state levies that are not subsumed under GST. He has said that the Ministers indicated taking immediate decision on the rates of blocked/embedded central taxes and would also to recommend all the major textile manufacturing states to consider refunding the state levies through RoSL. They also advised the industry associations and export promotion councils to take-up the matter directly with the respective State Governments in their regions. SIMA Chief has stated that the Ministers also indicated to work out alternate schemes/benefits in lieu of certain non-WTO compatible benefits like MEIS, EPCG, etc. He has added that the government would advise Exim bank to work out a special scheme for reducing the interest rate burden on exports instead of increasing the IES benefits.

ECONOMY

Economy likely motored ahead in Q1 but now may coast; Poll

- India's economy probably gain a little momentum in the first three months of 2018 which should ensure that it remains the world's fastest growig major economy, a Reuters poll found. Gross domestic product expanded an annual 7.3 per cent in the first three months of 2018, the May 24-29 poll of 55 economists predicted, a touch faster than the 7.2 per cent achieved in the las three months of 2017 – a well above China's pace of 6.8% for the quarter ending in March. Forecasts ranged from 6.9 to 7.7 per cent. If the poll is right, January-March would have the fastest expansion since before the government's surprise decision in November 2016 to scrap high- value currency notes and a botched implementation of a goods and services tax (GST) in July last year stalled growth.

GST

Surat textile traders urge PM to analyse impact of GST

- Textile traders from the man-made fabric hub of Surat have urged Prime Minister Narendra Modi to create a special committee to study and analyse the impact of the Goods and Services Tax (GST) on the textile sector. They have urged that the government should remove traders and weavers from the purview of GST, which should be levied only at the yarn stage. The output of man-made fabric has come down from around four crore metres per day to less than two crore metres in the July-April 2017-18 period, i.e. post implementation of the GST, the Federation of Surat Textile Traders' Association (FOSTTA) office-bearers said in a letter to Modi. The sale of polyester fabric, including saris and dress material, has reduced by nearly 40 per cent, and the export of finished fabrics has decreased by around 28 per cent in the first ten months since GST was implemented on July 1, 2017, the letter added. More than 90,000 powerloom machines have been sold in scrap during the ten-month period, as import of fabric from China and other countries has become cheaper, FOSTTA said, according to a report in a national daily. Since July 1 last year, over 60,000 embroidery machines have been shut rendering thousands of women jobless, the letter added. The letter urged the Prime Minister to reconsider the government's decision to include the textile sector in the GST regime.

JUDGEMENTS

New arbitration law takes precedence

- Even if an agreement signed in 2005 says that disputes would be settled under the Arbitration Act, 1940, the arbitration clause would be valid and the new Arbitration and Conciliation Act of 1996 will apply, the Supreme Court has ruled in the case, Purushottam Vs Anil. In this case, the partnership agreement was entered after the 1996 Act came into force but the arbitration clause referred to the 1940 Act. Disputes arose and one partner invoked the new Act. The Bombay High Court rejected it on the ground that the clause referred to the 1940 Act. On appeal, the Supreme Court reversed the High Court decision remarking that the reference to the old law was not such a fundamental mistake that it would invalidate the entire arbitration clause barring any arbitration. The judgment said: "The correct approach would in promoting the object of implementing the scheme of the alternative disputes resolution. It would be farfetched to conclude that there could be no arbitration at all. What is material is the agreement between the parties to refer disputes to arbitration."

ST - All services provided to Maharashtra State Electricity Transmission Co Ltd 'in relation to' transmission of electricity are exempted by notification 45/2010-ST & 11/2010-ST: CESTAT

MUMBAI, MAY 30, 2018: THESE are Revenue appeals filed against the orders passed by the Commissioner(A), Pune-II.

The respondent provided service of 'Commercial and Industrial construction services' and 'Manpower recruitment & supply agency service' to *Maharashtra State Electricity Transmission Company Limited.*

They did not pay service tax on these services by claiming exemption under Notification No. **45/10-ST**which was issued with retrospective effect u/s 11C of the CEA, 1944 and also under Notification No. **11/10-ST** dated 27.02.2010 which is effective prospectively.

Both the lower authorities have extended the benefit of the notification and dropped the tax demands.

It is submitted by the AR that the exemption notifications (supra) are applicable only in respect of the services of 'transmission' whereas the appellant had provided services of CICS and Manpower Recruitment which are not used for transmission of electricity. And, therefore, the lower authorities were wrong in dropping the demands of service tax.

The respondent emphasized that the exemption notification is not restricted to 'transmission service' but is available to all services 'related to' transmission and distribution of electricity. Reliance is placed *inter alia* on the decisions in *Sri Rajyalakshmi Cement Products* - **2016-TIOL-2972-CESTAT-HYD** and *Kedar Constructions* - **2014-TIOL-2138-CESTAT-MUM**.

The Bench extracted both the impugned notifications and observed -

"6. From the reading of the above notification it is clear that all the services which are provided in relation to transmission of electricity are exempted. The transmission of electricity is carried out by the Maharashtra State Electricity Transmission Board and for transmission of electricity whatever services used, all those services are exempted under Notification No. 45/10 and 11/10. This issue is no longer res integra as in the various judgments of this Tribunal which are cited by the Ld Counsel for the respondent, the issue has been decided. Accordingly, impugned orders are just and legal which do not need any interference…"

The Revenue appeals were dismissed.

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	26.05.2018	19.05.2018	12.05.2018	05.05.2018	28.04.2018	21.04.2018	14.04.2018
ICS-101 (Bengal Deshi (RG) / Assam Comilla)	42400	41900	41900	41900	41400	42100	43100
ICS-201 (Bengal Deshi (SG))	42900	42400	42400	42400	41900	42600	43600
ICS-102 (V-797)	27000	26400	26200	26500	26500	26900	26900
ICS-103 (Jayadhar)	33000	32400	32100	32100	32100	32500	32500
ICS-202 (J-34)	42600	41900	41400	41600	40700	40300	40200
ICS-105(LRA-5166)	43100	42400	41900	42100	41200	40800	40700
ICS-105 (H4-Mech 1 - Guj)	41800	41000	41000	40800	40300	40300	40300
ICS-105 (Shankar – 6 (Guj))	43000	42000	41800	41800	41300	41400	41400
ICS-105 (Bunny / Brahma)	44600	43500	43000	43000	43000	42700	42500
ICS-107 (DCH 32)	56500	55600	56300	56000	54500	54500	54200

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

Cotton Yarn (Rs/Kg – Taxes Extra)

Count	26.05.2018	19.05.2018	12.05.2018	05.05.2018	28.04.2018	21.04.2018	14.04.2018
Hank Yarn							
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
Cone Yarn							
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)	156/2018	16.5.2018	All Member Mills	Job fair in Madhya Pradesh - conducted exclusively for textile mills – participation – reg.
2)	156-A/2018	16.5.2018	Member Mills in Tamil Nadu	Olam Invitation for Regional get - Together event on Cotton , 17th May 2018 at The Residency Towers, Coimbatore
3)	157/2018	16.5.2018	All Member Mills	Public Procurement (Preference to Make in India) to provide for Purchase Preference (linked with local content) in respect of Textile Sector – request for comments - reg
4)	157-A/2018	17.5.2018	Member Mills in Karnataka	Revision of Power Tariff for the year 2018-19 by the Honb'le KERC –reg
5)	158/2018	18.5.2018	All Member Mills	Daily sale/ training in e-auction platform of CCI – reg
6)	158-A/2018	18.5.2018	Member Mills in Tamil Nadu	Higher revision of Minimum Rates of Wages for Apprentices in the Textile Mills- GO issued - reg
7)	158-B/2018	18.5.2018	Member Mills in Tamil Nadu	Proposed inclusion of Employment in Home Textile under the Minimum Wages Act - reg.
8)	158-C/2018	19.5.2018	All Exporting Member Mills	Extension of online payment for miscellaneous applications through e-MPS facility – reg
9)	158-D/2018	19.5.2018	Member Mills in Tamil Nadu	CFC instruction on the allotment and adjustment of captive, third party and wind units in CC bill – reg
10)	159/2018	19.5.2018	All Member Mills	Extension in filing due date for Form GSTR 3B for the month of April 2018 - reg
11)	160/2018	19.5.2018	All Member Mills	Waiver of late filing fee payable for GSTR 3B - reg
12)	160-A/2018	21.5.2018	All Spinning Mills in Southern Districts In Tamil Nadu	Supervisory Development Programme at Madurai during June 14-15,2018
13)	161/2018	21.5.2018	All Member Mills	Open Auction for Sales of FP bales - reg
14)	162/2018	22.5.2018	All Member Mills	Weekly cotton prices for 14.5.2018 to 19.5.2018 - reg
15)	162-A/2013	23.5.2018	Member Mills in Tamil Nadu	Payment of ACCD- Clarification by CFC TANGEDCO - reg.
16)	163/2018	24.5.2018	All Exporting Member Mills	Maintenance of Annual Average Export Obligation - reg
17)	164/2018	25.5.2018	All Member Mills	Relaxation in Cabotage rule to transport cotton using foreign flag vessels - reg
18)	165/2018	25.5.2018	All Member Mills	Issue of draft amendments in the provisions relating to CGP in Electricity Rules 2005 - inviting comments – reg

19)	165-A/2018	26.5.2018	Member Mills in Karnataka	KERC Order on new Solar power project less than 5MW and (Solar Roof Top) SRTPV for one MW and below - reg
20)	166/2018	26.5.2018	MDs/ Directors/ CEOs of All Member Mills	Three hours seminar on “Insolvency and Bankruptcy Code 2016 to be held on June 2nd, 2018 at SIMA, Coimbatore”
21)	166-A/2018	28.5.2018	Member Mills in Kerala	Consumer Price Index Numbers for March 2018
22)	167/2018	30.5.2018	All Member Mills	Weekly cotton prices for 21.5.2018 to 26.5.2018 - reg
23)	168/2018	30.5.2018	All Member Mills	Declaration of rate of interest (8.55%) for the EPF members’ Accounts for the year 2017-2018– Official Communication
24)	169/2018	30.5.2018	All Member Mills	Minutes of 10th and 11th TAMC meeting held on 4th May 2018 and 16th May 2018 respectively
25)	170/2018	31.5.2018	All Member Mills	EPFO & Portal related issues – Portal issues faced by the members - information request
26)	171/2018	31.5.2018	All Member Mills	Disposal of spinning machines by M/s. Loyal Textile Mills Limited – reg
27)	172/2018	31.5.2018	All Member Mills	Disposal & requirement of machinery by M/s. Veejay Yarns & Fabrics P Ltd –reg
28)	173/2018	31.5.2018	All Exporting Member Mills	Amendment in the Chapter-1 of FTP 2015-2020
29)	174/2018	31.5.2018	All Member Mills	GST Special Refund Fortnight from 31.05.2018 to 14.06.2018 - reg
30)	175/2018	31.5.2018	All Member Mills	Sanction of pending IGST refund claims where the records have not been transmitted from the GSTN to DG Systems - reg.,