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NEWS HIGHLIGHTS

- ❖ CHAIRMAN CONDOLES DEMISE OF M.KARUNANIDHI
- ❖ IMPORT DUTY DOUBLED ON OVER 300 TEXTILE PRODUCTS
- ❖ TN GOVT TO CONDUCT TEXTILE EXPO WITH SIMA AS NODAL AGENCY
- ❖ FABRICS FOR ARMED FORCES WILL BE MADE IN INDIA: MINISTER

REPRESENTATIONS

- ❖ Vide a letter dated 14th August 2018, Chairman of the Association, Mr.P.Nataraj has extended industry's support and cooperation to Shri Raghvendra Singh, IAS., who assumed as Secretary in the Ministry of Textiles.

MEETINGS

Tamilnadu Textile Expo 2019

- ❖ Government of Tamilnadu is conducting a Textile Expo during January-February 2019. In this connection, the Hon'ble Chief Minister has allocated Rs.2 crores for the conduct of the event. A pre-arrangement meeting for the event was held at the Association premises on 2nd August 2018 in which Mr.O.S.Manian, Hon'ble Minister for Handlooms and Textiles, Principal Secretary, Handlooms & Textiles, Mr.Phanindra Reddy, other officials from the Department, Presidents / Chairman of various textile Associations representing different segments of the textile industry, attended the meeting. SIMA Chairman, Mr.P.Nataraj welcomed the gathering. The stakeholders generally discussed on how to move forward for the conduct of the event and the measures required to be taken.



Hon'ble Minister, Principal Secretary, SIMA
office-bearers



Representatives from various Associations

TEXTILE SCENE

Import duty on over 300 textile products doubled to 20 per cent

- ❖ The Government has doubled the import duty on over 300 textile products aiming to incentivise the domestic industry. A notification to increase the customs duty on 328 tariff lines of textile products from 10% to 20% was made public. As a consequence, imported garment, fabrics, specialized fabrics and carpet, among others, will become costlier. Higher duty will be applicable on shirt, trousers, coat, blazer, kids garments, lingerie etc. The industry hailed the decision of the government and it would help the entire textile sector to revive.

Dumping duty on Nylon Filament Yarn

- ❖ India may impose an anti-dumping duty of up to \$719 a tonne for five years on imports of nylon filament yarn from the European Union and Vietnam following recommendations by the Commerce Ministry's investigation arm DGAD. Imposition of duty aims at guarding domestic manufacturers of this yarn from cheap imports coming from European Union and Vietnam. Following complaints by five domestic players, the Directorate General of Anti-Dumping and Allied Duties (DGAD) initiated a probe against alleged dumping of nylon filament yarn from the two regions.

India working on new industrial policy with textile focus

- ❖ The Indian commerce and industry ministry is reportedly working on an industrial policy that may have special provisions for manufacturing in the textile and footwear sectors and expanding export hubs, which are concentrated in a few states now, across the country. It will tie in existing initiatives and be a focal point for various industry-wise policies. As Maharashtra, Gujarat, Karnataka, Tamil Nadu and Telangana account for 70 per cent of India's exports, the government plans to stop this

ghettoisation of exports. Centred around technological issues of Industry 4.0, the proposed policy will absorb the 2011 national manufacturing policy and will push further the Digital India initiative, a senior Department of Industrial Policy and Promotion (DIPP) official told a top Indian business daily. While an initial discussion paper on the proposed industrial policy was floated in August 2017, a final draft of the policy is yet to be released in the public domain despite an announcement by the ministry that the final draft would be put out by January this year. The initial document focused on the creation of jobs, the promotion of foreign technology transfer, the growth of micro, small, and medium enterprises, and the establishment of a goal to attract \$100 billion foreign direct investment annually. The proposed policy may also take note of the slowdown in low-skilled jobs in China, which was pointed out by the Economic Surveys in the last three years, and promote mandatory domestic procurement norms. The current industrial policy was framed in 1991.

Fabrics for armed forces will be made in India: Minister

- ❖ Indian textiles minister Smriti Irani recently said fabrics needed for the armed forces will be manufactured in India as scientists, her ministry, the industry and the armed forces are working together to achieve that. The government has also appointed a group of secretaries for transforming India as the textile machinery manufacturing hub, she said in Surat. Irani was in the city to inaugurate Yarn Expo-2018 organised by the Southern Gujarat Chamber of Commerce and Industry (SGCCI). The National Institute of Fashion Technology (NIFT) and SGCCI will work together on the design diversification project for Surat's textile sector to help the manufacturers get more value for their fabrics and raise the export potential of the fabrics, a report in a top Indian English-language daily quoted her as saying.

GLOBAL TEXTILE SCENE

Indian investors interested in denim production in Vietnam

- ❖ Indian fabric firms are shifting attention from China to Vietnam, which is being widely considered as an emerging denim fabric manufacturing centre. After the third edition of the Denimsandjeans Vietnam Show organised in Ho Chi Minh City in June, many Indian companies expressed interest to collaborate with Vietnamese partners in producing denim fabric. Denim goods accounted for a fifth of the sector's export revenue, according to the Vietnam Textile and Apparel Association (VITAS). Although the sector is facing bottlenecks in its supplying chain, denim fabric production is a strong point of local producers with the localisation ratio of 55-60 per cent, spurred by heavy investment in production line, and technologies, according to a Vietnamese news agency report. According to marketing director of Coimbatore-based KG Fabriks Thamarai Selvan, his company is planning to move its plants from

China as benefits are possibly more with production facilities in Vietnam, including larger order volumes and skilled workers. Surat-based Anubha Industries Private Ltd and Vietnamese denim providers have reached an agreement, and a trade cooperative deal will soon be announced, said marketing director of the firm Amit Desai. India at present has registered \$814 million in 176 projects in Vietnam, ranking 28th out of 126 countries and territories having investment in the country

Pakistani senators concerned over textile sector decline

- ❖ Pakistan's Senate Standing Committee on Commerce and Textile feels the need for a long-term strategy and an integrated institutional approach to revive the textile sector. At a recent committee meeting in Islamabad chaired by Shibli Faraz, it expressed concern over the trade decline in the sector and sought a report from the commerce ministry on the issue. The meeting was briefed about the closure of power looms and the free trade agreement with China, according to Pakistani media reports. Between 2012 and 2017, Pakistan's trade deficit with China tripled, from \$4 billion to \$12.7 billion. Pakistani businesses have been opposing the agreement as products in which Pakistan enjoys a competitive advantage are not covered by the Chinese side, which enjoys far wider access to Pakistan's markets.

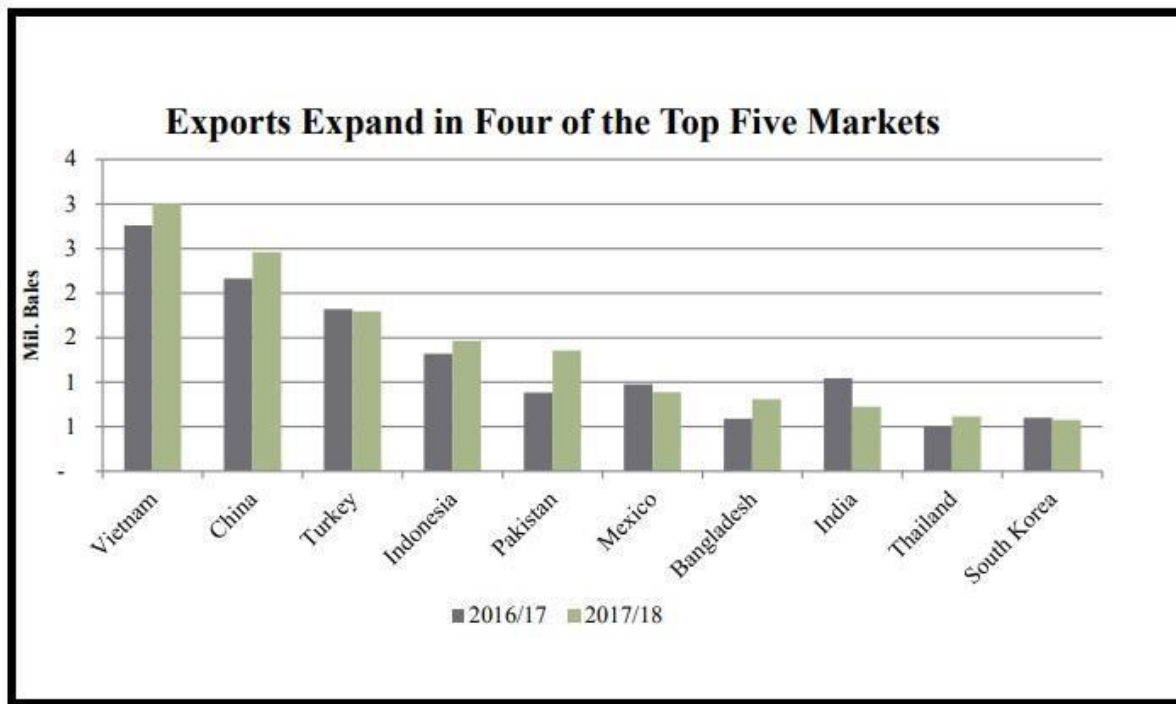
POWER SCENE

Maharashtra textile sector to get power tariff concessions

- ❖ The textile industry in Maharashtra is set to get Rs.370 crore concessions in power tariff. The step will help in revival of sick textile mills and generate jobs, chief minister Devendra Fadnavis said at a review meeting of textile department officials in Mumbai. He also asked officials to provide interest and capital grants to the industry in the state. Fadnavis also directed officials to sell the land belonging to the Maharashtra State Textile Corporation, which is struggling financially, a news agency reported. He directed that the proceeds of the sale should be transferred to the textile department. Power tariffs in Maharashtra are higher than that in the other states and this is one of the reason why spinning mills incur losses. To address this issue, the Maharashtra textile department is also encouraging mills to turn to solar power plants to fulfil their power needs while reducing their bills. As per the new textile policy 2018-23 that was approved in February by the state government, Rs.3 per unit power subsidy is given to spinning mills for a period of 3 years. The subsidy is also being given to other textiles projects. Further, cooperative spinning mills and textile projects are encouraged to set up other power projects as complementary power sources.

RAW MATERIAL FRONT

US cotton exports in 2017-18 highest in over a decade



Courtesy: USDA/FAS

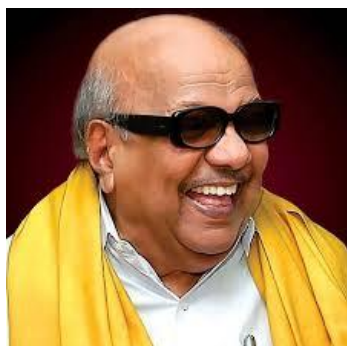
- ❖ Cotton exports from the US in 2017-18 reached their highest level since 2005-06 and were the second highest on record, the Foreign Agricultural Service of the US department of agriculture (USDA) has said. The record reported exports were on the back of the largest cotton production in the US in more than 10 years and record global consumption. Compared with 2016-17, US cotton shipments expanded in four—Vietnam, China, Indonesia and Pakistan—of the top five markets. However, expanding use in Southeast and South Asia has underpinned significant US shipments recently. For the third year in a row, Vietnam continued to be the top US market where shipments surpassed last year’s record, owing to the country’s record yarn production and robust yarn exports. China was the second-largest destination for US cotton and served as the largest market for US Pima (extra-long staple grade). “Demand for Pima and Upland continues to grow as China pursues higher quality inputs and works domestic stocks down further,” the USDA report ‘Cotton: World Markets and Trade’ said. US exports to Pakistan saw the largest year-on-year increase despite its larger domestic crop. The country’s yarn production continues to grow and is expected to expand into 2018-19, a promising sign for US export prospects. Shipments to Mexico and Turkey were down compared to the previous year, due to higher production in those countries. For 2018-19 cotton season, US exports are forecast down slightly, with exportable supplies lower in the US and higher for the rest of the world excluding China. Nonetheless, 2018-19 US shipments are forecast to be

the second-highest since 2005-06 with global use projected at a record, the report said

OBITUARY >>>

SIMA Chairman condoles the demise of Mr.M.Karunanidhi

Former Chief Minister of Tamilnadu and the President of DMK party passed away on 7th August 2018 at Chennai due to ailments.



Chairman of the Association, Mr.P.Nataraj has sent a letter dated 8th August 2018 to the Working President of DMK and the Opposition Leader in the State Assembly, Mr.M.K.Stalin condoling the demise of Mr.Karunanidhi. Chairman has mentioned that it was because of the contribution made by late leader, the Tamilnadu emerged as a top industrial State. Further, he has pointed out that the role played by the former Chief Minister in bringing the TUF Scheme, Technology Mission on Cotton and optional cenvat duty in 2004 was excellent and he was maintaining a cordial relations with the industrialists in the State.

JUDGEMENTS >>>

Drawback - Procurement of inputs duty free against form 'H' is not made a disqualification anywhere under Drawback Rules or Notifications: Revisionary Authority

NEW DELHI, AUG 13, 2018: THE Assistant Commissioner had, vide O-in-O confirmed the recovery of total Duty Drawback, which was sanctioned earlier to the applicant as per all Industry rate, under Rule 16 of the Drawback Rules, 1995 on the ground that the applicant had procured the packaging materials, used in the exported products, duty free against 'H' form.

However, the Commissioner (Appeals) restricted the recovery of Drawback relating to the packaging materials only and allowed drawback on other inputs.

The applicant has filed a revision application against this order.

The main ground is that the All Industry Rates are average rates and the department cannot check duty paid character of inputs; that the inputs were not procured under Rule 19(2) of CER, 2002; that the inputs were procured from unregistered SSI units against 'H' form; that no method/authority is prescribed for reduction of all industry rates of drawback under the Drawback Rules, 1995 and the recovery of drawback can be effected within a reasonable period only.

The applicant also pleaded that the Dy. Commissioner, ICD, Agra, in his RTI reply dated 31.05.2018 has admitted that All Industry rate of Drawback has neither been denied nor reduced from the amount of AIR Drawback payable to exporters of footwear exporting through ICD, Agra after issuance of Modus Operandi Circular No. 01/2013 dated 09.05.2013.

The Revisionary authority considered the submissions and found force in the argument of the applicant that the All Industry Rates of Drawback are fixed by the Government after considering the average incidence of duty and taxes on the inputs and services used in the exported products.

It was further observed –

+ Drawback at All Industry Rates is payable in respect of the exported goods to the exporter without examining the duty paid character of each input. The applicability of these rates to different commodities is certainly subject to Drawback rules, 1995 and Notifications...

+ One of such conditions stipulated, ... as per which the All Industry Rate shall not be applicable to a commodity, was that the exported goods should not have been manufactured or exported by availing the rebate of duty on material used in the manufacture of such commodity or manufactured or exported in terms of sub rule (2) of Rule 19 of Central Excise Rules, 2002.

+ No such case has been made out in the Order-in-Original and Order-in-Appeal that the applicant had manufactured and exported the goods by availing the rebate of duty on inputs or by availing the facility provided under sub Rule (2) of Rule 19 of Central Excise Rules, 2002.

+ Therefore, there is no basis for denying the Drawback of duty at All Industries Rate in this case or restricting it to few inputs only for the reason that the packaging materials were procured without payment of duty from unregistered units.

+ Commissioner (Appeals) has considered the procurement of inputs from unregistered units without payment of duty at par with procurement of inputs under Rule 19(2) of Central Excise Rules, 2002 and accordingly upheld the denial of drawback in respect of packaging material ...

+ But, such equation is not supported by the said condition as it only talks about the manufacture or export of goods in terms of Rule 19(2) of Central Excise Rules, 2002 and procurement of inputs duty free against the form 'H' etc. is not made a disqualification anywhere under the Drawback Rules or Notifications...

+ Conflating procurement of inputs against form 'H' with procurement of inputs under Rule 19 (2) of Central Excise Rules, 2002 clearly amounts to re-writing of above said condition of Notification...for which Commissioner (Appeals) is not a competent authority.

+ Accordingly, the Commissioner (Appeals) has also erroneously placed reliance on Government of India's order in the case of Sterling Agro Industries Ltd - **2011-TIOL-457-HC-DEL-CUS-LB** wherein the inputs were procured duty free under Rule 19(2) of Central Excise Rules, 2002 and not against form 'H'.

+ As regards the issue whether the field officers are empowered to examine the duty paid character of each input before sanctioning the Drawback of duty at All Industries Rate, the Government does not have any hesitation in saying that no such power is conferred upon any field officer under the Drawback Rules, 1995, or Notifications...

+ The first proviso to Rule 3 of Drawback Rules, 1995 does not designate any field officer as proper officer to reduce the rates of drawback by considering the unpaid character of one or few inputs apparently because such examination at the field officer level will lead to utter chaos and will defeat the very purpose of fixing All Industry Rates on the basis of which drawback is granted even on the exported goods procured from open market in respect of which duty paid character of inputs is not known and can not be verified.

+ Even the Central Board of Excise and Custom has clarified, vide **Circular No. 24/2001-Cus**_ dated 20.04.2001 and **Circular No. 19/2005-Cus**_ dated 21.03.2005, that it is not open for the field formation to question as to how the rate has been determined in the case of individual export goods and to probe whether certain exempted inputs have been used in the manufacture of the same.

+ The error of denying the drawback in the above situation seems to have been realised by the respondent itself subsequently inasmuch as no such action was initiated against any of such exporters after show cause notice was issued in this case as per the RTI reply of the Dy. Commissioner, ICD, Agra, itself.

The O-in-A was set aside and the revision application was allowed.

CX - A manufacturer, who exports final products which are exempt from duty, under bond and LUT, in terms of rule 19 of CER, 2002, can claim refund of CENVAT in terms of rule 5 of CCR, 2004: HC

BANGALORE, AUG 02, 2018: THESE are Revenue appeals filed against the order of CESTAT.

The respondent assessee is a manufacturer of Battery Operated Cars i.e., Electric vehicles falling [Ch87]. Prior to 1.3.2008, the manufacture of the said cars attracted central excise duty, but with effect from 1.3.2008, the same came to be exempted under a Notification. For the aforesaid two periods, the assessee claimed refund of the accumulated CENVAT credit in terms of Rule 5 of the CCR, 2004.

The adjudicating authority, however, rejected the said claim, but the Tribunal held in favour of the assessee by following the decisions in *Repro India Ltd.- 2007-TIOL-795-HC-MUM-CX* and *Drish Shoes Ltd.- 2010-TIOL-350-HC-HP-CX* . Kindly see - *2015-TIOL-2816-CESTAT-BANG*.

As mentioned, Revenue is before the Karnataka High Court and submits that since the final product viz., Battery Operated Cars were exempted with effect from 1.3.2008, the assessee was not entitled to refund of the CENVAT credit in terms of the said rule 5. Support is also drawn from rule 11(3) of CCR.

The assessee submitted that in view of Rule 6(6)(v) of CCR, 2004, the provisions of sub-rules (1), (2), (3) & (4) of Rule 6 shall not be applicable to the case of the assessee.

Rule 6(6)(v) reads –

(6) The provisions of sub-rules (1), (2), (3) and (4) shall not be applicable in case the excisable goods removed without payment of duty are either-

(v) cleared for export under bond in terms of the provisions of the Central Excise Rules, 2002; or

It is further submitted that merely by exemption, their character of being excisable goods is not lost and if excisable goods like Battery Operated Cars were removed for export on the basis of Bond and Letter of Undertaking in terms of Rule 19 of CER, 2002 and which the assessee did for the periods in question, the claim of refund under Rule 5 is not defeated and, therefore, Tribunal had correctly held in their favour. Moreover, the refund being claimed is of the CENVAT credit which got accumulated only after 01.03.2008 on inputs procured by assessee and used in the manufacture of Battery Operated Cars in question.

Furthermore, the Proviso to Rule 5 of CCR, 2004 for denying the refund of credit was also not applicable because the rebate referred therein relates to the rebate under Rule 18 and not under Rule 19 of CER, 2002; that no such rebate u/r 18 had been availed.

After extracting the decisions of the High Courts delivered in the cases of *Repro India Ltd. - 2007-TIOL-795-HC-MUM-CX* , *Drish Shoes Ltd. - 2010-TIOL-350-HC-HP-CX* and *Same Duetz Fahr India (P) Ltd.- 2017-TIOL-1259-HC-MAD-CX* , wherein it is held that a manufacturer, who exports the final products which are exempt from duty, can claim refund of CENVAT, the High Court observed that no contrary view had been brought to its notice and hence there was no reason to take a different view in the matter.

Concluding that there is no substantial question of law, the Revenue appeals were dismissed as being devoid of merits.

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	10.08.2018	03.08.2018	27.07.2018	20.07.2018	13.07.2018	06.07.2018	29.06.2018
ICS-101 (Bengal Deshi (RG) / Assam Comilla)	44800	44800	44800	44800	44800	44800	44800
ICS-201 (Bengal Deshi (SG))	45300	45300	45300	45300	45300	45300	45300
ICS-102 (V-797)	32000	32200	32000	31400	31600	31300	31500
ICS-103 (Jayadhar)	36400	35700	36200	36100	36300	36200	35900
ICS-202 (J-34)	46000	46000	46100	46500	46700	46100	45800
ICS-105 (LRA-5166)	46200	46200	46300	46700	46900	46200	46000
ICS-105 (H4-Mech 1 - Guj)	47200	46700	46600	46100	46500	45300	45800
ICS-105 (Shankar – 6 (Guj))	48300	48200	48100	47900	48000	46700	47000
ICS-105 (Bunny / Brahma)	49500	49100	48900	48800	48900	48000	48500
ICS-107 (DCH 32)	61400	62500	62000	61800	62000	61500	61000

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

Source: CAI

Cotton Yarn (Rs/Kg – Taxes Extra)

Count	10.08.2018	03.08.2018	27.08.2018	20.07.2018	13.07.2018	06.07.2018	29.06.2018
Hank Yarn							
20s	219	219	219	219	219	219	219
30s	236	236	236	236	236	236	236
40s	259	259	259	259	259	259	259
60s K	254	254	254	254	254	254	254
60s C	327	327	327	327	327	327	327
80s C	401	401	401	401	401	401	401
Cone Yarn							
20s	215	215	215	215	215	215	215
30s	225	220	220	220	220	220	220
40s	230	225	225	225	225	225	225
60s K	285	284	284	284	284	284	284
60s C	315	315	315	315	315	315	315
80s C	377	377	377	377	377	377	377

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

CIRCULARS ISSUED DURING THE FORTNIGHT

Sl. No	Cir.No	Date	To	Subject
1)	240-A/2018	1.8.2018	Member Mills in Andhra Pradesh	Order on additional surcharge by Andhra Pradesh Electricity Regulatory Commission (APEREC) -- reg
2)	241/2018	1.8.2018	All Member Mills	Points discussed at the meeting convened by the Ministry of Power to discuss draft amendments relating to CGP in Electricity Rules, 2005 – reg
3)	241-A/2018	2.8.2018	Member Mills in Tamil Nadu	TNPCB order on the installation of Mechanical Evaporator and Agitated Thin Film Dryer (ATFD) in the textile dyeing process – reg
4)	242/2018	4.8.2018	All Member Mills	Disposal of machinery by M/s. Sri Saravana Spinning Mills Limited
5)	243/2018	4.8.2018	All Member Mills	Representations by CITI on TUFs issues – reg
6)	244/2018	6.8.2018	All Member Mills	Release of subsidy under R-TUFs and RR-TUFs - reg.,
7)	245/2018	6.8.2018	All Member Mills	Open Auction for Sales of FP bales - reg
8)	245-A/2018	6.8.2018	Member Mills in Tamil Nadu	TANGEDCO - CE/NCES working instructions on the Tariff Order on Solar Power - reg.
9)	246/2018	6.8.2018	All Member Mills	TSC communication - Job fair at Odhisa State – Participation locations confirmation– request – reg
10)	247/2018	7.8.2018	All Member Mills	Weekly cotton prices for 30.7.2018 to 4.8.2018 - reg
11)	247-A/2018	8.8.2018	Member Mills in Tamil Nadu	Demise of former Chief Minister Dr.Kalingar M.Karunanidhi – GO issued by the Government of Tamil Nadu – reg
12)	248/2018	9.8.2018	All Member Mills	Increase in Customs Duty on textile items – reg
13)	248-A/2018	9.8.2018	Member Mills in Tamil Nadu	TANGEDCO – CFC(Revenue) - instruction regarding the collection of meter rent from OA customers – reg.
14)	248-B/2018	10.8.2018	Member Mills in Tamil Nadu	Tamil Nadu Warehousing Corporation Godown space available at Coimbatore Regional Warehouse limit–Utilising the facility by the required members– information -reg

15)	248-C/2018	11.8.2018	Member Mills in Tamil Nadu	Industry consultation Workshop for re validating the course content prepared under RSA-SAMARTH - reg
16)	249/2018	13.8.2018	All Member Mills	4th All India Cotton Conference organised by Indian Cotton Federation during August 17-18, 2018 at Hotel Le Meridien, Coimbatore
17)	249-A/2018	14.8.2018	Member Mills in Tamil Nadu	Consumer Price Index Numbers - Chennai City – June 2018
18)	249-B/2018	14.8.2018	Member Mills in Andhra Pradesh and Telangana	Consumer Price Index Numbers - All India – June 2018
19)	250/2018	14.8.2018	All Member Mills	Global Investors Meet 2019 – reg
20)	251/2018	14.8.2018	All Member Mills	Weekly cotton prices for 6.8.2018 to 11.8.2018 - reg
21)	252/2018	14.8.2018	All Member Mills	Revised Resolution on A-TUFS – reg
22)	253/2018	14.8.2018	All Member Mills	Minutes of the meeting held on 7.7.2018 on Tagging System on Cotton Bales