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NEWS HIGHLIGHTS

- ❖ **CHAIRMAN GREETES NEW SECRETARY(TEXTILES) ON ASSUMING OFFICE**
- ❖ **INDIA'S COTTON OUTPUT LIKELY TO FALL BY 3-4% - CAI**
- ❖ **INDIA PLANS STRATEGY TO DOUBLE EXPORTS BY 2025: MINISTER**
- ❖ **VIETNAMESE GARMENT SECTOR WOOS BACK FOREIGN INVESTORS**

REPRESENTATIONS

- ❖ Vide a letter dated 30.8.2018, Chairman of the Association, Mr.P.Nataraj congratulated Mr.Kumar Jayant, IAS., Principal Secretary to Government Handlooms, Handicrafts, Textiles and Khadi Department, Government of Tamilnadu on assuming office.
- ❖ In a letter dated 30.8.2018, Chairman of the Association, Mr.P.Nataraj has expressed his gratitude to Mr.Phanindra Reddy, IAS., who was with Handlooms, Handicrafts, Textiles and Khadi Department, Government of Tamilnadu as Principal Secretary for the services rendered by him for the textile industry. It may be noted that Mr.Reddy has now been posted as Principal Secretary / Director of Anna Institute of Management.

TEXTILE SCENE

India plans strategy to double exports by 2025: Minister

- ❖ Indian commerce and industry minister Suresh Prabhu recently chaired a meeting of exports stakeholders and commerce ministry officials to discuss a strategy to double exports by 2025, which is necessary due to uncertainty in global trade, rigid approach of banks affecting availability of credit, high logistics cost and productivity standards and qualities. Minister of state in the same ministry CR Chaudhary will chair the mission and will review the work of different export promotion councils and divisions of the ministry of commerce, according to an official press release. The Indian cabinet has approved the proposal of the department of commerce to pay

attention to 12 identified champion services sectors for promoting their development and realizing their potential. The agricultural export policy is in the process of being finalized after incorporating stakeholders' comments, the minister said. A commodity-specific strategy is being prepared for items like gems and jewellery, leather, textile and apparel, engineering, electronics, chemicals and petrochemicals, pharmaceuticals, agriculture and allied products, and marine products. A territory-specific strategy will cover North American Free Trade Agreement (NAFTA), Europe, North East Asia, ASEAN, South Asia, Latin America, Africa and WANA, Australia, New Zealand, and CIS. India must also look at boosting trade with smaller countries and explore new territories like Africa which has 54 countries but accounts for only 8 per cent of exports from India, the minister added

GLOBAL TEXTILE SCENE

Vietnamese garment sector woos back foreign investors

- ❖ Despite many Vietnamese garment firms facing significant hardships around a year ago because of orders being shifted to countries with low labour costs and tariffs, such as Cambodia and Bangladesh, the sector has bounced back after investing in technology and adjusting costs and inappropriate policies. A lot of large orders are now returning to the country. Bilateral and multilateral free trade agreements (FTAs) that the country has signed or is about to sign have also contributed to the trend, a news agency report said. Vietnam is at present involved in 16 FTAs. Business partners have returned to Vietnam after discovering that product quality and delivery times were not always ensured in other countries, according to the Vietnam Textile and Apparel Association (VITAS). Japan's Itochu Group recently bought an additional 10 per cent of shares in the Vietnam National Textile and Garment Group (VINATEX) by spending \$47 million. The purchase raised Itochu's stake in Vinatex to 15 percent, making it the second largest stakeholder behind the ministry of industry and trade. The Binh Duong province granted an investment licence worth \$25 million in March to a garment and textile project by Taiwan's Apparel Far Eastern Co. Singapore's Herberton Ltd. also recently carried out the Nam Dinh Ramatex Textile and Garment Factory project worth \$80 million in the Nam Dinh province. The factory is likely turn operational next year with a capacity of 25,000 tonnes of fabric of various kinds and 15 million clothing items a year, creating jobs for around 3,000. Vietnam is among the world's five biggest garment-textile exporters and producers.

RAW MATERIAL FRONT

India's cotton output likely to fall by 3-4%: CAI

- ❖ Cotton production is expected to witness a decline of 3-4 per cent this year to about 350 lakh bales due to deficit rainfall, decline in acreage, shift to other cash crops and pink bollworm attacks, according to Cotton Association of India (CAI) president Atul Ganatra. September and October

are crucial and will offer a real picture of production, he said. The association had estimated the cotton output for the ongoing season (October-September) at 365 lakh bales in its July estimate. Gujarat is facing 7 per cent rainfall deficit and the overall sowing of cotton in the country till August 27 stood at 116 lakh hectares compared to 124.50 lakh hectares in the same period last year, Ganatra said. The overall sowing is likely to reach 120 lakh hectares this season. In Andhra Pradesh, Maharashtra, Punjab and Karnataka, farmers have shifted from cotton to crops like soybean. In Maharashtra, the cotton crop in 7 lakh villages out of the 21 lakh cotton-growing villages has been found to be infested with the pink bollworm, he added.

Cotton Australia to use findings of study in agriculture

- ❖ Cotton Australia has welcomed the findings of a federal study into agricultural growth in Northern Australia. The Northern Australia Water Resource Assessment was led by the CSIRO and studied the potential growth areas for fibre and food production in Australia's north. Cotton Australia is the representative body for Australia's cotton growing industry. The study identified the potential for new dams, which could significantly boost the viability of irrigated cropping industries such as cotton. The report also found boosting agriculture in the region could provide thousands of new jobs and inject billions of dollars into the country's northern economy, according to a press release. According to Cotton Australia CEO Adam Kay, the study is good news for northern Australian farmers who are looking to move into growing higher value irrigated crops like cotton. "The future of irrigated agriculture in northern Australia is looking brighter thanks to this study. These findings provide further evidence for what the Australian cotton industry has long recognized and advocated: northern Australia is a valuable region for agricultural growth in this country, and cotton can play an integral role in forging this exciting new frontier," Kay said. "The cotton industry is already expanding into northern Australia, and the study's findings can now push that expansion further. The Australian cotton industry has for a long time invested in R&D in northern Australia with the aim of expanding where cotton can be successfully and viably grown," Kay added. "Cotton Australia looks forward to working with government and stakeholders to ensure the findings of this study don't fall of the radar, and that we see real and meaningful investment in agriculture in northern Australia. The sustainable development of irrigated agriculture in northern Australia will be critical if we are to reach the National Farmers' Federation target of \$100 billion of agricultural exports by 2030," Kay said.

Pink bollworm hits cotton in India's Maharashtra

- ❖ Around 700 villages in India's western state of Maharashtra have reportedly officially confirmed the outbreak of pink bollworm in cotton crop crossing the 'economic threshold limit'. An economic threshold is the insect's population level or extent of crop damage at which the value of the crop destroyed exceeds the cost of controlling the pest. The crossing of the threshold means that a sizable amount of the crop may be lost to the pest,

a news agency reported quoting a top government official in the state. Generally 21,000 villages in the state sow cotton. This year, 39.7 lakh hectares were covered under cotton cultivation compared to last year's 41.1 lakh hectares, the official informed. The economic threshold limit has crossed in 700 villages, mainly from Marathwada, Vidarbha and north Maharashtra regions. The state's cotton production this year could be around 365 lakh bales compared to 372 lakh bales in 2017

JUDGEMENTS

FCI ordered to regularize workers

The Supreme Court dismissed two appeals moved by the Food Corporation of India against the orders of the Madras High Court and the Kerala High Court and directed it to regularize workers who were earlier employed through contractors. In the Madras case involving 955 employees, the Court noted that they were doing perennial work for decades and were paid directly by the Corporation. Therefore, the Industrial Tribunal was right in regularizing them. The Kerala case was similar and the Industrial Tribunal rightly ordered regularizing the workers employed at different places in that State.

I-T - Unpaid tax dues of private company should not be recovered from its directors, without establishing that non-recovery is on account of misfeasance on part of directors in relation to affairs of company: HC

AHEMDABAD, AUG 31, 2018: THE ISSUE BEFORE THE DIVISION BENCH IS - Whether Section 179 permits lifting of corporate veil for recovery of unpaid tax dues of a private company from its directors, without establishing that non-recovery was on account of misfeasance or breach of duty on part of such directors in relation to affairs of company. **NO IS THE VERDICT.**

Facts of the case:

The assessee is an ex-director of one Brajvashi Caterers Private Limited. For the A.Y 2010-11, the AO passed an order of assessment in case of said company imposing demand of unpaid tax of Rs. 17.06 lacs. However, since the company did not pay the same, the AO desired to invoke section 179 and issued notice to the assessee requiring him to show cause as to why he should not be recovered for outstanding dues of the company in his capacity of Director. In response, the assessee opposed the notice contending that she had already resigned as Director from the company w.e.f. Dec 29, 2009. Since her resignation, she had no association with the company and the affairs of the company were managed by one Narendrasinh Chauhan along with his brother Kalpeshkumar Chauhan and another. The assessee explained that these directors had defrauded the company and the Revenue. Thus, it was pleaded that there was no negligence, misfeasance or breach of duty on her part as a director which led to revenue defalcation. The AO however, ignored such pleas and passed an order asking her to pay up dues of the company, observing that no provision was made by the company or any of its Directors to ensure payment of government dues which were bound to arise on account of deliberate and known acts of gross neglect, misfeasance and breach of duty by all directors of the company.

High Court held that,

++ it is noticed that section 179 would enable the Revenue to recover unpaid tax dues of a private company from its director, unless he proves that the non-recovery cannot be

attributed to any gross negligent, misfeasance or breach of duty on his part in relation to the affairs of the company. Of course this requirement is cast in the negative and the burden is on the person who was a director of the company at the relevant time to establish the relevant facts. Nevertheless, it would be the onus of AO to draw the primary facts to the notice of assessee on the basis of which, he proposes to invoke powers u/s 179 of the Act. Essentially, this statutory provision provides for lifting of corporate veil and enable the Revenue to recover the unpaid tax dues of a private company from its directors, provided the requirements referred to in sub-section (1) of section 179 are satisfied;

++ it is found that in the showcause notice, the AO has not laid down sufficient foundation for invoking section 179, leave alone broadly pointing out he has not even alleged that non-recovery was on account of gross negligent, misfeasance or breach of duty on part of assessee in relation to the affairs of the company. His final conclusions in the order are therefore based on the material at his command which was never shared with the assessee. In the result, the order passed by AO is set aside only on this ground making it clear that nothing stated in the order would prevent the AO from initiating fresh exercise for the same purpose, if so advised and, if the material at his command is sufficient to permit him to do so.

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	31.08.2018	24.08.2018	17.08.2018	10.08.2018	03.08.2018	27.07.2018	20.07.2018
ICS-101 (Bengal Deshi (RG) / Assam Comilla)	44500	44800	44800	44800	44800	44800	44800
ICS-201 (Bengal Deshi (SG))	45000	45300	45300	45300	45300	45300	45300
ICS-102 (V-797)	33200	33600	33300	32000	32200	32000	31400
ICS-103 (Jayadhar)	36400	36600	36200	36400	35700	36200	36100
ICS-202 (J-34)	45900	46100	45900	46000	46000	46100	46500
ICS-105 (LRA-5166)	46100	46300	46100	46200	46200	46300	46700
ICS-105 (H4-Mech 1 - Guj)	46600	46600	46700	47200	46700	46600	46100
ICS-105 (Shankar – 6 (Guj))	47700	47800	47700	48300	48200	48100	47900
ICS-105 (Bunny / Brahma)	48400	48400	48500	49500	49100	48900	48800
ICS-107 (DCH 32)	59000	59200	59500	61400	62500	62000	61800

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

Source: CAI

Cotton Yarn (Rs/Kg – Taxes Extra)

Count	31.08.2018	24.08.2018	17.08.2018	10.08.2018	03.08.2018	27.08.2018	20.07.2018
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	225	220	225	220	220	220
40s	230	230	225	230	225	225	225
60s K	285	285	284	285	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.	Circular No.	Date	To	Subject
1)	254/2018	16.8.2018	All Member Mills	Appeal to maintain Status Quo in the provisions of Captive Generating Plant and Electricity Rules 2005 – reg
2)	255/2018	16.8.2018	All Member Mills	Road Shows focussed on Apprenticeship at Coimbatore on 29th August 2018 –reg
3)	256/2018	16.8.2018	All Member Mills	Disposal of Travellers by M/s. Sree Narasimha Textiles (P) Ltd – reg
4)	257/2018	17.8.2018	Managing Directors of All Member Mills	SIMA TEXPIN 2018 - 12th CEO Conference – 7th September, 2018 at Coimbatore –reg
5)	257-A/2018	18.8.2018	Member Mills in Tamilnadu	Postponement of industry consultation Workshop for revalidating the course content prepared under RSA-SAMARTH – reg
6)	258/2018	18.8.2018	All Member Mills	ITMF Annual Conference 2018 – 7th-9th September 2018 in Nairobi, Kenya – reg
7)	259/2018	18.8.2018	All Member Mills	Appeal to contribute Chief Minister's Distress Relief Fund, Kerala - reg
8)	259-A/2018	18.8.2018	Member Mills in Tamilnadu	Wind and Solar Grievance Meeting at the Office of the Superintending Engineer, NCES, Udumalpet on 21/08/2018 -- reg
9)	260/2018	21.8.2018	All Member Mills	Disposal of machines by Sona Valliappaa Textile Mills (P) Limited
10)	261/2018	21.8.2018	All Member Mills	Weekly cotton prices for 13.8.2018 to 18.8.2018 - reg
11)	261-A/2018	22.8.2018	Member Mills in Tamilnadu	Requesting inputs on the Minutes of the meeting of India EU Sub Commission on Trade held on 15th October 2015
12)	261-B/2018	22.8.2018	Member Mills in Kerala	Consumer Price Index Numbers for June 2018
13)	262/2018	22.8.2018	All Member Mills	Details of contributions in terms of fund, material, etc., for the Kerala floods victims – reg
14)	263/2018	23.8.2018	All Member Mills	Inviting participation in IRANTEX 2018 in Tehran, Iran December 2-5, 2018
15)	264/2018	24.8.2018	All Member Mills	InnoTex 2018 – an Innovation Contest for T&C Sector – reg

16)	264-A/2018	24.8.2018	Member Mills in Tamilnadu	Meeting of State Level Advisory Committee on Tax Payers on 28.8.2018
17)	264-B/2018	24.8.2018	Member Mills in Tamilnadu	Re-scheduled date for the industry consultation Workshop for revalidating the course content prepared under RSA-SAMARTH – reg
18)	265/2018	27.8.2018	All Member Mills	Clarification regarding removal of restriction on Refund of accumulated Input Tax Credit on fabrics – reg
19)	266/2018	27.8.2018	All Member Mills	Road Shows focussed on Apprenticeship at Coimbatore on 29th August 2018 – Registration Form - reg
20)	267/2018	28.8.2018	All Member Mills	Weekly cotton prices for 20.8.2018 to 25.8.2018 - reg
21)	268/2018	30.8.2018	All Member Mills	CITI Global Textiles Conclave 2018 (CITI GTC18) – November 27-28, 2018 at New Delhi – reg
22)	269/2018	30.8.2018	All Member Mills	SIMA TEXPIN 2018 - 12th CEO Conference – 7th September, 2018 at Coimbatore – Updated programme details – reg
23)	270/2018	31.8.2018	All Member Mills	Suggestions on Pre-Budget Memorandum – 2019-20 – reg
24)	271/2018	31.8.2018	All Member Mills	Balance Sheet for the year 2017-18 - reg