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NEWS HIGHLIGHTS >>>

- ❖ RELAX RESTRICTION ON PF WITHDRAWALS - SIMA
- ❖ GOVT HARDENS STANCE ON COTTON SEED PRICE CONTROL
- ❖ ELECTRICITY TARIFF SLASHED 10 PAISE/ UNIT IN GUJARAT
- ❖ TAX BENEFIT FOR WIND MILLS

REPRESENTATIONS >>>

- ❖ In the context of TNERC issuing wind tariff order under 3 of 2016, the Association vide a letter dated 5.4.2016 sent to the Chairman & Managing Director, TANGEDCO, requesting to obtain necessary clarification, if any, from TNERC before issuing instructions to its field officials with regard to scheduling and system operating charges.
- ❖ Chairman of the Association, Mr.M.Senthilkumar sent a representation dated 7.4.2016 to Shri Bandaru Dattatreya, Hon'ble Union Minister of State for Labour & Employment (Independent Charge) requesting to relax the restriction for withdrawal of 3.67% of the employer's contribution.
- ❖ The Association vide a letter dated 11.4.2016 sent to the Chairman, Central Board of Direct Taxes, New Delhi seeking extension of the deduction under Section 32AC of the Income Tax to all asseesees including small & medium start-up businesses and giving them retrospective effect from April 1, 2016 i.e., for the assessment years 2016-17 and 2017-18.

MEETINGS >>>

African delegation visit to SIMA

- ❖ An African delegation consisting of Ms Belinda Edmonds, Executive Director, African Cotton and Textile Industries Federation, Kenya, Ms.Hanna Bucher and Mr Malco Matunga from International Trade Centre, Geneva visited SIMA on 12.4.2016 and had detailed discussion about the trade relationship, investments and long term association with SIMA for taking advices to develop cotton and cotton textile industry in India. Immediate Past Chairman, Mr T Rajkumar and Dr

K Selvaraju, Secretary General briefed about SIMA and its roles. The delegation has shown keen interest to have a tie-up in availing the services and support of SIMA. Mr. Rajkumar also briefed about SIMA CDRA activities and the kappas plucker machine. The delegation was impressed with the machine. Mr. Rajkumar gave a machine on a complimentary basis and the delegation has shown interest and keen to place order for the machine to benefit African cotton farmers.



GLOBAL TEXTILE SCENE >>>

WB: Cambodia growth remains robust

- ❖ Growth remains strong, estimated to have reached 7 per cent in 2015, led by the garment and the construction sectors, according to the World Bank's latest Cambodia Economic Update. In 2016, growth is expected to be around 6.9 per cent, making Cambodia one of the fastest growing countries in East Asia. There are downside risks to this outlook which may include continued appreciation of the US dollar, slower economic recovery in Europe, spillovers from a slowdown in the Chinese economy and potential labour market issues. Given the narrow production and export base and concentrated export markets in the European Union and US, the country is exposed to increased competition which gradually constrains growth. "Scaling up public investments to address key infrastructure bottlenecks and further improving the business climate will be important for Cambodia to remain competitive," said Alassane Sow, the World Bank's Country Manager for Cambodia. Following a slowdown in early 2015, garment exports rebounded in the second half of the year, ending at a nominal year-on-year growth rate of 12.3 per cent, compared with 9.2 per cent in 2014. Construction remained a main engine of growth in 2015, driven by sustained foreign direct investment into the sector. Growth in the tourism sector remained moderate despite a recovery in tourism activities in neighboring countries, particularly in Thailand and Vietnam. The total tourist arrivals in 2015 grew by 6.1 per cent

(reaching 4.78 million visitors), compared with 6.9 per cent growth in 2014. Slow improvement in rice yields largely caused by less favorable weather conditions and depressed agriculture commodity prices constrained growth in the agriculture sector. The Cambodia Economic Update highlights how the financial sector has supported economic growth in Cambodia over the past few years. Domestic credit accelerated by 27 per cent year-on-year in 2015. In the current context, strengthening banking supervision would be advisable to safeguard financial stability and sustainability. Recent measures such as the increase in capital requirements for financial institutions are welcome developments.

Lanka's Textured Jersey signs MoU for advanced textiles

- ❖ Sri Lankan textile major Textured Jersey Lanka PLC (TJ) recently signed a Memorandum of Understanding (MoU) with the University of Peradeniya (UoP) to expand the smart textile segment of the industry. The company will fund research on the development of advanced textile materials, conducted by an expert research team appointed by UoP, it said in a press release. The exercise has a long-term goal of taking the textile industry in Sri Lanka and the region to the next level. TJ will use the research done by the university to manufacture smart textiles, which will be the future of the industry in terms of opening up new markets and meeting the advancing needs of their current clients. “This is an exciting proposition for us and we look forward to working with the University to create some revolutionary changes in the industry,” said Sriyan de Silva Wijeyeratne, CEO of the TJ Group. The MoU between TJ and the UoP has a number of Research Projects lined up, i.e., textiles with antimicrobial properties, superhydrophobic stain resistant properties, anti-pilling properties, conducting yarns and antistatic properties as well as scratch-resistant and shape-memory properties. Some of the research projects would have the support of the National Science Foundation (NSF) with whom the University has signed a separate non-disclosure agreement. “More will be demanded of textiles in the future as consumer demands grow and apparel manufacturers are challenged to produce better precision fit garments for which the first raw material needed is the fabric. We are ready to meet the challenges of the market with the introduction of intelligent functionalities to our fabrics and products; at the same time encouraging new skill sets among our graduate students. This initiative is another step taken by us in furthering the weft knit textile industry”, Wijeyeratne said. The research team from the University's Faculty of Science is headed by Prof. R.M.G. Rajapakse, Senior Professor, Department of Chemistry, and Dr. S.S. Gunathilaka, Senior Lecturer of the Department of Chemistry. TJ will provide grants for five postgraduate students for their M.Phil./Ph.D. degrees to be employed as Research Assistants for each of the projects undertaken by the team. “As a premier university of the country, we are committed to help support our local industries by all means in order to improve their product qualities, decrease production costs and to increase profits obtainable so as not only to survive the industrial products in the future global market but also to create new products that present day society is demanding,” UoP Vice Chancellor, Prof. Upul B. Dissanayake said.

TEXTILE SCENE

- ❖ The Government has engaged the Indian Institute of Packaging (IIP), National Institute of Fashion Technology (NIFT) and National Institute of Design (NID) to upgrade the design and packaging of 40 shortlisted handloom fabrics and handicrafts in the country. The Mumbai-based IIP said in a press release that Maharastrian Paithani, Banarasi silk from Uttar Pradesh, Mysore silk from Karnataka, brass items and dokrametal craft from West Bengal and many such valued handloom and handicraft products from 18 states will now be available in export quality packaging. "We will soon start working on developing specialized packaging for these products with designing inputs from NIFT and NID. This initiative is an important step towards realizing the Make in India dream which our Prime Minister Narendra Modi has envisioned for India," N C Saha, Director, IIP said. While handloom industry is the second-largest employment provider for the rural population in India after agriculture, the handicrafts sector is one of the largest employment generators and accounts for a significant share in the country's exports. "In the modern marketing scenario, consumer goods are sold only due to good packaging as it enhances the value of the goods. India has a rich and varied heritage of handlooms and handicrafts and this initiative will surely help increase their export potential," Saha said. As a part of this initiative, IIP which is an apex body of the packaging industries, will also create training courses on specialized packaging in different languages for artisans from different minority communities involved in creation of handicrafts and handloom products. "India has a large talent pool of artisans, majority of them women. This initiative will thus help in skill development within minority communities," Saha said

ECONOMY

IMF cuts global growth forecast, warns of risk from Brexit

- ❖ The International Monetary Fund (IMF) said that the global economy faces wide-ranging threats from weak growth and rising protectionism, warning of possible "severe" damage should Britain quit the European Union. The Fund cut its global forecast for the third straight quarter, saying economic activity has been "too slow for too long," and called for immediate action by the world's economic powers to shore up growth. It said intensifying financial and political risks around the world, from volatile financial markets to the Syria conflict to global warming, had left the economy "increasingly fragile" and vulnerable to a turn towards recession. Seeing a fall in global trade and investment, the IMF cut its forecast for world growth trade and investment, the IMF cut its forecast for world growth this year to a sluggish 3.2 per cent, 0.2 percentage points down from its January outlook and down from the 3.8 per cent pace expected last July.

RAW MATERIAL FRONT

Govt hardens stance on cotton seed price control

- ❖ The government has hardened its stance on cotton seed price control, insisting that it will continue to regulate prices of cotton seed and will not allow companies like American agro-chemical major Monsanto to exploit farmers. Addressing a

two-day kharif conference in New Delhi, Agriculture Minister Radha Mohan Singh said asserted that the government would not allow "monopoly by seed and pharmaceutical companies" and would regulate prices of seeds and medicines, if required. Monsanto has been locked in a legal battle with the government since it issued an order to control cotton seed prices including trait or royalty value, effective from 2016-17 crop year (July-June). Mayhco Monsanto Biotech Ltd (MMBL), a joint venture firm of Monsanto, had challenged the government's seed control order in the Delhi High Court in December 2016. Last month, the government for the first time fixed a uniform price of Rs 800 per packet for Bt cotton seed including a small royalty of Rs 49 -- a move that will benefit farmers, but hit the Indian business of Monsanto. "It (Monsanto) is a good company. We respect them, but that does not mean you loot farmers and charge whatever price, because you have knowledge. Be it seed or pharma, we will continue to regulate prices, whenever required," PTI quoted Singh as saying. The trait value has been reduced by over 70 per cent for the season 2016-17 starting next month despite Monsanto's threat to quit the country. In March, Monsanto had warned of re-evaluating presence in India and holding back new technology if the government cuts trait fee of Bt cotton seeds drastically through "arbitrary and potentially destructive" interventions. MMBL has sub-licensed Bt cotton seed technology since 2002 to various domestic seed companies. Farmers bought Bt cotton seeds in the price range of Rs 830-1,000 per packet (450 gram) across the country in 2015-16 season. MMBL is also facing a probe by fair trade regulator Competition Commission of India (CCI) for alleged abuse of market dominance.

Govt wants GM cotton by 2017 to check Monsanto

- ❖ The government has asked the Central Institute for Cotton Research (CICR) to develop non-hybrid Bt cotton variety. With US-based seed giant Monsanto under fire in India over monopoly concerns, the government has expedited work to bring out a local genetically-modified version of cotton seed by next year, according to a PTI report. "The Central Institute for Cotton Research (CICR) has been doing research in GM cotton for quite some time now. In a recent meeting, the issue was discussed and CICR has been asked to expedite research work and come out with GM cotton as soon as by next year," Agriculture Secretary Shobhana K Pattanayak told the news agency. The direction to CICR has come at a time when pests like pink bollworm has developed resistance to Monsanto's second generation Bt cotton variety, Bollgard II, in some parts of India and caused crop damage. Monsanto's Bt cotton is the only GM crop allowed for commercial cultivation in India. A substantial level of the country's cotton contains Monsanto's hybrid technology, which has been sub-licensed to 49 Indian seed companies. The Competition Commission (CCI) is investigating whether an Indian arm of the US-based technology major resorted to anti-competitive practices in the GM cotton seed market. The CICR has also been asked to develop non-hybrid Bt cotton variety as they are a solution for the growing pink ballworm menace, another agriculture ministry official said

LABOUR FRONT

PF withdrawal norms

- ❖ Retirement Fund Body EPFO deferred till April 30 implementation of new norms that restrict 100 per cent withdrawal of provident fund by members after unemployment of more than two months, among others. The EPFO subscribers, who are out of job for more than two months, can file for full and final settlement of provident fund till month end. In view of practical difficulties faced in implementation of the notifications, the new provisions will come into effect from May 1, 2016, a circular by the Employees Provident Fund Organization (EPFO) said.

Labour inspection norms

- ❖ The Centre is simplifying the labour inspection process and will come out with a unified portal for online registration of units and reporting of inspections, Minister for Labour and Employment, Mr.Badaru Dattatreya said. “With an objective of simplifying business regulations and for bringing in transparency and accountability in labour inspections, the Ministry of Labour and Employment is revising the inspection scheme” he said. The Ministry is also developing a single unified portal for online registration of units, reporting of inspections, submissions of annual returns and redressal of grievances, he added.

Contract labour: CITU slams draft rules

- ❖ Central trade union CITU criticized the draft contract labour rules, which proposes a minimum wage of Rs.10,000 for contract workers, among others, and has demanded a minimum wage of Rs.18,000 for all. The draft rules that seek to modify some provisions of the Contract Labour Central Rules, 1971, were notified on March 30 by the Labour Ministry for seeking comments of stakeholders within a month’s time to formalize it. “At this juncture, the move by the Ministry is not at all a welcome one since it seeks to confuse as well as permanently sideline the major issue, pertaining to contract labour, being jointly raised by the entire trade union movement” CITU said in a statement.

POWER FRONT

KERC okays 9% hike in power tariff for FY17

- ❖ The Karnataka Electricity Regulatory Commission (KERC) effected a 48 paise per unit rise in power tariff for all the electricity supply companies (Escoms) in the State for 2016-17. The overall increase in tariff is 9% over the existing tariff. The revised tariff will come into effect from the electricity consumed from the first meter reading date falling on or after April 1, 2016, the KERC said. The average tariff increase approved by the regulator ranges from 15 paise to 50 paise per unit proposed by the Escoms for all categories of consumers, including consumers of irrigation pump sets and Bhagya Jyothi / Kuteer Jyothi scheme beneficiaries. The commission has allowed a marginal increase in fixed cost in the range of Rs.5 per KW/HP/ KVA to Rs.10 per KW / HP / KVA on all the LT & HT consumers.

Electricity tariff slashed 10 paise/ unit in Gujarat

- ❖ Gujarat Electricity Regulatory Commission (GERC) passed on the benefit of surplus revenues of the four discoms in the State to the consumers by reducing energy charges by 10 paise per unit for all residential consumers. For the LTMD

and HT category consumers, the Commission cut the tariff by 10 paise per unit and 14 paise per unit respectively after rationalization. The new tariff will be applicable from April 1, 2016.

JUDGMENTS

Tax benefit for wind mills

- ❖ The Supreme Court has allowed the appeal of Enercon (India) Ltd, which manufactures, sells, installs and commissions windmills, challenging the order of the Karnataka High Court against it upholding the demand of sales tax against the activities of the company. It had entered into a contract with Jindal Aluminium Ltd., Bengaluru, for installation of wind energy converters. Enercon sought exemption from payment of sales tax on the ground that as per the provisions contained in Entry 57 of Fifth Schedule to the Act, wind mills were exempted from payment of tax. The State revenue authorities conceded exemption for the wind mills, but maintained that the goods used for installation and execution did not get exemption. This was upheld by the High Court. Reversing the order, the Supreme Court stated that the work was indivisible. It said that “the work like foundation work, electrical work, commissioning, etc., was a series of activities and it was indivisible”.

INCOME TAX

Scrap sale proceeds not to form part of total turnover – (M/S Jagraon Exports Vs. C.I.T. (Supreme Court))

CENTRAL EXCISE

CESTAT has no legal authority to enforce its judgments - applicant advised to approach such fora which are endowed to compel such public authorities to observe judicial discipline (Mumbai, CESTAT)

Since demand against a firm can be equally enforced against partners, failure of Department to file appeals against individuals, will not have a bearing upon main appeals: Madras High Court

SERVICE TAX

No service tax on notional interest accrued on the security deposit received on providing immovable property on rent. (The Lake Palace Hotel and Motels P Ltd. vs. Commissioner of Central Excise (CESTAT Delhi))

EXPORT

Export of duty free goods procured along with export goods not mandatory under Notification No. 43/2001-CE (M/s Ambika Sovex vs. CCE (CESTAT New Delhi))
The CESTAT New Delhi in the above cited case held that procurement of duty free goods under notification no 43/2001 CE is subject to condition of the use of such goods in the manufacture or processing of goods to be exported. In the present case the PP bags procured free of duty under the above notification were used in packing export

goods. Merely not sending PP bags along with export goods for the sake of convenient loading of export goods would need lead to non-use of PP bags in processing (packing) of export goods because the notification nowhere require that the duty free procured goods to be exported.

Facts of the case:

The assessee procured PP bags without payment of duty in terms of Notification No. 43/2001-CE(NT) dated 26.6.2001 claiming that such bags used for packing of De Oiled Cake (DOC) to be exported.

The adjudication authority demanded duty not paid on such bags on the ground that at the port at the time of loading of goods on to the ship, DOC was taken out of these bags and loaded on the ship bulk and these bags were discarded as scrap at the port and therefore as the bags were not exported the duty foregone in terms of Notification No. 43/2001-CE(NT) became recoverable.

Aggrieved assessee preferred an appeal before tribunal.

Contention of the Revenue:

It was contended that in respect of DOC export by ships the PP bags were not exported and so the duty saved on its procurement became recoverable because without export of packing bags alongwith the DOC would lead to PP bags not used in manufacturing or processing of exported goods.

Held by CESTAT New Delhi:

The tribunal observed that notification no. 43/2001 issued under rule 19 provides that the manufacturer can procure excisable goods without payment of duty for the purpose of use in the manufacture or processing of export goods and their exportation out of India.

It is not in dispute that PP bags were procured duty free under the said notification and were used for packing the export goods and DOC packed in these bags was cleared to the factory for export.

The export goods reached the port in the same packing and it was only at the time of loading that possibly for the sake of efficient use of space, it was found useful to load DOC in bulk and therefore DOC was taken out of the bags and loaded on the ship and in the process bags were discarded.

But as per the condition stated in the above notification that the duty free procured goods must be used for manufacturing or/and processing goods to be exported has been safely fulfilled in the present case because the PP bags were used for manufacture/processing of the export goods as packing is certainly a process. Further, the notification nowhere requires that the duty free procured goods to be exported. Therefore, no duty can be demanded from assessee on PP bags. In result the appeal of assessee was allowed.

(Source: News papers, Government & pvt tax websites)

COTTON AND COTTON YARN PRICES

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

Price Behaviour

Cotton – Spot* (Rs/Candy)

Variety	14.4.2016	7.4.2016	1.4.2016	25.3.2016	18.3.2016	11.3.2016	4.3.2016
ICS-101 (Bengal Deshi (RG) / Assam Comilla)	30700	29100	29100	29100	29000	29300	29400
ICS-201 (Bengal Deshi (SG))	31200	29600	29600	29600	29500	29800	29900
ICS-102 (V-797)	20000	19100	18800	19000	18900	19800	20300
ICS-103 (Jayadhar)	26000	25100	24800	25000	24900	25300	25500
ICS-202 (J-34)	33600	32200	31900	31600	31600	32100	32100
ICS-105 (LRA-5166)	34600	33200	32900	32600	32600	33100	33100
ICS-105 (H4-Mech 1 - Guj)	33100	32500	32100	31500	31500	31900	32000
ICS-105 (Shankar – 6 (Guj))	34100	33200	32800	32200	32400	32900	32900
ICS-105 (Bunny / Brahma)	35900	34600	34200	33900	34300	34400	34200
ICS-107 (DCH 32)	49600	49000	48300	48300	48300	48400	48400

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

Source: CAI

Cotton Yarn (Rs/Kg – Taxes Extra)

Count	16.4.2016	8.4.2016	1.4.2016	25.3.2016	18.3.2016	11.3.2016	4.3.2016
Hank Yarn							
20s	180	180	180	180	180	180	180
30s	202	202	202	202	202	202	202
40s	225	225	225	225	225	225	225
60s K	247	247	247	247	247	247	247
60s C	319	319	319	319	319	319	319
80s C	374	374	374	374	374	374	374
Cone Yarn							
20s	157	152	152	152	155	155	155
30s	172	167	167	167	170	170	170
40s	192	187	187	187	190	190	190
60s K	240	235	235	235	238	238	238
60s C	275	270	270	270	273	273	273
80s C	365	360	360	360	363	363	363

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

CIRCULARS ISSUED DURING THE FORTNIGHT

Sl. No	Cir.No	Date	To	Subject
1	75/2016	1.4.2016	All Member Mills	FTP - Authorization of Textiles Committee to issue Certificate of Origin
2	76/2016	1.4.2016	All Member Mills	Disposal of non-moving spares by M/s. GTN Textiles Ltd, Aluva
3	76-A/2016	1.4.2016	Member Mills in Tamil Nadu	TNERC New Wind Tariff order No.3 of 2016 dt 31.3.2016
4	76-B/2016	2.4.2016	Member Mills in Tamil Nadu	TNERC order in RA No.06 of 2013 relating to wind tariff order 06 of 2012 dt.31.7.2012
5	77/2016	2.4.2016	All Member Mills	EPFO communications on EPF claim settlement
6	77-A/2016	2.4.2016	Member Mills in Karnataka	Power Tariff Revision in Karnataka for the year 2016-17
7	77-B/2016	2.4.2016	Member Mills in Andhra Pradesh	Revision of Power Tariff for the year 2016-17 by the Hon'ble APERC
8	77-C/2016	2.4.2016	Member Mills in Tamil Nadu	Next hearing on textile wage dispute case before Industrial Tribunal
9	78/2016	4.4.2016	All Member Mills	Data for All Industry Rates (AIR) of Duty Drawback for the year 2016-17
10	78-A/2016	5.4.2016	Member Mills in Tamil Nadu	TNERC Order on fixation of ABT meter
11	79/2016	5.4.2016	All Member Mills	Customs - Duty on goods imported from Japan reduced - notification
12	80/2016	5.4.2016	All Member Mills	CENVAT Credit - Dutiable and exempted goods
13	81/2016	6.4.2016	All Member Mills	Customs - Integrated Declaration replaces Bill of Entry
14	82/2016	6.4.2016	All Member Mills	Lists of eligible machinery under Amended TUF Scheme (A-TUFS)
15	83/2016	6.4.2016	All Member Mills	Open House every Wednesday in DGFT Offices
16	83-A/2016	6.4.2016	Member Mills in Andhra Pradesh	APERC Suo Motu Tariff order on wind power 2016
17	83-B/2016	7.4.2016	All Spinning Mills in Coimbatore, Tiruppur Districts of Tamil Nadu	Interaction Meeting on "Labour and Power related issues"
18	84/2016	8.4.2016	All Member Mills	FTP - Amendment in SION Norms - General Note No.15 for Textiles
19	85/2016	9.4.2016	All Member Mills	Training Programme for Spinning mill Fitter (Preparatory) by PSG-SIMA Textile Technical Training

20	86/2016	9.4.2016	All Member Mills	Minutes of the Sub Committee meeting held on 1.4.2016 to examine price data of seed cotton (kapas) and lint cotton and recommendations thereof
21	86-A/2016	9.4.2016	Member Mills in Tamil Nadu	Representation to TANGEDCO with regard to instruction for implementing wind tariff order 3 of 2016 with clarification in respect of scheduling and system operating charges
22	87/2016	11.4.2016	All Member Mills	Minutes of the 3 rd meeting of the TAMC under A-TUFS held on 30.3.2016 at Mumbai
23	88/2016	11.4.2016	All Member Mills	Ombudsman - Redressal of Grievances - Indirect taxes
24	88-A/2016	11.4.2016	Member Mills in Andhra Pradesh	Minimum rates of wages for "spinning mills" for the period 1.4.2016 to 30.9.2016
25	88-B/2016	12.4.2016	Member Mills in Tamil Nadu	Grant of paid holiday to employees on the day of Tamil Nadu Legislative Assembly election on 16.5.2016
26	88-C/2016	12.4.2016	Member Mills in Telangana	Minimum rates of wages for "spinning mills" for the period 1.4.2016 to 30.9.2016
27	88-D/2016	12.4.2016	Member Mills in Andhra Pradesh	Cancellation of Association circular No.81-A/2016 dt.11.4.2016
28	89/2016	12.4.2016	All Member Mills	African delegation visit to SIMA
29	90/2016	13.4.2016	All Member Mills	Indo-German Business Forum on 20 th April 2016 at Coimbatore
30	91/2016	13.4.2016	All Member Mills	Membership subscription for the year 2016-17 - Seeking particulars of annual turnover
31	91-A/2016	15.4.2016	Member Mills in Tamil Nadu	Consumer price index numbers - Chennai City - February 2016
32	91-B/2016	15.4.2016	Member Mills in Andhra Pradesh & Telangana	Consumer price index numbers - All India - February 2016
33	91-C/2016	15.4.2016	All Spinning Mills in Coimbatore & Tiruppur Districts of Tamil Nadu	Postponement of interaction meeting on "Labour and Power related issues" to April 22, 2016