



**GOVERNMENT OF INDIA
TARIFF COMMISSION**

REPORT
**On the Continuance of Protection to the
Artificial Silk and Cotton and Artificial
Silk Mixed Fabrics Industry**

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GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY

New Delhi, the 15th November, 1958.

RESOLUTION

Tariffs

No. 36(2)-T.R./58.—The Tariff Commission has submitted its Report on the continuance of protection to the Artificial Silk and Cotton and Artificial Silk Mixed Fabrics Industry on the basis of an inquiry undertaken by it under Sections 11(e) and 13 of the Tariff Commission Act, 1951. Its recommendations are as follows :—

- (1) Protection granted to the artificial silk and cotton and artificial silk mixed fabrics industry should be discontinued with effect from the 1st January, 1959.
- (2) The Textile Commissioner, while taking appropriate steps to bring all power-looms in legitimate operation to his register should discourage the installation of discarded looms.

2. Government accept recommendation (1) and steps will be taken in due course to discontinue protection to the artificial silk and cotton and artificial silk mixed fabrics industry with effect from the 1st January, 1959.

3. Government have taken note of recommendation (2) and steps will be taken to implement it to the extent possible.

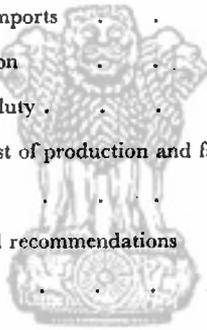
ORDER

ORDERED that a copy of the Resolution be communicated to all concerned and that it be published in the *Gazette of India*.

S. RANGANATHAN,
Secretary to the Government of India.

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REPORT ON THE CONTINUANCE OF PROTECTION TO THE ARTIFICIAL SILK AND COTTON AND ARTIFICIAL SILK MIXED FABRICS INDUSTRY

1. The artificial silk and cotton and artificial silk mixed fabrics industry was granted protection for the first time in 1934, as incidental to the scheme of protection devised for the cotton textile industry. When protection to cotton fabrics was discontinued from 1st April, 1947,

Introduction

Government decided to continue protection received by the artificial silk fabrics industry pending a detailed inquiry by the Tariff Board. Since then these fabrics have been the subject of three separate inquiries in 1949, 1951 and 1955. Protection given on the basis of the recommendation in the Report of 1955 is due to expire on 31st December, 1958. The present inquiry was, therefore, undertaken in pursuance of Section 11 (e) read with Section 13 of the Tariff Commission Act, 1951 under which the Commission is empowered to enquire into and report on any further action required in relation to the protection granted to an industry with a view to its increase, decrease, modification or abolition according to the circumstances of the case.

2. The scope of the present inquiry is the same as it was on the last occasion and covers all artificial silk fabrics including mixed fabrics and textile manufactures made out of rayon yarn and all synthetic yarns such as nylon, staple fibre yarn, etc.

Scope of the inquiry

3.1. Questionnaires were issued in February 1958 to all known associations of producers of artificial silk fabrics, individual producers who were not members of any of the associations and importers. A press note was also issued on 11th February, 1958 inviting producers, importers and dealers of artificial silk fabrics, and various trade associations to obtain copies of the relevant questionnaires and to send their replies. The Textile Commissioner was requested to furnish a memorandum on the present position of the artificial silk fabrics industry, while the Development Wing was addressed for a memorandum on the rayon yarn industry with reference to its present position and plans for expansion. Directors of industries in the several States were addressed for information on the present position of the industry in their respective areas. Collectors of Customs were requested to furnish information regarding c.i.f. prices and landed costs of artificial silk fabrics covered by the scope of the inquiry. Letters were also sent to the following organisations for information on specific issues :—

Method of inquiry

- (i) The All India Handloom Board, Bombay ;
- (ii) The Indian Standards Institution, Delhi ;
- (iii) The Development Council for the Artificial Silk Fabrics Industry, Bombay ;

- (iv) The Silk and Rayon Textiles Export Promotion Council, Bombay ;
- (v) The Silk and Art Silk Mills' Research Association, Bombay ;
and
- (vi) The Collector of Central Excise, Bombay.

A list of firms/bodies/associations to whom questionnaires were issued and from whom replies or memoranda were received is given in Appendix I.

3.2. Dr. S. K. Muranjan and Shri J. N. Dutta, Members of the Commission, visited the factories of Swadeshi Industries Ltd., and Pravati Textile Mills Ltd., Calcutta on 7th May, 1958. Shri J. N. Dutta and Shri R. S. Bhatt, Members, visited the factory of Khanna Silk Mills Private Ltd., and a few small scale factories in Amritsar on 2nd June, 1958. The Members of the Commission visited the factories of National Rayon Corporation Ltd. and Century Rayon at Kalyan (Bombay) on 6th June, 1958. They also visited the factories of Jasmine Mills Private Ltd., and Bipin Silk Mills Co. (Private) Ltd., Bombay on 11th June, 1958. Shri B. R. Sehgal, Director (Investigations), also visited the factories of Bipin Silk Mills Co. (Private) Ltd., and Jasmine Mills Private Ltd., Bombay on 17th and 20th March, 1958 respectively.

3.3. The Commission selected the following four factories for the purpose of examination of cost of production of artificial silk fabrics :

- (i) Bipin Silk Mills Co. (Private) Ltd., Bombay ;
- (ii) Jasmine Mills Private Ltd., Bombay ;
- (iii) Garden Silk Weaving Factory, Surat ; and
- (iv) Khanna Silk Mills Private Ltd., Amritsar.

The names of the Cost Accounts Officers and the dates on which they examined the cost data of these factories are given below :—

Name of the factory	Name of Officer	Dates of visit
1. Bipin Silk Mills Co., (Private) Ltd., Bombay.	Shri S. V. Rajan, Cost Accounts Officer.	14th, 15th and 18th April and 2nd May, 1958.
2. Jasmine Mills Private Ltd., Bombay.	Ditto	26th, 29th and 30th April and 5th May, 1958.
3. Garden Silk Weaving Factory, Surat	Shri U. R. Padmanabhan, Asstt. Cost Accounts Officer.	7th to 10th April, 1958.
4. Khanna Silk Mills Private Ltd., Amritsar.	Shri A. R. Srinivasan, Asstt. Cost Accounts Officer in the Office of Chief Cost Accounts Officer, Ministry of Finance, New Delhi.	13th to 17th May, 1958.

3.4. A public inquiry was held on 17th June, 1958 in the Commission's Office in Bombay. A list of persons who attended the inquiry is given in Appendix II.

4. The ancillary recommendations made by us in our last Report and the extent to which they have been implemented are indicated below :

Implementation of the ancillary recommendations made in 1955.

4.1. "The request of the artificial silk fabrics industry for the establishment of a Development Council should be given sympathetic consideration."

A Development Council for this industry was set up in July 1955.

4.2. "In formulating the import control policy Government should take into account the capacity of the indigenous artificial silk yarn industry, its actual production and the estimate of domestic demand for yarn."

"In framing the import control policy for artificial silk yarn due account should be taken of the domestic capacity for acetate yarn and actual production of such yarn."

Government informed us that the capacity, demand and production of the domestic art silk yarn industry were taken into account in framing the import control policy and that there has been a severe cut since January 1957 for the conservation of foreign exchange.

4.3. "The import control policy in regard to artificial silk yarn should be so administered as to prevent recurrent shortages of the material."

Government accepted this recommendation. Since January 1957, however, severe restrictions on imports have been imposed on account of strained foreign exchange situation. The administration of import control policy is discussed in paragraph 7.

4.4. "If the proposed liberalisation of import policy does not result in the desired stability of prices of artificial silk yarn, Government should examine the possibility of utilising their powers under the Forward Contracts (Regulation) Act, 1952, to control speculation in artificial silk yarn."

Government had informed us that they had taken note of this recommendation.

4.5. "The domestic requirements of cotton linters should be taken into account while allowing exports."

Government have informed us that exports of cotton linters are allowed only after taking into account the requirements of the indigenous acetate yarn industry.

5.1. At the time of the last inquiry, there were in existence 1,849 units producing art silk fabrics with 37,727 powerlooms. With the application of the Essential Commodities Act, 1955 in December 1956 to art silk and staple fibre fabrics, registration of powerlooms became compulsory and according to the data available, the number

Structure and present position of the industry

of units has now increased to 3,883 and powerlooms to 44,500. The striking growth in the number of units as compared with the slow expansion of loomage indicates that there has been in operation in this sector of the industry a strong trend to fragmentation, presumably to take advantage of exemption from excise duties to units with 9 or less than 9 looms. It was argued at the public inquiry that the addition to loomage might have taken place almost entirely in the form of small units. Even if it were assumed that the whole of the addition to powerlooms took place in units of 1-9 looms, it would not account for the entire addition of new units. The tendency to fragmentation was confirmed by the representative of the Central Excise Department who informed us that the revenue from excise on powerlooms discloses an unmistakable falling trend. While we are aware that such fragmentation of joint family, partnership and other concerns is approved of by State Governments and valid according to existing law, we must stress here the fact that fragmentation has serious consequences for the quality of the product, control of distribution of raw material and enforcement of legal obligations regarding excise duties, protection of labour, etc. The magnitude of the problem will be appreciated when it is found that there has been over 100 per cent. increase in the number of units in this sector. The Statewise and loomwise distribution of the powerlooms units is given below.



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5.2. At the time of the last inquiry it was reported that there were 26 cotton textile mills which had set apart 4,080 looms for the manufacture of art silk fabrics. The Textile Commissioner has now stated that out of these 26 units only 10 are registered under the Industries (Development and Regulation) Act, 1951 and that the number of looms utilised for the weaving of art silk fabrics is 908.

5.3. The Silk & Art Silk Mills' Association, Bombay estimates that over and above the registered looms, there are 8,000 others which have escaped registration till now. It is explained that non-registration is due to failure to notify to the authorities by the last date fixed for the purpose. It is also reported that it is the practice in certain regions for ex-mill weavers to set up scrapped and discarded looms obtained from textile mills as new units. Whatever the true cause, the existence and large number of these looms are not in doubt and we recommend that the Textile Commissioner while taking appropriate steps to bring all powerlooms in legitimate operation to his register, should discourage the installation of discarded looms.

5.4. An important segment of this industry is composed of handlooms which were estimated to number 150,000 at the last inquiry. According to the recent figures supplied by the All India Handloom Board, 45,209 handlooms are at present employed in the manufacture of art silk fabrics and 50,923 in that of mixed fabrics. It was agreed at the public inquiry that in assessing capacity, 4 handlooms may be equated to 1 powerloom in the case of art silk fabrics and that the corresponding ratio for mixed fabrics is 8:1. In terms of powerlooms, therefore, 11,300 looms are engaged in the handloom sector in the manufacture of art silk fabrics and 6,300 looms in that of mixed fabrics.

5.5. In March 1956, Government announced their decision not to allow any further additions to the existing number of powerlooms. At about the same time, they also issued a press note indicating that applications from uneconomic units for expansion would be considered with a view to determining whether limited expansion of such units could be allowed. It is understood that the matter has been dropped on account of the present difficult balance of payments position.

6.1. *Installed capacity.*—We received several estimates of the capacity of the industry which were discussed fully at the public inquiry.

Installed capacity and production From what has been stated in the foregoing paragraphs, the number of powerlooms in operation are 71,008 composed of as follows :—

	Number of looms
Registered looms	44,500
Cotton textile mill looms	908
Powerlooms equivalent of handlooms—	
(i) Art silk	11,300
(ii) Mixed fabrics	6,300
Unregistered	8,000

The consensus of opinion at the public inquiry was that since our fabrics show a marked improvement in quality and variety of patterns, the average output per loom shift should be taken at 22 yards as against 25 at the last inquiry. On this basis and assuming 300 working days in a year the capacity of the industry on single shift works out to about 470 million yards.

6.2.1. *Production.*—The Textile Commissioner could furnish figures of production of not more than 55-56 per cent. of the powerlooms registered with him. The figures of production furnished by seven associations also suffer from incomplete coverage. As a matter of fact, the production figures of the associations are about the same as those given by the Textile Commissioner. One of the reasons why complete data are not available is that till recently art silk fabric units were under no obligation to furnish to Government periodical returns of their production. However this lacuna has since been rectified. By the Ministry of Commerce and Industry Notification No. S.O. 1149 dated 11th June, 1958 all powerloom units weaving cloth out of art silk yarn or staple fibre yarn are now required to submit monthly returns of production of art silk/staple fibre fabrics and consumption of art silk/staple fibre yarn.

6.2.2. In the absence of reliable returns of output even for the better organised sector of the industry, the only firm basis for estimating production is the quantity of yarn available for weaving from year to year. We give below the domestic production and imports of all kinds of yarn for the most recent years.

(.....Indigenous production.....)

(In million lbs.)

Year	Viscose	Acetate	Staple fibre (cotton mills)	Imports
1954	11.063	0.851	29.118	42.219
1955	12.837	2.328	28.021	46.839
1956	16.681	3.166	43.957	59.869
1957	21.387	3.598	34.660	46.860

In 1957, the quantity of yarn available for all purposes was 24.985 million lbs. of viscose and acetate yarn from domestic production 46.86 million lbs. from imports and 34.66 million lbs. of staple fibre yarn of domestic origin. It is estimated that 15 per cent. of viscose and acetate yarn is consumed for purposes other than manufacture of fabrics like hosiery, mantles, etc. On the basis of 6 yards of fabric per lb. of yarn and without making allowance for stocks, production for 1957 (from yarns other than staple fibre) may be placed at 366 million yards against

the total single-shift capacity of 470 million yards stated above. It may be recalled that the consumption of yarn in our last Report for power-looms and handlooms was estimated at 50 million lbs. which is equivalent to 300 million yards.

7.1. The principal raw material for the manufacture of artificial silk fabrics is viscose or acetate yarn. There are at present three units, namely, National Rayon Corporation Ltd., and Century Rayon Ltd., Bombay and Travancore Rayons Ltd., Kerala which produce viscose yarn and Sirsilk Ltd., Andhra which manufactures acetate yarn. The raw materials required for production of viscose yarn are wood pulp which is entirely imported at present and caustic soda which is available within the country. Acetate yarn requires as its raw materials cotton linters and alcohol both of which are obtainable from domestic sources.

7.2. The installed capacity of the three producers of viscose yarn mentioned above is 29.90 million lbs. and they have received licences for increase of capacity by 10.4 million lbs. Century Rayon (4.8 million lbs.) expects to achieve its increase of capacity during the current year while National Rayon (4.0 million lbs.) whose expansion is meant exclusively for manufacture of tyre-cord expects to complete its expansion only in 1960. It is, however, understood that the expansion plan of the third unit, namely, Travancore Rayon (1.6 million lbs.) is not likely to be completed before the end of 1960. Four new units with an aggregate licensed capacity of 28 million lbs. are scheduled to commence production towards the end of 1959 or during 1960.

7.3. As regards acetate yarn, the present installed capacity of Sirsilk Ltd. is 4 million lbs. Its plans to increase its capacity by another 4 million lbs. have not made any progress.

7.4. In paragraph 6.1 we have estimated the present single shift capacity of the industry at 470 million yards. On the basis of 6 yards per lb., the yarn requirements of the industry may be placed at about 80 million lbs. for single shift working. The Development Wing and the Textile Commissioner estimate the present requirements of the industry at 85 million lbs. and 75 million lbs. respectively while both expect them to increase to 100 million lbs. by 1960. The Rayon Yarn Manufacturers place the current requirements between 65 and 75 million lbs. and the future requirements between 80 and 100 million lbs. The Silk and Art Silk Mills' Association, Bombay has estimated the requirements at 100 million lbs. for internal consumption and 12 million lbs. for export. It is clear that there is a broad agreement among these estimates emanating from different sources.

7.5. If 80 to 100 million lbs. are accepted as our current requirements of viscose and acetate yarns, the figures given in paragraph 6.2.2. make it clear that even for one-shift working the industry depends upon the bulk of needed supplies on imports from outside. The present trend of import policy is clearly towards further restriction on these imports. Established importers have ceased to receive licences from

July 1957. Actual users who cover broadly all manufacturers are licensed a quota per loom per shift per day which has been progressively reduced from Rs. 8.50 approximately in July-December 1955 to Rs. 2 for the October 1957-March 1958 period and which was further subject to an overall ceiling of Rs. 2.35 crores for the October 1957-March 1958 period. At a price of Rs. 3.5 per lb. an overall ceiling of Rs. 2.35 crores is equivalent to about 6.7 million lbs. For a twelve months period, therefore, not more than 13.4 million lbs. may be expected from outside. We are aware that licences are given for import of synthetic yarns like nylon and perlon in substitution of viscose yarn upto 50 per cent. of the value of licence within the overall ceiling figure and it is understood that a number of manufacturers, big and small, have been taking advantage of this concession. Such permission is granted to those mills which have used such yarns in the past or have installed special equipment for such synthetic yarns.

7.6. It has been represented to us that a single shift working is hardly economic and that two shifts may be desirable. If this is accepted the gap between the capacity of the industry and prospects of its utilisation is very wide. The yarn requirements of the industry on single shift are approximately 80 million lbs. while the domestic output of viscose, acetate and staple fibre yarns during 1957 was only about 60 million lbs. In regard to scheduled expansion of the yarn capacity, as stated in paragraph 7.2., an addition of not more than 4.8 million lbs. is to be expected for purposes of fabric manufacture from existing units, while newly licensed units will go into operation only in 1960 and perhaps, even later.

7.7. In view of this position regarding yarn, the manufacturers of yarn have on the advice of the Textile Commissioner agreed to an interim scheme of distribution, the broad features of which may be described thus. The manufacturers deliver 70 per cent. of their output to actual users who are on the list of their customers on the basis of their purchases during recent years. The balance of 30 per cent. is allocated to dealers who have to sell 5 per cent. to newcomers *i.e.*, actual users whether members of associations or not, and the balance in proportion to their share in imported rayon yarn to handloom weavers and manufacturers of mantles, hosiery, etc. Manufacturers are not to charge for 3rd, 4th and 'rejected' qualities more than the price fixed for the corresponding 2nd quality and must ensure that the ultimate user has not to pay more than the price of the producer plus freight plus annas 3 per lb.

7.8. We examined and discussed this scheme of distribution in great detail and we invite Government's attention to the following points. It is obvious that a scheme like the one outlined above could only be an interim measure. It suffers from certain drawbacks which have to be removed as early as circumstances permit. First, under this scheme in allocating domestic yarn, no account is taken of the import quotas already held by the users. Secondly, whatever the situation in 1952 and thereafter, in view of the new situation created entirely by Government's exchange and import policies, past purchases do not offer a

fair basis for distribution as compared with genuine need as measured by loom-shift. It is of course true that loom-shift basis has its own complications among which must be reckoned the control of powerlooms or powerloom units by textile mills or other powerloom units. Thirdly, the extent to which staple fibre yarn is mixed with or substituted for other weaving yarn is another important consideration in the allocation of raw material. Finally, it would be also desirable to inquire into the extent to which yarn obtained by actual users finds its way into the open market for legitimate interchange of deniers and how far such activity leads to anti-social consequences.

7.9. If for any reasons, it is not considered desirable to evolve a full scheme of controlled distribution, other measures must be devised. As are silk fabrics are a luxury or semi-luxury even for low income classes there is no reason why a tax on consumption which already exists in the form of excise duty should not be suitably enhanced to mop up excessive profits which arise both at the yarn and fabric stages as indicated by market prices. Excise duty is already levied on art silk yarn as well as art silk fabrics, but the scheme of levy on fabrics leaves certain loopholes which enable nearly 76 per cent. of the units or 24 per cent. of powerlooms to escape duty. Particulars regarding the current rates of excise duty on yarn and fabrics are given in Appendix III.

8. In our last Report (1955) we had estimated the domestic demand for art silk fabrics at 300 million yards. In connection with the present inquiry, we have received several estimates varying between 300 to 450 million yards—which apparently have left out the use of staple fibre for these manufactures. In view of the present trend of import restrictions and foreign exchange situation, it appears unlikely that the acute raw material position of the industry could be relieved till sometime after 1960. We, therefore, make no attempt to forecast the demand for the immediate future. Our discussion about capacity and current level of production in the previous paragraphs should be sufficient indication of the likely magnitudes which have to be borne in mind in this connection.

9.1. As regards domestic viscose yarn which falls between deniers 100 and 150 consumers appear to be generally satisfied with its quality and some have even stated that it compares well with the imported product. All are agreed that there is still much scope for further improvement, particularly in the case of Travancore Rayons Ltd. Some doubt has also been expressed about its suitability for high speed warp machines. The Development Wing has drawn attention to complaints about abrasion resistance and dimensional stability. As regards acetate yarn, complaints have been received about its unusability for warp and there is a consensus of opinion that much greater efforts are needed to improve its quality.

9.2. As regards fabrics, all interests are agreed that the years between the last inquiry and now have witnessed a remarkable improvement in quality. In particular the variety and designs of these fabrics have made a striking stride and the industry is now in a position to

face its foreign competitors with confidence on these points. The machinery employed by some of the bigger units is of the latest type and corresponds to the progress in variety and designs of the fabrics.

10. Not much progress has been made with prescribing standard specifications for yarns or fabrics. In the case of yarn, the relevant Sectional Committee of the Indian Standards Institution has finalised standards relating to Linear Density (Mass per unit length). Twist, Dry and Wet Strand Strength and Elongation of Continuous Filament and Commercial Weight. As regards fabrics, we had stated in our last Report that the work of formulating of standards for fabrics was in progress. The I.S.I. now informs us that standardisation of specifications is "in progress but not published".

11.1. *Import control policy.*—Fabrics containing more than 90 per cent. of artificial silk are covered by item No. 185 of part IV of I.T.C. Schedule while fabrics containing not more than 10 per cent. silk but more than 10 per cent. and not more than 90 per cent. art silk are covered by item No. 190 *ibid.* The quota allowed to established importers is generally a joint quota for the fabrics covered by the two items. The following is the summary of the policy for the above fabrics for the licensing periods from July-December 1955 to July-December 1956.

Period	Quota for established importers	
	Item No. 185	Item No. 190
July-December 1955	20 per cent.	20 per cent.
January-June 1956	20 per cent.	20 per cent.
July-December 1956	10 per cent.	10 per cent.

Since 1st January, 1957 the imports of artificial silk fabrics have been banned but special imports are allowed to exporters of fabrics under the Export Promotion Scheme. During the licensing period January-June 1957 applications from established importers for import of art silk fabrics were considered against their actual export after 31st December, 1956, of Indian art silk fabrics provided they had not claimed a licence separately for import of art silk yarn. The value of the import licence was limited to one-tenth of the f.o.b. value of actual exports of Indian art silk fabrics but for this purpose exports to Nepal, Tibet, Sikkim, Bhutan and Portuguese possessions in India were not taken into account. Licences were granted only after exports had taken place and applications were to be made every quarter or on a half yearly basis as was convenient. Additional evidence had to be furnished along with the application proving that payment in respect of the exported consignment had actually been received. One of the conditions for grant of these licences was that re-import of the exported consignment of art

silk fabrics, against which a licence was being sought under this provision, was not allowed, and for this purpose, the licensing authority was required to obtain an affidavit from the applicant. During the quarter July-September 1957 the same policy was continued except that the percentage of foreign exchange for which import licences for art silk fabrics were to be granted to exporters of the fabrics was increased from 10 per cent. to 50 per cent. For the subsequent licensing period October 1957—March 1958 the licensees (*i.e.* exporters of fabrics) were allowed to import fabrics upto 15 per cent of the face value of the licence under Export Promotion Scheme. The total value of the licence was calculated on the basis of the f.o.b. value of the art silk goods exported, 66 2/3 per cent. in the case of Indian art silk sarees and 100 per cent. in the case of other Indian art silk fabrics including Indian art silk hosiery goods. Further, an additional provision was made for issue of licences for import of art silk fabrics by art silk mills in anticipation of exports subject to their furnishing a bond acceptable to the licensing authorities. The same policy is continued for the current licensing period, namely, April-September 1958.

11.2. *Imports.*—Statistics of imports of piecegoods made entirely of artificial silk and goods made of artificial silk mixed with other materials during the years 1954, 1955 and 1956 were as follows :—

Description	1954		1955		1956	
	Quantity (Million yards)	Value (Lakh Rs.)	Quantity (Million yards)	Value (Lakh Rs.)	Quantity (Million yards)	Value (Lakh Rs.)
Piecegoods made entirely of art silk	4.64	99.96	8.79	168.90	7.47	138.29
Goods of artificial silk mixed with other materials	0.41	11.23	0.14	4.77	0.26	7.52
TOTAL	5.05	111.19	8.93	173.67	7.73	145.81

Since 1st January, 1957 imports are recorded in greater detail. The imports for the year 1957 and the first half of 1958 were as given below :

Description	1957		1958 (Jan.—June)	
	Quantity (Million yards)	Value (Lakh Rs.)	Quantity (Million yards)	Value (Lakh Rs.)
	1	2	3	4
Sarees entirely of art silk	0.062	1.28	..	..
Piecegoods entirely of art silk NES	0.994	23.95	0.030	0.67
Fabrics containing over 90% art silk NES	1.169	27.56	0.423	8.51

	1	2	3	4
Art silk fabrics 50% or more cotton	0.008.	0.22	0.001	0.02
Art silk fabrics below 50% cotton	0.018	0.45	0.003	0.13
Mixed art silk piecegoods NES	0.137	2.93	0.001	0.02
TOTAL	2.388.	56.39	0.458	9.35

12.1. Our exports have been steady in the neighbourhood of 3.5 million yards since the important Pakistan market was closed to the industry by import restrictions. More than 2 million yards is absorbed by Ceylon and the Middle East countries. Our main competitors in exports are Japan and Italy. Statements showing the exports and re-exports of art silk piecegoods for the years 1953-54, 1954-55, 1955-56, 1956 (April-December), 1957, and the first half of 1958 are given in Appendix IV.

12.2. Government have taken steps to promote exports of art silk fabrics by grant of drawback of duty on imported yarn, refund of excise duty and grant of import licences for yarn against corresponding exports. The latest amended rules of May 1958 governing the drawback of import duty divide fabrics according to deniers into five classes and fix the drawback starting with Rs. 2 per lb. of fabrics for yarn below 75 deniers and ending with Rs. 1.12 per lb. of fabrics for yarn above 175 deniers. Rebate of excise duty on exported fabrics is regulated according as excise duty has been paid on square yard or compounded (loom) basis.

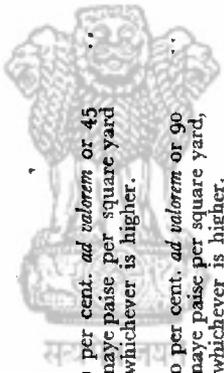
12.3. Import licences for permissible varieties of yarn against f.o.b. value of exports have been in operation on and from 1st January, 1957. For art silk sarees the licences granted are for 66 2/3 per cent. of the f.o.b. value only while 100 per cent. is allowed against all other fabrics including hosiery goods. 10 per cent. of licence value may be utilised for spare parts of machinery used for manufacture of art silk products and upto 15 per cent. more for imports of fabrics. The details of the Export Promotion Scheme are given in Appendix V.

12.4. The Silk and Rayon Textile Export Promotion Council is exploring markets in the Middle East and African countries.

13. Relevant extracts from the First Schedule to the Indian Tariff Act, 1934 relating to artificial silk fabrics are given below.

Existing rates of protective duty

Item No.	Name of Article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom	A British Colony	Burma	
1	2	3	4	5	6	7	8
48(1)	Fabrics, not otherwise specified, containing more than 90 per cent. of artificial silk.	Protective	80 per cent. <i>ad valorem</i> or 45 naye paise per square yard whichever is higher.	..	..	15 per cent. <i>ad valorem</i> .	December 31st 1958.
	(a) of British manufacture	Protective	100 per cent. <i>ad valorem</i> or 90 naye paise per square yard, whichever is higher.	..	..	..	December 31st 1958.
	(b) not of British manufacture.	..	..	..	..	20 per cent. <i>ad valorem</i> plus the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty.	..
48(4)	Fabrics, not otherwise specified, containing more than 10 per cent. and not more than 90 per cent. silk.	Protective	100 per cent. <i>ad valorem</i> plus Rs. 3 per lb. plus the excise duty for the time being leviable on like articles if	..	..	..	December 31st, 1958.
	(a) containing more than 50 per cent. silk or artificial silk or both,	..	..	..	..	..	..



produced or manufactured in India, and where such duty is leviable at different rates, the highest duty.

(b) containing not more than 50 per cent. silk or artificial silk or both.

(i) Containing more than 10 per cent. artificial silk.

Protective

100 per cent. *ad valorem* or Rs. 3 per lb., whichever is higher, plus the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty.

December 31st, 1958.

(ii) Containing no artificial silk or not more than 10 per cent. artificial silk.

Protective

100 per cent. *ad valorem* plus the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty.

December 31st, 1958.

4B(5) Fabrics, not otherwise specified, containing no silk or containing not more than 10 per cent. silk but more than 10 per cent and not more than 90 per cent. artificial silk.

15 per cent. *ad valorem* plus the excise duty for the time being leviable on like articles if produced or manufactured in India and where such duty is leviable at different rates, the highest duty.

1	2	3	4	5	6	7	8
(a) containing 50 per cent. or more cotton—	(i) of British manufacture.	Protective	80 per cent. <i>ad valorem</i> or 35 naye paise per square yard, whichever is higher, plus the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty.	..	..	..	December 31st, 1958.
(ii) not of British manufacture.	Protective	100 per cent. <i>ad valorem</i> or 70 naye paise per square yard, whichever is higher, plus the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty.	..	..	..	..	December 31st, 1958.
(b) Containing no cotton or containing less than 50 per cent. cotton—	(i) of British manufacture.	Protective	80 per cent. <i>ad valorem</i> or 45 naye paise per square yard, whichever is higher, plus the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty.	..	..	..	December 31st, 1958.

December 31st, 1958.

..

..

..

100 per cent. *ad valorem* or 90 naye paise per square yard, whichever is higher, plus the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty.

Protective

15 per cent. *ad valorem*.

..

..

..

..

48(7) Fabrics, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool, but containing more than 50 per cent. cotton and not more than 90 per cent. cotton.

December 31st, 1958.

..

..

..

70 per cent. *ad valorem*

Protective

December 31st 1958.

..

..

..

100 per cent. *ad valorem*

Protective

Durat on applicable to the fabric of which the article is wholly or mainly made.

The *ad valorem* rates of duty applicable to the Burmese fabrics of which the article is or wholly mainly made.

..

..

1 1/2 time the *ad valorem* rates of duty applicable to the fabric of which the article is wholly or mainly made.

Protective

(a) Items No. 48, 48(1), 48(4), 48(5) or 48(7).

* I. C. T. Item 48 relates to pure silk fabrics.



14.1. Our Cost Accounts Officers examined the cost of production of art silk fabrics at four units, namely. Bipin Silk Mills Co., Ltd.,

Commission's estimate of cost of production and fair ex-works price

Bombay, Garden Silk Weaving Factory, Surat, Jasmine Silk Mills Ltd., Bombay and Khanna Silk Mills Ltd., Amritsar. Of these, Garden Silk

Weaving Factory is a concern owned by an undivided joint family and the other three are private limited companies. Their loomage in the order of mention is 300, 70, 113 and 139 (of which last, 40 are out of action). Jasmine Silk Mills and Khanna Silk Mills are fully equipped for dyeing, bleaching, finishing, designing and printing while Bipin Silk Mills is equipped for dyeing and bleaching only. Garden Silk Weaving Factory sells its fabrics as 'grey' cloth except for Jacquard fabrics which are sub-contracted outside for finishing. None of these factories maintains sufficient details of costs. In the case of Bipin Silk Mills, the unaudited accounts of the calendar year 1957 were taken as the basis for actual costs. For Garden Silk Weaving Factory, the unaudited accounts of the Diwali Year ending 20th October, 1957 were available for the same purpose. As the accounts of Jasmine Silk Mills for the calendar year 1957 were still with the auditors, the audited accounts for the year 1956 were adopted as the basis for ascertaining actual costs. In the case of Khanna Silk Mills, the audited accounts for the year ended 14th August, 1957 were available and adopted. We give below the types of fabrics for which costs have been determined.

Bipin	Garden	Jasmine	Khanna
Flat Crepe . . .	Jacquard 37"	Crepe Satin 35"/36"	Crepe 33", 38"
Jacquard Flat Crepe	..	Heavy Brocade 32"/33"	Georgette 54", 52"
Jacquard Satin . . .	..	Fancy Brocade 32"/33"	Taffeta 33", 36"
Georgette . . . . .	..	Shioze Plain 32"/33"	Satin 34" (No. 324) 34" (No. 321).
Nylon Sarces			Satin Heavy 36" Ninon Crinkle 42" Velvet 43"

The reports of the Cost Accounts Officers are forwarded to Government as confidential enclosures to this Report.

14.2. On the basis of the actual costs as worked out by our Cost Accounts Officers we have made estimates of future costs. In the case of Bipin Silk Mills, however, we have not made any estimates for future as the position of yarn supplies available to it is unforeseeable. Adjustments in future costs have been made under the items of yarn prices, weaving cost, bleaching cost, excise duty, etc. Packing has been assumed at its present level. We have allowed yarn wastage of 3 to 5 per cent.

according to the circumstances of each unit. We have also allowed shrinkage from 5 to 12 per cent. according to the kind of fabric, yarn twist, etc. Adjustments have also been made for realisation from short-pieces, fents, cut pieces, damage, etc. Depreciation has been allowed at normal income-tax rates. We have allowed a return of 10 per cent. on employed capital which has been assessed by adding 3 months' cost of production to the value of net block. The estimated fair ex-works prices for each of the different types of fabrics at the three factories, namely, Khanna Silk Mills Ltd. (Khanna), Jasmine Silk Mills Ltd. (Jasmine) and Garden Weaving Factory (Garden) are given in the following statement.



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Statement Showing Estimates of Fair Ex-works Prices of Artificial Silk Fabrics.

(Rs. per yard.)

Particulars	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Crepe 33" (Khan-na)	0.83	0.83	0.92	1.45	0.86	0.93	0.89	1.24	1.38	0.55	0.93	0.54	1.17	1.09	1.47	0.47	1.73
Crepe 38" (Khan-na)	0.54	0.57	0.57	0.49	0.44	0.34	0.40	0.56	0.61	0.37	0.54	0.79	0.56	0.56	0.73	0.42	1.06
Crepe 35/36" (Jas-mine)	0.19	0.19	0.19	0.13	0.19	0.19	0.12	0.13	0.13	0.13	0.19	0.19	0.19	0.19	0.19	0.19	..
Crepe 38" (Khan-na)	0.04	0.04	0.04	..	0.04	0.04	0.01	..	..	..	0.04	0.04	0.04	0.40	0.04	0.04	0.04
Return on employed capital	0.07	0.07	0.07	0.08	0.06	0.06	0.05	0.08	0.08	0.08	0.07	0.08	0.08	0.08	0.10	0.05	0.11
Allowance for loss of fents, etc.	0.01	0.01	0.01	0.03	0.01	0.01	0.01	0.03	0.03	0.02	0.02	0.02	0.01	0.01	0.02	0.01	0.04
Fair Ex-works Price	1.68	1.80	1.80	2.18	1.60	1.57	1.48	2.04	2.23	1.12	1.79	1.66	2.05	1.97	2.55	1.18	2.98

15. As the imports have been severely restricted, we have not been able to obtain c.i.f. prices for products comparable with those types costed by us either from the Collector of Customs or from importers.

Continuance of protection Our attempts to obtain f.o.b. quotations from Japan, the main source from which manufacturers expected competition, also did not meet with success. A few quotations which we obtained relating to small imports that have taken place bear no relation either in quality or content to any of the fabrics produced in the country. Protection granted to the industry at present confines itself to the weaving sector. The domestic industry has not produced any evidence to show that it would be at a disadvantage in regard to the weaving cost as compared with its foreign competitors if it could get adequate supply of raw material at reasonable cost. The real problem of the industry at present is in regard to supply of the raw material. The domestic production of rayon yarn at present is sufficient only to meet less than 50 per cent, of its requirements. The balance might be met by imports. Due to foreign exchange difficulties imports of rayon yarn had to be curtailed and that position is likely to continue for some more years. At present it is not clear whether the industry's handicap is due to high cost of yarn or to short supply of yarn or to higher weaving cost or to a combination of all the three factors. As art silk fabrics are considered to be a semi-luxury article, there is no likelihood of its import being allowed so as to jeopardise the domestic industry until the foreign exchange position improves considerably. The industry, therefore, has nothing to fear about foreign competition. As this industry gives employment to thousands of people the import of raw material should get priority over the import of finished fabrics. This being the position there is hardly any case to continue protection to the industry till such time as the supply and prices of raw materials are stabilised so that it would be possible to ascertain accurately whether the industry requires any protection or not. Further, this industry has been enjoying protection for nearly 25 years and the psychological effect of protection will only be to create a sort of complacency on the part of the industry. We are convinced that the industry will not be adversely affected if protection is discontinued when the present period expires. We, therefore, recommend that protection granted to the industry may be discontinued with effect from 1st January, 1959.

16. Our conclusions and recommendations are summarised as

Summary of conclusions and recommendations under:—

(i) The Textile Commissioner, while taking appropriate steps to bring all powerlooms in legitimate operation to his register, should discourage the installation of discarded looms.

[Paragraph 5.3]

(ii) The capacity of the industry is estimated at about 470 million yards of fabrics per annum on single shift.

[Paragraph 6.1]

(iii) Our observations regarding distribution of indigenous yarn are given in paragraphs 7.8 and 7.9.

[Paragraphs 7.8 and 7.9]

(iv) Protection granted to the artificial silk and cotton and artificial silk mixed fabrics industry should be discontinued with effect from 1st January, 1959.

[Paragraph 15]

17. We wish to thank the representatives of the producers, importers, consumers, associations and Government Departments who furnished us with valuable information and gave evidence before us.

Acknowledgments

C. RAMASUBBAN,
Chairman.

S. K. MURANJAN,
Member.

J. N. DUTTA,
Member.

R. S. BHATT,
Member.



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RAMA VARMA,

Secretary.

BOMBAY :

24th September, 1958.

APPENDIX I

(Vide Paragraph 3·1)

List of firms/bodies/associations to whom the Commission's questionnaires/letters were issued and from whom replies or memoranda were received.

*Indicates those who replied.

†Indicates those who stated that they were not interested

PRODUCERS :

1. B. S. Textile Mills, Baba Bhoriwala, Amritsar.
2. Bhiwani Textiles (India) Ltd., Aangrana Sahab, Amritsar
3. Hanuman Textile Mills, Putlighar, Amritsar.
4. Jandial Woollen and Silk Mills, Mahan Singh Gate, Amritsar
5. Janak Textile Mills, 32, Krishna Market, Amritsar.
6. Jai Bharat Woollen and Silk Mills, Gheemandi, Amritsar.
7. Keshav Silk Mills, J. D. Block, Chhcharta, Amritsar.
8. Lal Woollen and Silk Mills, Putlighar, Amritsar.
9. Madan Woollen Mills, Tarn Taran Road, Amritsar.
10. M. R. Woollen Mills, Katra, Jallianwala, Amritsar.
11. H. M. Kapur Weaving Factory, Ram Tirath Road, Amritsar.
12. New Punjab Woollen and Silk Mills, Outside Gheemandi Gate, Amritsar.
13. Om Textiles Mills, Outside Gandhi Gate, Amritsar.
14. Punjab Woollen Textile Mills, Chhcharta, Amritsar.
15. Punjab Woollen and Rayon Mills, Chhcharta, Amritsar.
16. Ramlal Goramal Textile Mills, Chhcharta, Amritsar.
17. Santram Mohra Weaving Factory, Inside Gheemandi, Amritsar.
18. Shiv Textile Mills, Fatehghar Road, Amritsar.
19. S. P. Woollen Mills, Putlighar, Amritsar.
20. Sind Weaving Works, G. T. Road, Putlighar, Amritsar.
21. Vippen Weaving Factory, Bazar Pashmwala, Amritsar.
22. Vohra Textile Mills, Islamabad, Amritsar.
23. Mohamed Yusuf Mohamed Ibrahim Weaving Factory, Bengalpura, Bhiwandi (Dist. Thana).
24. Mohamed Jaffar Ahmed Weaving Factory, Tundel Mohalla, Bhiwandi.
25. Farook Abdul Gafoor Weaving Factory, Tandel Mohalla, Bhiwandi.
26. Raj Textile, Nizampura, Bhiwandi.
27. Prabhat Prints, Nagardas Road, Andheri (East), Bombay.
28. Bhalakia Mills Co. Ltd., P. O. Box No. 29, Ahmedabad.
29. Desai Silk Mills, C/o. Desai Chandulal Manilal and Co., Radha Galli, Swadeshi Market, Bombay.
30. Kachiwala Silk and Art Silk Factory, Salabatpurai Daria Road, Surat.
31. Bharat Suryodaya Mills Co., Ltd., Ahmedabad.
- *32. The Kohinoor Mills Co., Ltd., Home Street, Fort, Bombay.

- 33. The Burhanpur Tapti Mills Ltd., Lalbagh, Burhanpur.
- 34. Khanna Silk Mills Private Ltd., Batala Road, Amritsar.
- *35. Garden Silk Weaving Factory, Rampura Tunki, Surat.
- 36. Bipin Silk Mills Co., Private Ltd., 12, Dadar Road, Bombay-14.
- *37. Jasmine Mills Private Lt., Dharavi Road, Bombay-16.

ASSOCIATIONS OF PRODUCERS OF FABRICS :

- *1. Silk and Art Silk Mills' Association Ltd., Resham Bhavan, 78, Veer Nariman Road, Churchgate, Bombay.
- *2. The Bengal Silk and Art Silk Millowners' Association, 4, Ganesh Chandra Avenue Calcutta-13.
- *3. The Surat Vankar Sahakari Sangh Ltd., Modi Mansion, Peerebhadi Road, Surat.
- *4. The Surat Weaving Association, Mahatma Gandhi Road, Surat.
- *5. The Textile Manufacturers' Association, Queen's Road, Amritsar.
- *6. Silk and Art Silk Manufacturers' Association, Bhiwandi (Dist. Thana), Bombay.
- *7. The Surat Weavers' Co-operative Producers' Society Ltd., 22-23, Reshamwala Building, Buranpuri Bhagol, Surat.
- *8. The Surat Art Silk Cloth Manufacturers' Association Ltd., 1/3462-63, Annie Besant Road, Surat.
- *9. The Millowners Association, Post Box No. 95, Veer Nariman Road, Bombay-1.

PRODUCERS OF ART SILK YARN :

- *1. The Travancore Rayons Ltd., Rayonpuram P. O., Kerala State.
- *2. The National Rayon Corporation Ltd., Ewart House, Bruce Street, Bombay-1.
- *3. The Gwalior Rayon Silk Manufacturing (Weaving) Co. Ltd., Birlagram, Nagda (W. Rly).
- *4. The Sirsilk Ltd., P. O. Sirpur-Kagaznagar, (C. Rly.), Andhra Pradesh.
- *5. Century Rayon, Industry House, 159, Churchgate Reclamation, Bombay-1.

PROSPECTIVE PRODUCERS OF RAYON :

- *1. Indian Rayon Corporation Ltd., Allahabad Bank Building, 3rd Floor, Apollo Street Fort, Bombay.
- *2. J. K. Cotton Spinning and Weaving Mills Co. Private Ltd., L. Kamlatpat Road, Kanpur.
- *3. Kesoram Rayon, 8, India Exchange Place, Calcutta-1.
- †4. Sahu Jain Ltd., 11, Clive Row, Calcutta-1.

ASSOCIATION OF YARN MANUFACTURERS :

- 1. The Rayon Manufacturers' Association, Ewart House, Bruce Street, Bombay-1:

IMPORTERS OF ART SILK FABRICS AND YARN :

- 1. Biseserlall Brijlall, Exporters and Importers, 37, Cross Street, Calcutta.
- 2. Bombay Trading Co. Ltd., Shell Building, Bank Street, Bombay-1.
- †3. Fleming Shaw and Co. Ltd., 235, Horn by Road, Bombay-1.
- 4. Kamla Enterprises Ltd., 1138, Manshordas Katra, Calcutta-7.
- †5. Kishanchand Chellaram, Gazdar House, 629-A, Girgaum Road, P. O. Box 2145 Bombay-2.
- 6. Sankalchand G. Shah and Co., Ltd., Hanuman Building, Tambakanta, Bombay-3.
- 7. Manickavelu Ltd., P. B. No. 39, Bangalore.

- *8. Rallis India Ltd., 21, Ravelin Street, Fort, Bombay.
- *9. Hazrat and Co., Warden House, Sir P. M. Road, Bombay-1.
- 10. J. P. Ghadiali and Co., 12, Rampart Row, Bombay-1.
- *11. The Oriental Yarns Co., Ltd., 174, Harrison Road, Calcutta-7.
- 12. East India Commercial Corporation, 174, Harrison Road, Calcutta-7.
- 13. Haji Jivan Haji Khamisa and Co. 26, Anderson Street, Madras.
- 14. L. A. Beardsell and Co. Ltd., Post Box No. 7, 8, Second Line Beach, Madras.
- 15. P. K. Japee and Co., 99, Nainiappa Naick Street, Madras.
- †16. Gordon, Woodrooffe and Co. (Madras) Private Ltd., 1/21, North Beach Road, Madras-1.
- 17. Vasant Corporation Ltd., 28, Amratala Street, Calcutta.
- 18. Wassiamull Assomull and Co. 3-A, Vir Nariman Road, Bombay-1.
- 19. Pohovmull Bros. (India), Shree Krishna Niwas, Bomanji Master Road, Bombay-2.
- 20. The Indian Yarn Trading Co. Ltd., 137, Cotton Street, Calcutta.
- 21. Yarn Trading Co., 95, Tamba Kanta, Bombay-3.
- *22. J. C. Almeida, National Insurance Building, Bastion Road, Bombay-1.

TRADE ASSOCIATIONS AND CHAMBERS OF COMMERCE :

- *1. All India Manufacturers' Organisation, Industrial Assurance Building, Churchgate, Bombay.
- *2. The Silk Merchants' Association, Dahanukar Bldg., 480, Kalbadevi Road, Bombay.
- *3. The Bombay Yarn Merchants' Association and Exchange Ltd., 111, Chawala Building, Tambakanta, Bombay-3.
- †4. The Bombay Chamber of Commerce, Mackinnon Mckenzie Building, Ballard Estate, Bombay.
- 5. The Merchants' Chamber of Uttar Pradesh, Civil Lines, Kanpur.
- *6. The Surat Chamber of Commerce, Safe Deposit Chambers, Surat.
- 7. Madura-Ramnad Chamber of Commerce, Mathurai (S. India).
- 8. Salem Chamber of Commerce, Salem (S. India).
- 9. Screen Printers' Association, C/o. Dinanath Sons, 466, Kalbadevi Road, Bombay.

OTHERS :

- *1. Silk and Rayon Textiles Expert Promotion Council, Resham Bhavan, Churchgate, Bombay.
- *2. Silk and Art Silk Mills Research Association, Resham Bhavan, Churchgate, Bombay.

GOVERNMENT DEPARTMENTS :

- *1. Director of Industries, Office of the Directorate of Industries and Statistics Authority, Old Custom House Yard, Fort, Bombay-1.
- 2. The Director of Industries, Govt. of Jammu and Kashmir, Srinagar.
- *3. The Registrar of Co-operative Societies, Govt. of Orissa, Cuttack.
- *4. The Director of Industries, Govt. of Punjab, Jullundar.
- 5. The Commissioner of Industries and State Commercial Undertakings, Govt. of Rajasthan, Jaipur.
- 6. The Director of Industries, Govt. of West Bengal, New Secretariat Building, (9th Floor), 1, Hastings Street, Calcutta.
- 7. The Director of Industrialisation, Govt. of Mysore, Gandhi Nagar, Bangalore.

8. The Director of Industries (Commercial Intelligence) Govt. of Uttar Pradesh, Kanpur.
- *9. The Director of Industries and Labour, Govt. of Delhi State, Delhi.
10. The Secretary to the Govt. of Bihar, Development (Industries) Dept., Patna.
- *11. The Director of Industries, Govt. of Madhya Pradesh, Indore.
- *12. The Director of Handlooms, Govt. of Andhra Pradesh, Hyderabad (Deccan).
- *13. The Secretary to the Govt. of Madras, Department of Industries Labour and Co-operation, Fort. St. George, Madras.
14. The Secretary to the Govt. of Assam, Major Industries Department, Shillong.
15. The Chief Secretary to the Govt. of Kerala, Industries (D) Department, Trivandrum
- *16. The Secretary, Development Council for Artificial Silk C/o. The Textile Commissioner, Ballard Estate, Bombay.
- *17. The Director, Indian Standards Institution, Nanak Bhavan, 9, Mathura Road, New Delhi-1.
- *18. The Secretary to the Govt. of India, Ministry of Commerce and Industry, New Delhi.
- *19. The Secretary, All-India Handloom Board, Wittet Road, Ballard Estate, Bombay.
- *20. The Collector of Customs, Bombay.
- *21. The Collector of Customs, Calcutta.
- *22. The Collector of Customs, Madras.
23. The Collector of Customs, Jamnagar.
- *24. The Collector of Customs, Cochin.
- *25. The Collector of Central Excise, Construction House, Ballard Estate, Bombay.
- *26. The Textile Commissioner, Wittet Road, Ballard Estate, Bombay.
- *27. The Chief Industrial Adviser, Development Wing, Ministry of Commerce and Industry, Udyog Bhavan, King Edward Road, New Delhi.
- *28. The Development Commissioner, Small-Scale Industries, Ministry of Commerce and Industry, New Delhi.
- *29. The Secretary, Forward Markets Commission, Everest House, Opp. Marine Lines Station, Bombay-2.

APPENDIX II

(Vide Paragraph 3.4)

List of persons who attended the public inquiry on 17th June, 1958

PRODUCERS AND ASSOCIATIONS OF PRODUCERS :

- | | | |
|--|--------------|---|
| 1. Shri R. C. Khanna . . . | Representing | Khanna Silk Mills Private Ltd., Batala Road, Amritsar
and
Silk and Art Silk Mills' Association 78, Veer Nariman Road, Bombay-1
and
The Textile Manufacturers' Association, Post Box No. 79 4, Queen's Road, Amritsar. |
| 2. Shri R. G. Shah . . . | ,, | Bipin Silk Mills Co., (Private) Ltd., 12, Dadar Road, Bombay-14. |
| 3. Shri Suresh A. Shah . . . | ,, | Garden Silk Weaving Factory, Ram-pura, Surat
and
Silk and Art Silk Mills Research Association, Resham Bhavan, 78, Veer Nariman Road, Bombay-1. |
| 4. Shri M. S. Kapadia . . . | ,, | Jasmine Mills Private Ltd., Dharavi Road, Bombay-16.
and
The Silk Merchants Association, Dahanukar Building, 480, Kalbadevi Road, Bombay. |
| 5. Shri G. M. Momin } . . . | } | ,, |
| 6. Shri J. S. Trivedi } | | |
| 7. Shri I. M. Mehta . . . | ,, | The Surat Art Silk Cloth Manufacturers' Association Ltd., 1/3462-63, Annie Besant Road, Surat. |
| 8. Shri K. S. Shah . . . | ,, | The Surat Vinkar Sahakari Sangh Ltd., Modi Mansion, Peerchhadi Road, Surat. |
| 9. Shri S. C. Vakharia . . . | ,, | The Surat Weavers' Co-operative Producers' Society Ltd., 22-23, Reshamwala Building, Buranpuri Bhagol, Surat. |
| 10. Shri D. N. Shroff
(Also represented Silk and Art Silk Mills' Research Association, Bombay.) | } | ,, |
| 11. Shri I. P. Parekh . . . | | |
| 12. Shri J. K. Turakhia . . . | | |
| 13. Shri Shantilal M. Mehta . . . | | |
| 14. Miss Z. Bharucha . . . | | |
| 15. Shri D. A. Joshi . . . | | |
| 16. Shri R. S. Raghavan . . . | | |
| | | Silk and Art Silk Mills Association Ltd., Resham Bhavan, 78, Veer Nariman Road, Bombay-1. |



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PRODUCERS OF RAYON YARN :

17. Shri C. G. Mahant . . . Representing The National Rayon Corporation Ltd.
Ewart House, Bruce Street, Fort
Bombay.
and
The Rayon Manufacturers' Association,
Ewart House, Bruce Street, Fort-
Bombay.
18. Shri P. K. Ghuwalewala . }
19. Shri S. K. Manaktala . } ,, The Sirsilk Ltd., P. O. Sirpur-Kaghaz-
nagar, Andhra Pradesh.
20. Shri C. J. Lalkaka . }
21. Shri R. P. Kedia . } ,, Century Rayon, Industry House, 159,
Churchgate Reclamation, Bombay-1

PRODUCER OF STAPLE FIBRE :

22. Shri S. S. Kothari . . . ,, The Gwalior Rayon Silk Manufacturing
(Weaving) Co. Ltd., P. O. Birla-
gram, Nagda, (Western Railway).

PROSPECTIVE PRODUCERS OF RAYON YARN :

23. Shri Murarji J. Vaidya . . . ,, Indian Rayon Corporation, Allahabad
Bank Building, Apollo Street, Fort,
Bombay.
24. Shri M. E. Ghaswala . }
25. Shri A. D. Desai . } ,, South India Viscose Ltd., 'Kamala Nilay-
may', Peelamedu P.O., Coimbatore.

IMPORTERS :

26. Shri P. V. Hazrat . . . ,, Hazrat and Co., Warden House, Sir
P. Mehta Road, Fort, Bombay.
27. Shri A. W. Pinto . . . ,, Rallis India Ltd., Rallis house, 21,
Ravelian Street, Fort, Bombay.
28. Shri L. P. Shah . . . ,, The Silk Merchants' Association,
Dahanukar Building, 480, Kalbadevi
Road, Bombay.

GOVERNMENT DEPARTMENTS :

29. Dr. A. N. Kapur . . . ,, Development Wing, Ministry of
Commerce and Industry, Udyog
Bhavan, King Edward Road,
New Delhi.
30. Shri Dharam Dev . . . ,, Textile Commissioner, Wittet Road,
Ballard Estate, Bombay-1.
31. Shri N. Ramaswamy . . . ,, All India Handloom Board, Wittet
Road, Ballard Estate, Bombay-1
32. Shri V. V. Divatia }
33. Shri V. D. Gadkari } ,, Director of Industries and Statistic
Authority, Old Custom House Yard,
Fort, Bombay-1.
34. Shri B. C. Mullick . . . ,, Director of Industries, Government of
W. Bengal, New Secretariat Building,
1 Hastings Street, Calcutta.
35. Shri N. C. Kandola . . . ,, Collector of Central Excise and Land
Customs, Construction House, Wittet
Road, Ballard Estate, Bombay-1.
36. Shri A. B. Rao . . . ,, The Indian Standards Institution,
Manak Bhavan, 9, Mathura Road,
New Delhi-1.

37. Shri M. I. Naik . . . Representing The Collector of Customs, Bombay.

OTHERS :

38. Shri Prabhu Mehta	}	.	,	,	Silk and Art Silk Mills' Research Association, Resham Bhavan, 78, Veer Nariman Road, Bombay-1.
39. Shri J. G. Parikh					
40. Shri G. R. Podar					
41. Shri R. K. Ram	.	.	.	,	Silk and Rayon Textiles Export Promotion Council, Resham Bhavan, 78, Veer Nariman Road, Bombay-1.
42 . Shri C. C. Trivedi.	.	.	.	,	Prabhat Silk and Cotton Mills Co., Ltd., Surat.
43. Shri H. K. Sowani	.	.	.	,	Mill Mazdoor Sabha, Bombay.



सत्यमेव जयते

APPENDIX III
(Vide Paragraph 7.9)

Particulars regarding current rates of excise duty on artificial silk yarn and fabrics

(A) *artificial silk yarn :*

Excise duty on rayon and synthetic fibre and yarn was first levied with effect from 1st December, 1956 by the Finance (No. 2) Act, 1956. They fall under item 26 of the First Schedule to the Central Excise and Salt Act, 1944. The rate of duty is Rs. 1-8-0 per lb. However, under the Ministry of Finance (Department of Revenue) Notification No. CBR-8(2A)/56-Central Excises, dated 1st December, 1956 read with Notification No. 66/57-Central Excises, dated 16th September, 1957, the rates of duty have been fixed as follows:—

Description	Duty
Rayon Yarn:	
(i) Below 75 deniers	8 annas per lb.
(ii) 75 deniers and above but not above 100 deniers	6 annas per lb.
(iii) Above 100 deniers	4 annas per lb.
Staple fibre yarn	Nil.
Staple fibre	2 annas per lb.

Further, under Government of India, Ministry of Finance (Department of Revenue) Notification No. 12/57-Central Excises, dated 2nd February, 1957 read with Notification No. 66/57-Central Excises, dated 16th September, 1957, godet waste, undersize cakes waste and reeling and covering waste falling under the categories of rayon and synthetic fibre and yarn are exempt from the payment of so much of the excise duty as is in excess of 2 annas per lb.

(B) *Artificial silk fabrics :*

(i) *Basic excise duty:*

The current rate of central excise duty leviable under the Central Excise and Salt Act, 1944 on Rayon or Artificial silk fabrics is six pies per square yard. The item includes all varieties of fabrics manufactured either wholly or partly from rayon or artificial silk, but does not include any such fabric:—

- (a) If it contains 40 per cent. or more by weight of wool.
- (b) If it contains cotton and less than 60 per cent. by weight of rayon or artificial silk.
- (c) If it contains no cotton and less than 40 per cent. by weight of wool and less than 40 per cent. by weight of rayon or artificial silk.
- (d) If manufactured on a handloom.

NOTE. 1 From the purposes of this item staple fibre is deemed to be rayon or artificial silk.

2. At present, exemption of duty is given to artificial silk fabrics manufactured by or on behalf of the same person in one or more factories commonly known as powerlooms in which less than ten powerlooms in all are installed. Where warp knitting machines are also installed, one warp knitting machine is to be regarded equal to two ordinary powerlooms. The following fabrics are also exempted from the payment of excise duty, namely, chindies, rags, fents, fabrics of all kinds not more than 12" in width and bonafide napkins, tray cloth, handkerchiefs, Indian National flags and book-binding cloth.

3. Rayon or artificial silk fabrics manufactured on circular knitting machines are exempt from payment of the excise duty.

4. *Compounded rates of duty.*—Manufacturers of fabrics are permitted to pay the duty in lumpsum, i.e., at *compounded rates*. The current compounded rates are as follows:—

Shift	Per loom per month
First	Rs. 27
Second	18
Third	10

provided that a manufacturer employing more than nine looms shall be exempt from so much of the duty as is payable in respect of the first nine looms; provided also that—

- (a) where any manufacturer employs in any subsequent shift more looms than in the first shift, the rate applicable to the looms employed in excess of those in the first shift shall be Rs. 27 per loom per month,
- (b) where any manufacturer employs in the third shift more looms than in the second shift, but not more than in the first shift, the rate applicable to the looms employed in the third shift in excess of those employed in the second shift shall be Rs. 18 per month.

With effect from 27th April, 1957, the concession of paying duty at compounded rates under the special procedure has been extended to warp knitting machines which also produce artificial silk fabrics. For this purpose one warp knitting machine is reckoned as two powerlooms. Artificial silk fabrics manufactured by or on behalf of the same person in one or more factories in which less than five warp knitting machines in all are installed, are exempt from the whole of the excise duty leviable thereon. In the case of artificial silk fabrics manufactured in units with five or more warp knitting machines, the rate of duty has been fixed with effect from 27th April, 1957 as follows:—

Shift	Per warp knitting machine per month
First	Rs. 54
Second	36
Third	20

provided that no duty shall be payable on the first four warp knitting machines or where powerlooms as well as warp knitting machines are employed, on powerlooms not exceeding nine in number or at the option of the person aforesaid, on warp knitting machines not exceeding four in number provided further that:—

- (a) where in any subsequent shift more warp knitting machines are employed than in the first shift, the rate applicable to the machines employed in excess of those in the first shift shall be Rs. 54 per machine, and
- (b) where in third shift more warp knitting machines are employed than in the second shift but not more than in the first shift, the rate applicable to the machines employed in the third shift shall be Rs. 36 per machine.

(ii) *Handloom cess:*

In addition to the basic excise duty mentioned above, a handloom cess of three pies per square yard is levied on artificial silk fabrics under the Khadi and other Handloom Industries (Additional Excise Duty on Cloth) Act, 1953. The cess is leviable only in the case of manufacturers working under the normal procedure and paying duty on the square yardage basis. Those who avail of the special procedure of compounded rates are not required to pay the cess.

(iii) *Additional excise duty:*

With the replacement of Sales Tax by the additional excise duty under the Additional Duties of Excise (Goods of Special Importance) Act, 1957, art silk fabrics are also liable to pay the additional duty of Central Excise at the following rates with effect from 24th December, 1957.

Manufacturers paying duty under the normal procedure. 3 nP. per Square Yard.

Manufacturers paying duty under the special procedure per loom per month. First shift Rs. 27, Second shift Rs. 18
Third shift Rs. 10 subject to the provisions similar to those for basic excise duty.

Manufacturers producing art silk fabrics on warp knitting machines per loom per month. First shift Rs. 54, Second Shift Rs. 36,
Third shift Rs. 20 subject to the provisions similar to those for basic excise duty.

APPENDIX IV

(Vide paragraph 12.1)

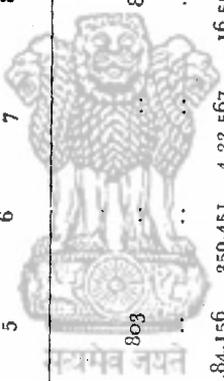
Statements showing exports and re-exports of artificial silk piecegoods during the period 1st April, 1953 to 30th June, 1958.

(i) *For the years 1953-54, 1954-55, 1955-56 and April-December, 1956.*

Country to which exported	1953-54		1954-55		1955-56		April-December, 1956.	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	1	2	3	4	5	6	7	8	9
	Yds.	Rs.	Yds.	Rs.	Yds.	Rs.	Yds.	Rs.
I. EXPORTS :								
Aden	266,974	4,10,279	421,425	5,80,323	280,075	4,24,353	301,774	3,85,558
Afghanistan	105,086	1,55,587	81,402	1,24,631	261,288	3,88,070	160,019	1,86,022
Ceylon	1,025,267	15,54,217	819,447	16,72,291	1,159,807	24,25,740	1,278,621	27,29,346
Kenya	146,438	2,11,049	169,790	2,06,604	28,494	40,975	14,824	34,529
Tanganyika	193,815	2,41,663	322,958	3,69,144	165,360	1,71,418	55,611	56,563
Suddan	161,044	1,80,292	147,222	1,75,309	105,448	1,07,698	89,850	79,233
Other Countries	1,341,646	22,36,409	1,558,422	27,86,473	927,385	16,72,538	671,342	13,99,240
	3,240,270	49,89,496	3,520,666	59,14,775	2,927,857	52,30,792	2,572,041	48,70,491
II. RE-EXPORTS	Nil	Nil	113,251	2,36,614	381,807	4,54,219	8,812	15,647
III. LAND EXPORTS.	5,496	14,485	13,891	21,213	49,458	67,941	35,829	37,046
TOTAL OF I, II, & III	3,245,766	50,93,981	3,647,748	61,72,602	3,359,122	57,52,952	2,616,662	49,23,184

APPENDIX IV—Contd.

(ii) For the year 1957

Country to which exported	Sarees entirely of artificial silk		Pieces entirely of artificial silk NES		Fabrics containing over 90 per cent. artificial silk NES		Artificial silk fabrics 50 per cent. or more cotton		Artificial silk fabrics below 50 per cent cotton		Mixed artificial silk piecegoods NES	
	Qty. (Yds.)	Value (Rs.)	Qty. (Yds.)	Value (Rs.)	Qty. (Yds.)	Value (Rs.)	Qty. (Yds.)	Value (Rs.)	Qty. (Yds.)	Value (Rs.)	Qty. (Yds.)	Value (Rs.)
1	2	3	4	5	6	7	8	9	10	11	12	13
												
A. EXPORTS :												
U. K.	401	580	144	803	..	..	85	64	..	..	..	..
Italy	10	48	..	..	..	..	..	..	..	..	..	..
Aden	30,486	43,952	307,481	2,84,156	359,451	4,33,567	16,558	20,866	1,714	2,627	4,503	9,810
Bahrain Islands . . . . .	..	7,920	9,581	14,803	10,629	13,704	..	..	4,000	4,870	..	..
Ceylon	484,229	12,33,073	135,264	3,01,530	16,097	40,410	161	693	144	176	1,850	2649
Singapore	67,078	1,52,941	9,852	23,328	21,520	44,112	291	4,682	1,511	4,318	240	552
Malaya	254,070	5,41,933	60,208	1,08,779	28,279	65,283	..	..	..	..	791	1,520
Hongkong	15,806	1,29,075	662	2,821	3,985	15,920	4,795	13,754	180	690	225	825
Lebanon	150	1,305	..	..	..	..	..	..	..	..	..	..
Saudi Arabia	252	13,867	1,760	1,996	19,078	21,220	4,940	7,070	1,780	2,473	2,400	2,820

	1	2	3	4	5	6	7	8	9	10	11	12	13
Burma	.	600	1,264	10,000	45,226	130	1,198	..	..	..	..	..	..
Nepal	.	..	970	70	106	..	..	..	..	..	..	..	..
Rhodesia N.	.	180	292	1,271	1,271	..	340	..	..	..	..	..	..
Zanzibar	.	993	4,025	10,487	10,034	46,159	1,03,177	..	..	800	830	..	..
Kenya	.	2,035	5,564	5,451	9,745	1,794	10,722	..	..	1,192	1,412	3,000	4,810
Uganda	.	2,390	10,544	36	485	326	1,305	..	..	..	..	..	..
Tanganyika	.	24	446	32,762	13,430	6,218	6,209	1,000	1,065	..	..	..	..
Nyasaland	.	208	603	1,110	2,150	..	..	..	..	..	..	..	..
Mauritius	.	61,539	1,39,934	9,359	10,897	25,762	50,846	..	..	..	..	844	1,290
Sudan	.	21,905	20,056	58,644	51,807	24,875	27,344	120,950	1,17,999	12,000	15,968	2,043	5,368
Madagascar	.	4,080	6,800	..	..	..	..	..	..	..	..	..	..
Jamaica	.	226	792	5,869	8,771	..	..	..	..	1,208	2,436	..	..
British Guiana	.	625	1,552	..	..	..	..	..	..	..	..	..	..
U.S.A.	.	13,558	16,573	61	784	144	554	..	..	15	69	..	..
Panama Republic	.	18	106	269	633	779	6,056	..	..	..	..	..	..
Malta Gozo	75	144	..	..	..	..	..	..	..	..
Kuwait	3,736	5,813	1,943	5,042	2,800	4,935	..	..	..	..
Trcl Oman	350	550	4,595	6,328	3,538	2,698	..	..	..	..
Muscat	9,638	13,938	600	678	..	..	..	..	..	..

Afghanistan	..	13,985	16,206	..	..	..	..	..	..	1,054	1,160
Thailand	..	535	1,208	..	..	..	..	..	..	..	..
South Viet Nam	..	9,976	19,978	..	..	..	..	..	..	..	..
China	..	7,976	16,178	..	..	..	..	..	..	..	..
Nigeria	..	4,984	14,560	..	..	..	..	..	..	..	..
Rhodesia S.	..	95	92	3,750	3,600	..	..	..	..	..	..
Libya	..	4,000	8,050	..	..	..	..	..	..	..	..
Mozambique	..	5,730	7,455	..	..	..	..	..	..	..	..
Ethiopia	..	15,064	22,310	2,087	2,149	..	..	..	..	..	..
Fiji Islands	..	1,715	3,010	10,608	19,543	..	..	..	..	..	..
Spain	..	..	..	72	451	..	..	..	..	..	..
Seychelles	..	..	..	4,229	5,915	..	..	..	..	..	..
French West Africa	..	..	..	60	410	..	..	..	..	..	..
Indonesia	..	..	..	..	..	..	..	..	..	63	1,058

TOTAL (A) 960,863 23,33,315 738,200 10,23,067 593,170 8,86,083 155,118 1,70,826 24,544 35,869 17,013 31,802

B. RE-EXPORTS:

Ceylon	..	13,238	23,532	3,056	6,940	..	..	..	..	..	..
Singapore	..	2,878	8,075	6,572	16,845	3,575	7,405	..	..	..	..
Malaya	..	1,553	3,950	7,311	14,975	7,992	13,303	..	..	..	..

	1	2	3	4	5	6	7	8	9	10	11	12	13
Hongkong		3,600	27,375	1,339	5,022	2,191	6,802	..	..	..	..	..	..
Aden	18,759	19,618	..	..	..	..	..	..	..	..
Bahrain Islands	670	1,200	..	..	..	..	..	..	..	..
Kuwait	1,225	2,190	..	..	..	..	..	..	..	..
Trcel Oman	9,609	19,824	..	..	..	..	..	..	..	..
Afghanistan	32,829	34,653	..	..	..	..	..	..	2,003	2,020
S. Viet Nam	55,191	98,137	..	..	..	..	..	..	..	..
China	1,444	2,340	..	..	..	..	..	..	..	..
Nyasaland	1,073	1,400	..	..	..	..	..	..	..	..
Mauritius	6,349	11,426	1,096	2,169	..	..	..	..	..	..
Libya	4,000	10,000	..	..	..	..	..	..	..	..
British Guiana	4,040	4,826	..	..	..	..	..	..	..	..
Fiji Islands	1,867	4,707	..	..	..	..	..	..	..	..
Muscat	727	1,175	..	..	..	..	..	..
TOTAL (B)		21,269	62,932	155,234	2,54,103	14,681	30,854	..	..	..	..	2,003	2,020
GRAND TOTAL (A & B)		9,82,132	23,96,247	8,93,434	12,77,170	607,851	916,937	155,118	1,70,826	24,544	35,869	19,016	33,822

APPENDIX IV—Contd.
(iii) For the period January-June, 1958

Country to which exported	Sarees entirely of artificial silk		Piecegoods entirely of artificial silk NES		Fabrics containing over 90 per cent arti- ficial silk NES		Artificial silk fabrics 50 per cent or more cotton		Artificial silk fabrics below 50 per cent cotton		Mixed artificial silk piecegoods NES	
	Qty. (Yds.)	Value (Rs.)	Qty. (Yds.)	Value (Rs.)	Qty. (Yds.)	Value (Rs.)	Qty. (Yds.)	Value (Rs.)	Qty. (Yds.)	Value (Rs.)	Qty. (Yds.)	Value (Rs.)
1	2	3	4	5	6	7	8	9	10	11	12	13
A. EXPORTS:												
U. K.	..	..	38,488	1,58,466	110	270	..	..	..	..	..	..
West Germany	5	15	6	35	..	..	..	..	..	..	..	..
Switzerland	5	15	96	140	4,954	30,365	..	..	..	..	..	..
Aden	919	4,091	189,968	4,20,364	217,303	3,03,787	4,700	3,907	13,445	13,201	..	..
Kuwait	577	2,146	21,251	57,524	6,455	8,160	..	..	..	..	..	..
Treel Oman	12	124	26,646	49,675	615	1,420	950	1,469	..	..	..	..
Ceylon	41,667	1,47,180	32,957	1,06,306	46,373	70,689	..	..	..	..	..	..
Singapore	11,286	33,234	171,987	5,70,071	71,173	2,24,140	1,290	4,700	..	..	..	..
Malaya	53,288	1,06,408	16,065	28,815	1,983	5,097	..	..	..	..	..	..
Hongkong	7,466	35,736	30,293	1,20,237	27,612	1,14,010	1,495	5,270	..	..	..	..
Saudi Arabia	744	3,116	6,019	10,383	30,286	49,362	3,650	6,262	..	..	..	..

1 2 3 4 5 6 7 8 9 10 11 12 13

China	39	100	..	..	..	..	..	..	..	..	..	..	..
Zanzibar	847	3,000	2,000	2,060	13,421	42,501	..	..	..	..	..	..	..
Kenya	2,912	11,668	3,272	5,245	5,627	15,409	1,500	3,090	..	..	..	..	..
Tanganyika	1,000	3,348	..	..	700	1,352	..	..	..	..	..	..	..
Mauritius	10,151	26,446	8,055	11,185	25,182	86,107	912	3,710	2,578	5,792	..	..	..
Jamaica	12	170	999	3,629	450	1,012	..	..	..	..	..	..	..
British Guiana	250	738	..	..	342	750	..	..	..	..	..	..	..
U. S. A.	51	136	..	..	..	..	..	..	..	..	..	..	..
Fiji Islands	2,197	6,430	657	1,149	4,459	12,804	..	..	..	..	743	851	..
Bahrain Islands	..	..	38,403	69,642	19,143	41,865	1,400	3,270	..	..	125	330	..
Muscat	..	..	52,107	86,213	9,856	16,490	..	..	..	..	..	..	..
Afghanistan	..	..	75,651	2,18,628	..	..	..	..	..	..	25,256	33,123	..
Nigeria	..	..	142,040	2,89,191	1,471	3,340	..	..	..	..	..	..	..
Nyasaland	..	..	7,002	10,628	13,199	21,099	..	..	..	..	..	..	..
Ethiopia	..	..	10,137	10,080	7,384	7,230	..	..	..	..	..	..	..
Trinidad	..	..	40	279	..	..	..	..	..	..	..	..	..
New Zealand	..	..	9,140	8,520	5,188	4,150	..	..	..	..	..	..	..
Gibraltar	..	..	..	..	2,046	9,745	..	..	..	..	..	..	..
Malta Gozo	..	..	..	..	491	1,010	..	..	..	..	..	..	..

APPENDIX V

(Vide paragraph 12.3)

Details of Export Promotion Scheme for artificial silk fabrics

I. Drawback of import duty and refund of excise duty:

Upto 22nd November, 1957, drawback of customs duty paid on imported yarn was allowed at the following rates under the Customs Duties Drawback (Artificial Silk) Rules, 1954:—

Art silk cloth manufactured out of :—

	Rs.
(i) Art silk yarn below 75 deniers	1.75
(ii) Art silk yarn of 75 deniers and above but not above 100 deniers	1.25
(iii) Art silk yarn of above 100 deniers	0.75

Rebate of excise duty levied on art silk fabrics exported was permissible at the following rates:

- (a) If the fabrics are manufactured by or on behalf of a person who has followed the normal procedure of payment of duty on square yard basis. The whole of the excise duty leviable on such fabrics.
- (b) If the fabrics are manufactured by or on behalf of a person who has availed of the special procedure for payment of duty on compounded (loom) basis. Three pies per square yard.

With effect from 23rd November, 1957, the drawback is governed by the Customs and Excise Duties Drawback (Art Silk) Rules, 1957. The refund (i.e., drawback of import duty on imported art silk yarn and rebate of central excise duty on indigenous art silk yarn) is allowed at the following rates per lb. of goods shipped containing—

- (i) art silk yarn of below 75 deniers Rupee one and naye paise seventy-five.
- (ii) art silk yarn of 75 deniers and above but not above 100 deniers. Rupee one and naye paise twenty-five.
- (iii) art silk yarn of above 100 deniers Seventy-five naye paise.

Provided that in the case of goods manufactured from yarns of different deniers the refund shall be allowed at the rate which would be applicable to the goods if they were entirely made of yarn of the highest of such deniers.

The rates of rebate were increased with effect from 31st May, 1958 by Ministry of Finance, Notification No. GSR-424, dated 31st May, 1958, as under:—

Art silk fabrics made from yarn of:—

	Rs. per lb.
(1) Below 75 deniers	2.00
(2) 75 deniers and above but not above 100 deniers	1.28
(3) Above 100 deniers but not above 125 deniers	0.77
(4)* Above 125 deniers but not above 175 deniers	0.52
(5) Above 175 deniers	1.12

II. Special import licences for yarn and fabrics:

Under the Export Promotion Scheme, special import licences for the permissible varieties of art silk yarn and nylon yarn are granted to exporters towards the rupee equivalent of foreign exchange earned on the basis of the F.O.B. value of art silk fabrics, staple fibre fabrics and art silk and staple fibre mixed fabrics exported, in the following manner:—

- (a) To actual exporters of fabrics on the basis of exports effected by them on or after 1-1-1957: Licence value is 66 $\frac{2}{3}$ per cent. of F.O.B. value of export in the case of Indian art silk sarces, and licence value is 100 per cent. in the case of art silk fabrics including art silk hosiery goods. The licences are subject to the following conditions:—
- (i) 10 per cent. of the face value of these licences may be utilised for import of permissible spare parts of machinery for the manufacture of art silk cloth.
 - (ii) The licences may be permitted to import art silk fabrics upto 15 per cent. of the face value of these licences.
- (b) Prospective Licences: Art silk mills are also given special import licences in anticipation of exports subject to their furnishing a bond acceptable to the Licensing Authorities. They can also obtain indigenous art silk yarn at concessional rates if they undertake to export their manufacture.

