

PUBLIC NOTICE / PRESS NOTE
(TRANSPARENT POLICY)

Sub :- Clarificatory Public Notice / Press Note in respect of Hank Yarn packing Obligation Scheme.

As per the Hank Yarn packing Notification No. 8/TDRO/8/2/95 dtd. 20.3.95. as amended upto date (hereinafter referred to as the said notification) every producer of yarn (spun from not less than 90% of cotton and /or 90% of viscose fibre, including their blends and / or their wastes) who packs yarn for civil consumption (for delivery / sales / transfer within India). Shall pack yarn in hank form in each quarterly period commencing from April to June, 1995 quarterly period and in every subsequent quarterly period, in proportion of not less than 50% of total yarn packed by him during each quarterly period for civil consumption. This is an overall hank yarn packing obligation (overall h.y.o.). Further that not less than 80% of the yarn so required to be packed in hank form (i.e. of overall h.y.o.) shall be of counts 40s and below in regard to yarn containing cotton, including cotton wastes to the extent of 90% or more by weight. This is coarser counts hank yarn packing obligation (coarser counts h.y.o.). Thus, in case of yarn spun from not less than 90% viscose fibre and / or blend of viscose and cotton, only overall hank yarn packing obligation has been prescribed in the said notification . There shall be no objection if the producer fulfils more than 80% or even 100% of his overall hank yarn packing obligation from cotton hank yarn of counts 40s and below . However, surplus / excess the cotton hank yarn of counts above 40s shall set off the shortfall of overall obligation of viscose yarn and / or the shortfall of overall obligation of blended yarn of viscose fibre and cotton and / or 20% of the shortfall of cotton overall hank yarn packing obligation. In short,

- i) A mill / producer can transfer the excess packing of cotton hank yarn (either of 40s and below counts or above 40s counts) against the shortfall of viscose hank yarn packing obligation for which no count –wise restriction for fulfilment of hank yarn packing obligation has been prescribed.
- ii) Excess packing of Viscose hank yarn can be set aside/ transferred against the shortfall in the cotton hank yarn packing obligation of counts above 40s only but not against the shortfall in the cotton hank yarn packing obligation of counts 40s and below.
- iii) The shortfall of cotton hank yarn packing obligation in counts 40s and below can be set aside / transferred against the excess (surplus) cotton hank yarn packing in counts 40s and below only.

2. As per the provisions in the said notification, the overall hank yarn packing obligation and /or coarser counts hank yarn packing obligation shall be fulfilled by :

- i) Own Packing ; and / or
- ii) transfer to other producer (s) of yarn who has / have surplus eligible hank yarn packing (i.e. to the mill (s) / producer (s) who has / have submitted quarterly hank yarn packing returns (Annexure – I) within due date and has / have surplus after fulfilling his / their own obligation) ; and / or
- iii) getting the yarn reeled into hank form from outside reelers with due permission of the concerned Central Excise authority and the jurisdictional Regional Office of the Textile Commissioner.

(Illustration – I)

I. Say, 'A' mill has packed said yarn during the quarter October – December , 98 to the extent of – 270 kg. The details of 270 kg. yarn packed by 'A' mill are as under :

- a) Hosiery yarn (in cone form or / and hank form, etc.) 10 Kg.
- b) Sewing thread 10 Kg.
- c) Industrial yarn, like tyre cord 10 Kg.
- d) Multiple yarn (More than 2 ply yarn) 10 Kg.
- e) Mixed yarn reeled off from cop bottom (in hank form or any Other form 10 Kg.
- f) Export of yarn (either direct export or through merchant exporter) 10 Kg.
- g) Yarn (in hank form or any other form) consumed for manufacture Of fabric in the weaving shed / department / section located in the Same premises of 'A' mill. 10 Kg.
- h) Viscose cone yarn consumed for manufacturer of fabric in the weaving shed of 'A' mill located in a different premises (location other than that of 'A' mill). 20 Kg.
- i) Cotton Cone Yarn supplied to exporting units within India (including 100% EOU) for export of value added textile items (i.e. for export after further process and / or manufacture of fabric / garments, etc. within India) . 10 Kg.
- j) Cotton hank yarn (above 40s counts) supplied to exporting units within India for export of value added items etc. 10 Kg.
- k) Viscose cone yarn packed for sale / transfer / delivery in India. 30 Kg.
- l) Viscose hank yarn packed for sale in India . 10 Kg.
- m) Cotton Cone Yarn packed for sale in India . 30 Kg.
- n) Cotton hank Yarn (40s and below counts) packed for sale in India. 30 Kg.
- o) Cotton hank Yarn (above 40s counts) packed for sale in India . 60 Kg.

 Total : 270 Kg.

II. Therefore, total exempted category of yarn packed by 'A' mill (a + b + c + d + e + f + g) during October / December , 1998. 70 Kg.

As per clause 2(a) (i) to 2(a) (v) and clarification given under clause 2 (b) (i) of the said notification only these are the exempted categories from hank yarn packing obligation .

The supply (sale / transfer / delivery) made under h, i and j above is within India and therefore the same is not considered as exempted from hank yarn packing obligation. Further, 'h' is not a captive consumption in terms of the said notification, as it is not consumed in the same factory premises where yarn was produced.

III. Therefore, total obligatory variety / category of yarn packed by 'A' mill during October – December, 98.

(I – II) = (h + i + j + k + l + m + n + o)	200 Kg.
(i) Cotton Yarn = (i + j + m + n + o)	140 Kg.
(ii) Viscose Yarn = (h + k + l)	60 Kg.
	200 Kg

IV. Therefore, overall hank yarn packing obligation (50% of item No. III) 100 Kg.

(i) Cotton overall hank yarn packing obligation (50% of item No. III [i])	70 Kg.
(ii) Viscose overall hank yarn packing obligation (50% of item No. III [ii])	30 Kg.

Total	100 Kg.

V. Therefore, 40s and below, i.e., coarser counts hank yarn packing obligation (in respect of cotton yarn only) (80% of item No. IV[i]) 56 Kg.

VI. The total hank yarn packed by the 'A' mill	110 Kg.
(i) Viscose hank yarn (l) 10 Kg.	
(ii) Cotton hank yarn (j+n+o)	100 Kg.

Total	110 Kg.

(iii) Cotton hank yarn of counts 40s & below = (n) = 30 Kg.

VII. Therefore, shortfall in fulfilment of hank yarn packing obligation by 'A' mill is worked out as below :-

(i) Shortfall in fulfilment of overall hank yarn packing obligation by the 'A' mill (i.e. IV – VI)	Nil.
(ii) Shortfall in fulfilment of coarser counts of hank yarn packing obligation by the 'A' mill (i.e. v-vi (iii) = 56-30 = 26 Kg.)	26 Kg.

3. As per the said notification, the yarn packing details (i.e. the details of yarn packing as illustrated above) in the prescribed format Annexure – I (hank yarn packing return appended / attached to the said notification) shall be submitted (so as to reach) to the jurisdictional Regional office of the Textile Commissioner as well as to the office of the Textile Commissioner (Consumer Service Section), 1st Floor, New C.G.O. Bldg., 48, New Marine Lines, Churchgate, Mumbai - 400020, on or before 40th day from the date of closure of each quarterly period , by Registered Post A.D. or Hand Delivery.

4. Further, as per the said notification, the shortfall in hank yarn packing obligation shall be fulfilled by transfer

of such shortfall hank yarn packing obligation (of transferor mill (s)) to mill (s) / producer (s) having surplus hank yarn packing (transferee mills) and the details of such transfer shall be furnished / submitted (so as to reach) in the prescribed format – Annexure II (hank yarn packing obligation transfer application appended attached to the said notification) to the jurisdictional Regional Office of the Textile Commissioner , on or before 60th day from the date of closure of each quarterly period, by Registered post A.D. or by Hand Delivery. Further, the fulfilment of shortfall hank yarn packing obligation, by transferor mill (s) shall be against the current excess / surplus hank yarn packing of transferee mill (s). The surplus hank yarn packing in a quarterly period can be carried forward only to the subsequent (next one) quarterly period only for the purpose of fulfilment of own shortfall hank yarn packing obligation in the said next / subsequent quarterly period, but not for any other purpose or for any other quarterly period.

(Illustration – II)

Say, the `A` mill mentioned at illustration-I above can fulfill its coarser counts shortfall hank yarn packing obligation of 26 Kg. for October-December, 1998 quarterly period by transfer to any transferee mill (s) (say `B` mill) against the surplus hank yarn packing of transferee mill (s) (say `B` mill) in the October – December, 1998 quarterly period and the details of the said transfer of shortfall hank yarn packing obligation by `A` mill (transferor mill (s)) to `B` mill (transferee mill(s)) shall be furnished by the said transferor mill (i.e. in the instant case `A` mill) in Annexure-II, so as to reach the jurisdictional Regional office of the Textile Commissioner on or before 01.03.1999 (i.e. on or before 60th day from the date of closure of quarterly period October – December, 1998).

However, the said shortfall hank yarn packing obligation of `A` Mill (transferor mill(s)) for the quarter October – December, 1998 shall not be set off against the excess hank yarn packing of `B` Mill (transferee mill(s)) in the quarterly period July – September, 1998 or against excess packing of `B` mill (transferee mill (s)) in any quarterly period earlier (past quarterly period) to the quarter October- December, 1998. The shortfall hank yarn packing obligation of `A` mill (transferor mill (s)) for the quarter October- December, 1998 (or for the any past quarterly period) shall also be set off against the surplus (excess) hank yarn packing of `B` Mill (transferee mill (s)) in the quarterly period January – March, 1999 or in any other future quarterly period, provided a prior written permission in this regard is obtained from the office of the Textile Commissioner (Consumer Service Section), 1st Floor, New C.G.O. Bldg., 48, New Marine Lines, Churchgate, Mumbai – 20 by the `A` mill (transferor mill (s)) . However, in the instant case, the `B` mill carry forward its excess / surplus hank yarn packing in October – December, 1998 quarterly period to the quarterly period January – March, 1999. only for fulfilment of its (`B` mill's) own shortfall hank yarn packing obligation in January – March , 1999, if any, but not for the purpose of undertaking other mills shortfall hank yarn packing obligation (i.e., not for the set off of other mills shortfall hank yarn packing obligation in the quarterly period January-March, 1999).

5. At present the exemption from fulfilment of hank yarn packing obligation is granted by the Head Office of the Textile Commissioner (Consumer Service Section), Mumbai, only in respect of mill(s)/producer(s) of the said yarn who has/have been declared as Relief Undertaking mills(s)/producer(s) by the concerned state Govt. by a notification or order, under the provisions of relevant Relief Undertaking Acts (Viz: Bombay Relief Undertaking Act) of the State Govt.. This facility is extended/granted based on the mills(s)/ producer(s) application/representation alongwith copy of State Govt. notification/order for declaring the said mills(s)/producers(s) as Relief Undertaking by the State Govt. and the said facility will be limited only to the period mentioned in the State Govt. notification/order. However, in such cases also, the Mills(s)/Producer(s) should submit the quarterly hank yarn packing returns (Annexure-I) within the due date prescribed in the said notification dtd. 20.03.95 of the Textile Commissioner.

6. The textile industry and trade are aware that the Textile Commissioner, Govt. of India, had issued a notification No. 8/TDRO/8/2/95 dtd. 20th March, 1995 (as amended) called as the Hank Yarn Packing Notification i.e. the said notification, in exercise of the powers conferred on him by Clause 8, 12 and 13 of

the Textile (Development and Regulation) Order, 1993, (as amended), an order issued under Section 3 of the Essential Commodities Act, 1955. The said Notification was published in the Gazette of India, Extra-ordinaty, Part-I Section-I dtd. 21.03.1995, besides wider circulation amongst industry and trade. The said notification was issued by the Textile Commissioner on behalf of the Govt. of India in the interest of Handloom Industry.

Accordingly, the provisions and directions contained in the said notification are statutory provisions and directions. Therefore, it is mandatory on the part of all concerned textile industry and trade to comply with the provisions and the directions contained in the said notification. As already provided under Clause I(ii) of the said notification, the provisions and directions contained in the said notification shall be in force till the 31st March, 2000. It is once again hereby directed to all concerned that the provisions and directions contained in the said notification dtd. 20.03.95 (as amended) and in this Public Notice/Press Note should be complied with/followed by all concerned.

7. The non-fulfilment of quarterly hank yarn packing obligation and non-submission of Annexure-I (i.e. hank yarn packing return) and non-submission of Annexure-II (i.e. hank yarn packing obligation transfer application) within the time limit prescribed (as indicated above), in the said notification amount to the violation/contravention of the provisions and directions contained in the said notification. The violation of or non-compliance of or partial compliance of the provisions and directions contained in the said notifications shall amount to the violation/contravention/non-compliance of the relevant provisions and directions contained in the Essential Commodities Act, 1955, as briefly outlined above. Therefore, violation/contravention of the provisions of the said notification shall be an offence under Essential Commodities Act, 1955

8. In terms of Section-7 and 10 of the Essential Commodities Act, 1955, the person(s) and the Company including its Directors, Manager, Secretary or other officers of the company are liable to be prosecuted for being guilty of any offence/contravention/violation, under Essential Commodities Act, 1955.

9. Accordingly, as and when any offence/contravention/violation of the said notification is noticed/detected by the Office of the Textile Commissioner and/or its jurisdictional Regional Office, a First Information Report (F.I.R.) under Section-154 of the Criminal Procedure Code (Cr.P.C.) 1973 read with Section-II of the Essential Commodities Act, 1955 is filed by the jurisdictional. Regional Offices of the Textile Commissioner, before the appropriate Police authority for prosecution of the offenders (mentioned hereinabove) or a direct prosecution against the offenders (mentioned hereinabove) can be launched by the jurisdictional Regional Offices of the Textile Commissioner before the appropriate Court of Law.

10. The Regional Office of the Textile Commissioner have been directed to start filing of FIRs/Prosecution from the 41st day from the date of closure of each quarterly period in respect of/ against Producer(s) / Mill (s), who fail (s) to submit Annexure-I (hank yarn packing returns) to the jurisdictional Regional Offices of the Textile Commissioner, on or before 40th day from the date of closure of each quarterly period. Similarly, the Regional offices of the Textile Commissioner have been directed to start filing of FIRs / Prosecution from the 61st day from the date of closure of each quarterly period in respect of/ against producer (s)/ Mill(s) who fail (s) to fulfil the overall hank yarn packing obligation and /or fail (s) to fulfil coarser counts of hank yarn packing obligation and / or fail(s) to submit Annexure – II (hank yarn packing obligation transfer application) to the jurisdictional Regional Office of the Textile Commissioner on or before 60th day from the date of closure of each quarterly period. If the shortfall hank yarn packing obligation (overall hank yarn packing obligation and / or coarser counts of hank yarn packing obligation) is 15% or less than 15%, the said shortfall hank yarn packing obligation can be carried forward to the subsequent (next one) quarterly period and the same should be fulfilled by own packing or by transfer in the said subsequent (next one) quarterly period. Regional offices of the Textile Commissioner have also been directed to send a report in the following format, so as to reach the office of the Textile Commissioner (CSS) , 1st Floor, New C.G.O. Bldg., 48, New Marine Lines, Churchgate, Mumbai – 20, on or before 50th day from the date of closure of each quarterly period.

FORMAT

Regional Office of the Textile Commissioner, ----- Details of actual packing of hank yarn, number of producers of yarn / Mills defaulted from submission of Annexure –I, etc. for the quarterly period -----.

Sr.No.	Category of Producers of yarn	No. of Mills submitted Annexure - I	No. of Mills failed to submit Ann- I	Hank.yarn packing obligation (in r/oCol. 3)	Actual hank yarn packing (in r/o Col. 3)	Shortfall / excess (surplus) hank yarn packing (5-6)	No. of FIRs filed (on the day of despatch of this statement)
1	2	3	4	5	6	7	8
1	Private						
2	Co-operative						
3	STC/State run mills						
4	N.T.C.						
	Grand Total						

11. Regional offices of the Textile Commissioner have also been directed to Register the Transfer of hank yarn packing obligation only after confirming the availability of sufficient surplus/ excess hank yarn packing in the accounts of transferee mills. The registration of transfer of hank yarn packing obligation and confirmation of excess (surplus) hank yarn packing available in the accounts of transferee mills, should be expedited. The Regional Offices of the Textile Commissioner should maintain proper account of registration of transfer of hank yarn packing obligation and undertaking of other mills hank yarn packing obligation (i.e. transfer of excess (surplus) hank yarn packing by transferee mills) etc. in a proper register. The Regional offices of the Textile Commissioner may complete the registration of transfer of hank yarn packing obligation, filing of FIRs, etc. in straight cases by the 80th day from the date of closure of each quarterly period and furnish the details in the prescribed statement (called Annexure-D already in force) so as to reach the Headquarters office of the Textile Commissioner (C.S.S.), 1st Floor, New C.G.O. Bldg., 48, New Marine Lines, Churchgate, Mumbai – 20, on or before 90th day from the date of closure of each quarterly period . The Annexure-D should be written / filled on day to day basis, by the Regional offices of the Textile Commissioner, so that the same is submitted to the office of the Textile Commissioner within the due date and the same should not be delayed for want of confirmation of excess / surplus hank yarn packing available with transferee Mills falling under the jurisdiction of other Regional offices of the Textile Commissioner. In such cases for the purpose of entry in Annexure – D , the details furnished in Annexure – II may be taken. However, the confirmation should be expedited. In case of wrong declaration of hank yarn packing by the transferee mills, where it affect the fulfilment of hank yarn packing obligation of transferor mills, action of filing FIR shall be initiated against the transferee mills and the transferor mills shall be permitted by the jurisdictional Regional office of the Textile Commissioner, to fulfil the resultant shortfall hank yarn packing obligation in the current quarter or in the subsequent (next one) quarterly period, keeping in view that such fulfilment should be against current quarterly period own hank yarn packing or against current quarterly period excess / surplus hank yarn packing of transferee mills. The FIRs in respect of other defaulter cases, which could not be filed within 80th day from the date of closure of each quarterly period shall be filed within the reasonable time / immediately on forwarding the Annexure-D to the head office. The Regional Offices should stick to the above guidelines / instructions and any deviation should be with the prior, approval of the Headquarters office of the Textile Commissioner.

12. Looking to the guidelines contained in clause 3 (23) and clause 8(4) of Textiles (Development & Regulation) order, 1993 (amendments thereof) and item No. 2 in the table of delegation of powers notification No. 1/TRRO/21/1 dtd. 07.05.93 issued by the Textile Commissioner, any deviation from the above stated guidelines/instructions should have the approval of an officer not below the rank of Director i.e. Director (Enforcement) in the Headquarters office of the Textile Commissioner, Mumbai . Looking to the said legal provisions most of the cases of condonation of delay in submission of Annexure-I and Annexure-II, sending recommendation/ communication to the police authority against FIR, if any, already filed, etc. may have to be decided at the level of Jt. Textile Commissioner or Addl. Textile Commissioner or Textile Commissioner according to the seriousness of the case. These directions shall be in force from the date of issue of this public Notice / Press Note.

13. In the interest of handloom industry and producers of yarn, it is once again emphasized on the producers of said yarn that they should stick to the time limit prescribed for submission of Annexure-I and Annexure-II and / or fulfilment of hank yarn packing obligation.

14. In terms of public Notice No. 50(PN) /92-97 dtd. 14th July, 1994 from Director General of Foreign Trade, New Delhi, the fulfilment of the quarterly hank yarn packing obligation as determined by the Textile Commissioner was made as one of the pre-conditions for export of cotton yarn by the spinning mills. Accordingly, necessary instructions were issued to TEXPROCIL (The Cotton Textiles Export Promotion Council), Mumbai vide this office letter No. 26(15)/94-CSS/164 dtd. 26.08.94 to stop the exports of cotton yarn of spinning mills, who fail to fulfil the quarterly hank yarn packing obligation, as communicated by the Headquarters office of the Textile Commissioner (CSS), Mumbai from time to time. The Director General of Foreign Trade, New Delhi vide his Public Notice No. 51/RE-98/ 1997-2002 dtd. 26.10.98 has withdrawn / deleted the pre-condition of fulfilment of quarterly hank yarn packing obligation for export of cotton yarn by the spinning mills. Accordingly, the fulfilment of hank yarn packing obligation has been de-linked from the eligibility for export of cotton yarn by the spinning mills and accordingly the instructions issued to TEXPROCIL (The Cotton Textiles Exports Promotion Council) on this subject vide this office letter No. 26(15)/94-CSS/164 dtd. 26.08.94 and thereafter, stand withdrawn / deleted with immediate effect. However, all the provisions and directions contained in the said hank yarn packing obligation notification and as outlined / clarified in the preceding paragraphs of the public notice shall be in force till the 31st March, 2000.

15. This issues in the public interest .

sd/-
(B.C.KHATUA)
TEXTILE COMMISSIONER