

Minutes of the 67th meeting of the Internal Technical Committee under Amended Technology Up gradation Fund Scheme (ATUFS) held on 08.06.2023

The 67th meeting of the Internal Technical Committee under Amended Technology Up gradation Fund Scheme (ATUFS) was convened on 08.06.2023 from 11.30 A.M. under the Chairmanship of Shri S. P. Verma, Joint Textile Commissioner (T) in the Conference Hall of the Office of the Textile Commissioner, Mumbai. The list of participants is attached as Annexure-I. The agenda points which were discussed and decisions taken thereof are as under:-

Agenda Point No 1: Case Forwarded by TUFS Cell

TUFS cell requested vide note no. 12(3814)/IT/ATUFS/2022/TUFS/28 dated 06.06.2023 to place the issue regarding eligibility of the claim under ATUFS. M/s. Swan Medicot LLP, Rajkot (ATUFS/2019-20/857) has purchased 1 No. of machine **MC-03-j-1 (i.e. Complete production line of surgical Bleached cotton)** from following 06 different machine manufacturers:

1. M/s. Perfect Engineering.
2. M/s. Swastik Textile Engineers Pvt. Ltd.
3. M/s. Tiny Top Engineering Pvt. Ltd.
4. M/s. Vetal High Tech machines Pvt. Ltd.,
5. M/s. Callebaut De Blicquy, France.
6. M/s. Links SRL, Italy.

From the above manufacturers list, the enlistment application of M/s. Tiny Top Engineering Pvt. Ltd. is rejected as per the 4th IMSC decision and no application for enlistment has been received from the M/s. Vetal High Tech machines Pvt. Ltd. & M/s. Callebaut De Blicquy, France under ATUFS.

As per Para 3.3 of RR dated 02.08.2018 machine purchased directly from the machine manufacture/ supplier will be eligible for CIS under the scheme. However, in the instant case one complete production line of surgical bleached cotton purchased from six manufacturers, out of which three machine manufacturers are not enlisted.

ATUFS Section Remark: Though the machine annexure MC03-J-1 mentioned as "Complete production line of surgical Bleached cotton", as the deliberation of 19th TAMC, Complete production line of surgical Bleached cotton involves different process like Blow room, wet processing and packing in the textile value chain and accordingly, 5th IMSC has decided to allow the Complete production line under Technical Textile in more than two component purchased from different vendors. Further, the unit has purchased 3 components of complete production line from enlisted machine manufacturer and hence no scope to reject the complete production line. In view of the above, the machineries supplied by the 3 enlisted manufacturers may be considered.

Decision Taken : : The matter is regarding consideration of payment of subsidy for different parts/ machines of a complete production line under Technical Textile which are not enlisted under ATUFS. In this regard, the committee opined that ITC has no comment as it is not under its purview and ATUFS Section may take decision as per the extant GR

Agenda Point No 2:

The South Gujarat Warp Knitters Association has vide their letter dt. 8/9/2022 requested for considering the following two machines as High Speed Fully Fashioned knitting machines under Garmenting Sector for subsidy of 10% capital + 5% Interest under RTUFS / RRTUFS.

1. Multi Bar Raschel Knitting Machine (Warp / Raschel Knitting Machine)
2. High Performance Tricot Machine.

The South Gujarat Warp Knitters Association has claimed that both these knitting machines are capable of manufacturing garment like shrug/ poncho / capes etc at highest speed as compared to other garment making machines. They have further informed that they do not require stitching machines to manufacture garments like ladies shrug. Capes etc and therefore it would be inappropriate to insist that a unit should have a minimum of 30 stitching machines to qualify as a garment manufacturing unit as decided in the 15th TAMC meeting held on 2/1/2020.

In view of the above, The South Gujarat Warp Knitters Association has requested that the criteria of minimum 30 stitching machines to qualify as a garment manufacturing unit as decided in the 15th TAMC meeting held on 2/1/2020 may be insisted upon only for machines purchased on or after 2/1/2020. The Association has also submitted the following documents in support of its claim.

- a) Test report of Textile Committee on Polyester Knitted garment (Capes)
- b) Certificate issues by Machine manufacturer- M/s Jiangsu Runyuan Holding Group Co. Ltd., China & Karl Mayer confirmation on possibilities of making Shrug using 3 guide bar.
- c) Cross Examination Report of Professor Shri Bipin Kumar- IIT-Delhi

Sections Note: Based on the cross examination report of Shri Bipin Kumar, Assistant Professor, IIT – Delhi by Customs Department submitted by the Association alongwith their representation, it is seen that, he has stated that Rashel and Tricot – Both warp knitting machines do not fall under Fully Fashion category as these machines lack functionalities like loop transfer, creating a circular panel, creating tuck, float which is required in fully fashion category. Hence the Rashel and Tricot both machines may fall under only Knitting segment even though they can manufacture Shrug as claimed by The South Gujarat Warp Knitters Association.

In view of the above, the committee may take a decision as to whether the following two machines can be considered as High Speed Fully Fashioned knitting machines under Garmenting Sector for subsidy of 10% capital + 5% Interest under RTUFS / RRTUFS without the requirement of having minimum of 30 stitching machines to qualify as a garment manufacturing unit as decided in the 15th TAMC meeting held on 2/1/2020, for units who have purchased the machines before 2/1/2020.

1. Multi Bar Raschel Knitting Machine (Warp / Raschel Knitting Machine)
2. High Performance Tricot Machine

Decision Taken: After detailed deliberation, the committee decided that under RRTUFS Resolution, the categorization of eligible machines are done on the basis of segment and not based on the output of the product of the machine. Actually, warp knitting machine which falls under c. 4. of MC-5 which is meant for knitting segment only and machines categorized under this segment are eligible for 5%IR only. Moreover, under ATUFS, this machine has been claimed under weaving and knitting segment only. As such, this machine cannot be considered as machinery under garment segment. Further as regard to other demands of the association, decision is already taken by TAMC and IMSC, hence ITC is not empowered to review the decisions of TAMC/ IMSC. Being policy decision to be taken, TAMC and Ministry may decide on these demands made in the representation of the association.

Agenda Point No-03:

TUFS Cell vide note no 12(3947)/JIT/ATUFS/2023/TUFS/09 dated 01.05.2023 forwarded the case of M/s Welspun Advance Material; (India) Ltd regarding different name plates available in Complete production line or the components/parts forming the production line for the spunlace non-woven.

M/s Welspun Advance Materials India Ltd purchased Complete Production line including Opening/Blending, web forming and Hydro entanglement unit for manufacturing of Spunlace non-woven from M/s Andritz Perfojet S.A.S. , France . During the supply it is noted that few components of the complete production line are supplied through sister concern of M/s Andritz Perfojet viz M/s Andritz Laroche SAS and Andritz Asselin Thibeau SAS. The sister concerns are also manufacturers of textile machineries for Non-Woven and form an integral part of complete production line for Spunlace Non-Woven. The invoice raised by M/s Andritz Perfojet S.A.S. only for complete production line however parts supplied from sister concern comprises name plate of the manufacturing unit.

M/s Andritz Perfojet S.A.S. is enlisted in Annexure-III at Sr No-498 for MC-3-g-1-viii: Complete production lines or the component / parts forming the production line for the manufacture of following non-woven upto rolled goods preparation and packing. Now the unit submitted documents for enlistment of M/s Andritz Laroche SAS and Andritz Asselin Thibeau SAS as subsidiary unit of M/s Andritz Perfojet S.A.S., France. The unit requested for enlistment of subsidiary units also and submitted following documents:

- Technical Literature of textile machines manufactured by above subsidiaries
- Financial report establishing subsidiary relationship
- Declaration letter for machines supplied through Subsidiary units to Welspun Advance materials India Ltd Business registration copies of subsidiary companies

Section Note : The Andritz Asselin Thibeau business license: the activities mentioned as “manufacturing of machinery for the textile and nonwoven industry”. The unit is established in 30.06.2005 under the administrative control of Andritz Kusters GmbH

M/s Andritz Laroche SAS business license: “Foundry and mechanical constructions and all related operations. The provision of all technical, commercial, administrative, management, accounting of management -assistance services.” The unit established in 01.10.1926 under administrative control of M/s Andritz AG.

The aforesaid subsidiary units viz M/s Andritz Laroche SAS and Andritz Asselin Thibeau SAS are sister concerns of M/s Andritz Perfojet S.A.S. The same is also validated through annual report submitted by the unit.

It was also seen from the Balance Sheet of the company and the company website that M/s. Andritz AG is an international technology group, offering plants, equipment, systems and services for various industries. The group's headquarters are in Graz, Austria. However their textile and non-woven related manufacturing activities is carried out under the proprietorship of M/s Andritz Perfojet S.A.S, France which has been enlisted as machinery manufacturer under ATUFS. M/s Andritz Perfojet S.A.S, France has procured some parts of the complete production line from its sister concern viz M/s Andritz Laroche SAS and Andritz Asselin Thibeau SAS.

Decision Taken : The committee noted that all the companies are group companies of M/s. Andritz AG, Austria and the complete production line for producing spun lace non-woven fabric is supplied & invoiced by M/s Andritz Perfojet S.A.S, France which is enlisted under ATUFS. From the records available in their website, it is observed that M/s Andritz Perfojet S.A.S, France is engaged in technical textiles machines production. Moreover, as per documents submitted by M/s Andritz Perfojet S.A.S, France they have supplied the complete production line with few parts manufactured by its two group company's falling under ambit of Andritz AG (main company which is non-textile unit and group of various units as per document annexed) i.e. M/s Andritz Laroche SAS and Andritz Asselin Thibeau SAS.

It was also reported by ATUFS cell referring to claim file that all the parts supplied by the group companies are having the same logo (**ANDRITZ**). As such, the ITC is of the opinion that such type of arrangement may be considered by the TAMC/ Ministry as a special case since the main unit M/s. Andritz AG, Austria was established on 1852(More than 25 years as decided by ITC/TAMC) and its textile machinery unit viz. M/s Andritz Perfojet S.A.S, France has supplied entire production line in its invoice having few parts of their group companies under M/s. Andritz AG, Austria (Copy of annual report is enclosed).

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Agenda Point No. 04:

The ATUFS Cell forwarded case of M/s Suregaa Exports (Tufs Ref No- ATUPS/2021- 22/182). During scrutiny, it is observed that invoice is raised on 01.05.2021 and date of manufacturing in name plate is 11.05.2021 which is 10 days after the invoice date.

- Invoice date: 01/05/2021
- Name plate (Date of manufacturing):11/05/2021
- Bill of lading: 30.05.2021
- Machine Manufacturer: M/s Tubular Textile Machinery INC, USA

Machine Manufacturer clarification: "The name plate is always made earlier and the dates mentioned on it are based on an expected loading date. In the particular case, the bill of lading date is on 30.05 2021. Accordingly, the expected date has been mentioned in the name plate as 11.05.2021 with the machine model No. C2500 and machine Sr. No. BM10832 which are in line with the invoice.

Section Note: Such type of case was deliberated in 32 TAMC Meeting (Reg M/s Jiangyin Star Kaji Izumi Machinery where name plate comprises 2016 3, however invoice date was 29.02.2016. The decision of committee is reproduced below.

Decision of 32nd meeting of TAMC : SIMA and CMAI has pointed that it may be possibility of very close dates. TAMC has decided to seek clarification from Machine supplier/manufacturer regarding circumstances of mentioning different dates in different shipping documents and machine. ITC may relook into the matter in the light of the views of SIMA and CMAI and place it before the next meeting of TAMC.

Decision Taken: The committee reviewed the declaration submitted by the manufacturer and did not accede to their request as similar types of cases were not recommended by the ITC earlier in the 49th ITC. Further the committee also noted that in an earlier ITC meeting, a case regarding affixing wrong name plate by the same company was discussed and the committee did not consider the same. From the above, it seems that the manufacturer is not following the best trade practices and is in the habit of making such errors, which creates doubt on genuineness of first hand machinery.

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