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**F. No. 6/06/2022-DGTR
Government of India
Ministry of Commerce & Industry
Department of Commerce
(Directorate General of Trade Remedies)
Jeevan Tara Building, Parliament Street, New Delhi -110001**

Dated: 29.09.2023

FINAL FINDINGS
Case No. OI- (06/2022)

Subject: Anti-dumping investigation concerning imports of “Viscose Rayon Filament Yarn” originating in or exported from China PR.

A. BACKGROUND OF THE CASE

F. No. 6/06/2022-DGTR: Having regard to the Customs Tariff Act, 1975, as amended from time to time (hereafter also referred to as “the Act”) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and Determination of Injury) Rules, 1995, as amended from time to time (hereinafter referred to as “the Rules”) thereof.

1. The Designated Authority (hereinafter referred to as the “Authority”) received an application (also referred to as the “petition”) from Association of Man-Made Fiber Industry Limited (hereinafter referred to as “applicant association”) and M/s Grasim Industries Limited (hereinafter referred to as “domestic industry” or “applicant” or “petitioner”) requesting initiation of an anti-dumping investigation under the Act and the Rules on the imports of “Viscose Rayon Filament Yarn” also known as VFY (hereinafter referred as the “subject goods” or “product under consideration” or “PUC”), originating in or exported from China PR (hereinafter referred to as the “subject country”). The applicant, namely M/s Grasim Industries Limited has provided the prescribed information in the application.
2. The Authority, on the basis of *prima-facie* evidence submitted by the applicant, issued a public notice vide Notification No. 6/06/2022-DGTR dated 30th September, 2022, published in the Gazette of India, Extraordinary, initiating the subject investigation in accordance with the Section 9A of the Act read with Rule 5 of the Rules to determine the existence, degree and effect of the alleged dumping of the subject goods originating in or exported from the subject country and to recommend the amount of anti-dumping duty, which if levied, would be adequate to remove the alleged injury to the domestic injury.

B. PROCEDURE

3. The procedure described below has been followed with regard to the investigation:
 - i. The Authority notified the Embassy of the subject country in India about the receipt of the present anti-dumping application before proceeding to initiate the investigation in accordance with sub-rule (5) of Rule 5.
 - ii. The Authority issued a Notification dated 30th September 2022, published in the Gazette of India Extraordinary, initiating the anti-dumping investigation concerning the imports of the subject goods from the subject country.
 - iii. The Authority sent a copy of the initiation notification dated 30th September 2022 to the Embassy of the subject country in India, the known producers and exporters from the subject country, known importers and users in India, and the other interested parties, as per the addresses made available by the applicant. The interested parties were advised to provide relevant information in the form and manner prescribed and make their submissions known in writing within the prescribed time-limit.
 - iv. The Authority provided a copy of the non-confidential version of the application to the known producers/exporters and to the Embassy of the subject country in India in accordance with Rule 6(3) of the Rules.
 - v. The Embassy of the subject country in India was also requested to advise the exporters/producers from its country to respond to the questionnaire within the prescribed time limit. A copy of the letter and questionnaire was sent along with the names and addresses of the known producers/exporters from the subject country.
 - vi. The Authority sent exporter's questionnaire to the following known producers/exporters in China PR in accordance with Rule 6(4) of the Rules:
 - i. HMEI Thread Co. Ltd.
 - ii. Jilin Chemical Fibre Group Co. Ltd.
 - iii. Xinxiang Bailu Chemical Fibre Group Co. Ltd.
 - iv. Yibin Grace Co. Ltd.
 - v. Yibin Heist Fibre Co. Ltd
 - vii. The following producers/exporters from China PR have responded and filed exporter's questionnaire response:
 - i. Baoding Hengjin Silk Thread Co. Ltd.
 - ii. Boading Hengjin Silk Thread Co. Ltd.
 - iii. Goaxian Changxin Thread LLC
 - iv. Grace (Hong Kong) International Trading Limited
 - v. Jilin Chemical Fibre Stock Co. Ltd.
 - vi. Jilin Enka Viscose Co., Ltd.
 - vii. Jilin Top Trading Co. Ltd.
 - viii. Pro-Mexx Industrial Development Co. Ltd.
 - ix. Sichuan Wellshow International Trade PTE Ltd.
 - x. Xingxiang Chemcial Fibre Co., Ltd.
 - xi. Yibin Changxin Thread Co., Ltd.
 - xii. Yibin Hiest Fibre Limited Corporation
 - viii. The Authority forwarded a copy of the initiation notification and the questionnaire to the following known importers/users in India in accordance with the Rule 6(4):

- i. Agarwal Fabtex Pvt. Ltd.
 - ii. Amrit Rayon Ltd.
 - iii. AR Corporation
 - iv. Bell Textiles Pvt. Ltd.
 - v. Bittu Synthetics
 - vi. Chunnilal Kundanmall
 - vii. Doriwala Industries
 - viii. Hardik Fashions
 - ix. Krishan sale's Corporation
 - x. Liberty Trendz Pvt. Ltd.
 - xi. Manohar Capital Markets Ltd.
 - xii. Marwadi Brothers
 - xiii. Meenakshi Group Pvt. Ltd.
 - xiv. Meher International
 - xv. Rajmal Son's and Group
 - xvi. Ramchandra Art Silk Yarn Trading Co. Ltd.
 - xvii. Shah Trading Co.
 - xviii. Shanti Textiles
 - xix. Shri Govindraj Trading Company
 - xx. Tejoday Dyeing & Printing Works
 - xxi. The Matrix Enterprise
 - xxii. Urjaa Exim Pvt. Ltd.
 - xxiii. Vyapar Com & Industries Ltd,
- ix. The following importers/users in India have responded and filed importers/users questionnaire response:
- i. A.R Corporation
 - ii. Anand Apparels
 - iii. Batsons Textiles
 - iv. Chinco Textiles
 - v. Dharmik Textile
 - vi. Eagle Silk Mills Pvt. Ltd.
 - vii. Golden Synthetics
 - viii. Hanuman Weavetech
 - ix. I M Patel & Sons
 - x. Jalaram Textils
 - xi. Jash Rayon
 - xii. Maker Filaments
 - xiii. Meher Filament
 - xiv. Meher International
 - xv. Palak Tex
 - xvi. Prakash Textiles
 - xvii. R R Tex
 - xviii. Reaghan Fashion Pvt. Ltd.
 - xix. Ruhi Tex
 - xx. Satyam Sizing

- xxi. Shree Bhuvneshwari Textiles
 - xxii. Shyamlal Goyal Fabrics Pvt. Ltd.
 - xxiii. Silk Poly Fab.
 - xxiv. Tailor & Tailor Fab
 - xxv. Urjaa Exim Pvt Ltd
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- x. The Authority specified proposed Product Control Number (PCN) for fair comparison of the PUC in the initiation notification dated 30th September 2022.
 - xi. The Authority invited comments from the interested parties on the proposed PCN and thereafter held a meeting on 14th November 2022 to finalise the PCN methodology. All the parties who presented their views in the oral hearing were requested to file written submissions in order to enable the opposing interested parties to file rejoinders thereafter.
 - xii. After considering the arguments made by the interested parties in the oral hearing and the submissions filed thereafter, the Authority notified final PCN methodology on 29th November 2022.
 - xiii. The Authority, upon request made by the interested parties, granted extension of time to the interested parties up to 27th December 2022 to file their questionnaire response.
 - xiv. The Authority also issued an Economic Interest Questionnaire (hereafter referred to as "EIQ") to the interested parties including Ministry of textiles dated 14th December, 2022 seeking inputs on the economic impact of the proposed duties. The information received from all the parties has been considered for the purpose of present determination.
 - xv. The Authority made available the non-confidential version of the submissions made by the various interested parties. A list of all the interested parties was uploaded on the DGTR website along with the request therein to all of them to email the non-confidential version of their submissions to all the other interested parties.
 - xvi. The period of investigation (POI) for the purpose of present investigation is 1st April 2021 to 31st March 2022 (12 months). The injury analysis period covers 1st April 2018 to 31st March 2019, 1st April 2019 to 31st March 2020, 1st April 2020 to 31st March 2021 and the period of investigation.
 - xvii. The transaction-wise import data for the period of investigation and the preceding three years was procured from the Directorate General of Commercial Intelligence and Statistics (DGCI&S) and DG, Systems. The Authority has relied upon data of DGCI&S for calculating the volume and value of imports of the subject goods in India.
 - xviii. The information/data submitted by the domestic industry has been verified to the extent deemed necessary and relied upon for the purpose of these findings. The Authority has also conducted physical verification at the premises of the domestic industry. The Authority has also verified the data of the responding exporters from the subject country through desk verification.
 - xix. In accordance with Rule 6(6) of the Rules, the Authority provided an opportunity to the interested parties to present their views orally in a public hearing held on 16th June 2023 in hybrid mode. The parties which presented their views in the oral hearing were requested to file written submissions of the views expressed orally, followed by rejoinder submissions, if any. The parties shared their non-confidential submissions with other interested parties and were advised to offer their rebuttals.

- xx. The submissions made by the interested parties, arguments raised, and information provided by the various interested parties during the course of the investigation, to the extent the same are supported with evidence and considered relevant to the present investigation, have been appropriately considered by the Authority in this final finding.
- xxi. The Authority, during the course of the investigation, satisfied itself as to the accuracy of the information supplied by the interested parties, which forms the basis of this final finding, to the extent possible, and verified the data/documents submitted by the applicant to the extent considered relevant.
- xxii. Information provided by the interested parties on a confidential basis was examined with regard to the sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claims wherever warranted and such information has been considered as confidential and not disclosed to other interested parties. Wherever possible, parties providing information on a confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis.
- xxiii. A disclosure statement containing the essential facts of the investigation which have formed the basis of the final findings was issued to the interested parties on 21st September 2023 and the interested parties were allowed time up to 26th September 2023 to comment on the same. The comments to disclosure statement received from the interested parties have been considered, to the extent found relevant, in this final finding notification.
- xxiv. Wherever an interested party has refused access to or has otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has considered such parties as non-cooperative and recorded the present final finding on the basis of the facts available.
- xxv. The non-injurious price (hereinafter referred to as “NIP”) has been determined based on the cost of production and reasonable profits for the subject goods in India, having regard to the information furnished by the domestic industry and in accordance with Generally Accepted Accounting Principles (GAAP) and Annexure III to the Rules to ascertain whether anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- xxvi. ‘***’ in this final finding represents information furnished by an interested party on a confidential basis and so considered by the Authority under the Rules.
- xxvii. The exchange rate adopted by the Authority for the subject investigation is 1 US\$=Rs 75.37.

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

C.1 Submission of the other interested parties

- 4. The other interested parties have submitted as follows with regards to the scope of the product under consideration and like article:
 - a. It is not necessary that the domestically produced product is exactly the same as the dumped product. Even if the dumped product and the product being produced by the domestic industry are not exactly the same but ‘alike’ or similar to each other, they can

be covered within the scope of an investigation. Black Laws Dictionary defines the word 'alike' as similar to another. The term is not synonymous with "identical," which means "exactly the same."

- b. Weavers use VFY produced through PSY and SSY manufacturing process for manufacturing same type of fabrics, without differentiating between fabrics manufactured using PSY or SSY yarn.
- c. The prices of PSY and SSY technology yarn are almost in the same range. SSY is not a high price product.
- d. Irrespective of the manufacturing process & technology, the yarns produced are alike in their essential characteristics and can be used interchangeably.
- e. Imports of superfine denier of PSY are more than the SSY sales in superfine deniers.
- f. In the period of investigation and 2022-23, the total imports of superfine deniers are more than double the total domestic production of the applicant. Therefore, the contention of the applicant that SSY is sold in the superfine deniers which are not imported is incorrect.
- g. The Authority has included VFY produced through SSY technology in the scope of PUC through its notification dated 29th November 2022. This notification finalized the scope of the PUC and PCN methodology and supersedes the initiation notification.
- h. The applicant has for the first time at the time of hearing contended that other types of rayon should be included in the scope of the product under consideration. More than 9 months have passed since initiation of the investigation and the domestic industry has not placed any evidence on record to show that cuprammonium and bemberg yarn are viscose yarn.
- i. Since cuprammonium and bemberg yarn products are neither imported from China nor produced in India, inclusion of these products will have absolutely no bearing on the present investigation.
- j. The definition of the viscose rayon and cuprammonium rayon as provided in Chapter 54 itself show that these are different products.
- k. The applicant must produce evidence that cuprammonium rayon, bemberg rayon and lyocell are commercially and functionally interchangeable with Viscose.
- l. Low glue dull yarn should be excluded from the scope of investigation as the applicant has not produced this product.
- m. The Authority should clarify whether 100% rayon embroidery thread raw white on cone 120D/2 and 100% rayon embroidery thread raw white on hank 120D/2 are excluded from the scope of the investigation.
- n. The Authority should clarify whether viscose filament yarn below 60 deniers is excluded from the scope of the investigation.
- o. The product under consideration imported using bamboo pulp and cotton pulp as raw material should be excluded as the same are not being produced by the applicant.
- p. The fineness of the yarn supplied by the domestic industry is not consistent which leads to yarn wastage.
- q. The domestic industry supplies cones of smaller and uneven sizes. Continuous stoppage of machines leads to increase in cost of production of weavers.
- r. Cones in smaller sizes leads to much higher production loss. Therefore, the users prefer to import the product under consideration.

- s. The embroidery thread exported by Yibin Hiest Fibre Limited Corporation is a downstream ready to use product. This should be excluded in all forms including small bobbin or big cone.
- t. Embroidery thread on cone or hank is normally transferred onto a small bobbin before use on an embroidery machine but it is not a significant process. It continues to remain 'ready to use' as was before it was transferred onto a bobbin.
- u. 100% rayon embroidery thread raw white on cone 120D/2 or on hank 120D/2 based was also excluded in the previous investigations.
- v. The products produced by the applicant cannot run on advance air jet machines where spinning reaches 900-1200 picks per minute.
- w. Cones supplied by the applicant are in small sizes as compared to the cones supplied by the Chinese exporters. Further, the cone supplied by the Indian industry are not in even sizes and have to undergo a process of spinning first.
- x. The domestic industry has failed to any provide evidence for likeness of PSY and CSY with regard to 7 parameters of comparison, namely, input, process, technology, end weave, price point, product specifications and consumer perception.

C.2. Submission of the domestic industry

5. The domestic industry has submitted as follows with regards to the scope of the product under consideration and like article:
 - a. The product under consideration in the present investigation is viscose rayon filament yarn/thread classified under 5403.
 - b. Neither the application nor the initiation notification has included yarn produced through SSY technology within the scope of the product under consideration. Further, neither WTO agreement nor Indian anti-dumping law provides any definition of the product under consideration.
 - c. The product cannot be considered as dumped unless the product is introduced into the commerce of another country. Since Chinese producers do not have the technology to produce the yarn using SSY technology, it cannot be said to be dumped into the Indian market and cannot be included in the scope of the product under consideration.
 - d. The law requires that an article identical or alike in all respects to the imported product must be produced by the domestic industry to be considered as like article. Since the domestic industry produces the identical article to the imported PSY and CSY yarn, there is no legal basis to include any other product as a like article.
 - e. The usage of three different production processes is different in terms of market segment due to specification of the product.
 - f. Due to the production process, PSY technology results in yarn with lower dyeing consistency compared to SSY technology.
 - g. PSY involves more production steps than SSY.
 - h. SSY yarn offers greater stretchability and dyeing consistency that PSY yarn cannot achieve.
 - i. The difference in technology enables SSY yarn to possess shrinkage ability and better dyeability and consistency, which are not present in PSY yarn.
 - j. SSY yarn is finer and caters to different end applications.
 - k. PSY produced yarn is mass produced whereas SSY produced yarn is a niche category.

- l. In previous investigation of anti-subsidy investigation, the Authority found that VFY produced using SSY technology is different from the yarn produced through PSY and CSY.
- m. Separate plants and investments have been made for different technologies, which demonstrate the importance of technology in the present industry. Different technologies lead to differences in the eventual yarn and that is the reason for incurring higher investment in SSY plant.
- n. SSY yarn is mainly used for super fine denier applications, while PSY yarn is commonly used in coarser denier category.
- o. PSY yarn sold by the domestic industry and imported from China is typically in the above 50 deniers to 150 deniers' range.
- p. The interested parties admit the existence of technology in PSY and CSY product. However, they have contended that there is no difference between PSY and SSY technology. This is clearly contradictory.
- q. The Authority has treated PSY and CSY differently in its PCN classification, thus showing admission of the difference in product due to technology in this product.
- r. The share of imports in the domestic sales of yarn produced through different technologies shows distinct patterns. Over 90% of PSY yarn imports are in the range of above 50 deniers to 150 deniers. This is much different from the sales pattern of SSY yarn by the domestic industry.
- s. Around 20% of SSY yarn sold by the domestic industry falls in the range of 50 deniers to 150 deniers, where PSY yarn is mostly sold. This shows difference in PSY and SSY sold by the domestic industry.
- t. The goods produced through three different technologies cater to different market segments.
- u. Imports of below 50 deniers in PSY and CSY technology have increased, but the performance of SSY technology remains unaffected. This shows lack of competition between PSY/CSY yarn and SSY yarn. The domestic industry's performance is impacted by the imports in the PSY/CSY technology but not in SSY technology, indicating a difference in market acceptance and competition between the two products.
- v. If the Authority includes SSY as a like article to the product under consideration, then there are other types of VFY produced through different technology and it would become important to add those yarns as well in the present determination. This would be clearly inconsistent.
- w. Interested parties have stated that SSY is similar to the product under consideration due to the existence of the same market segment for VFY produced using all three technologies, and fabric and garment producers do not differentiate between them. However, the very fact that the products produced through different technology fetch different market in itself establishes different end applications of the yarns produced through different technologies. Evidently, the consumers find difference in the yarn properties leading to payment of different prices based on technology.
- x. If there was differentiation between the products, the import data wouldn't specify PSY/CSY, separate plants wouldn't exist, the SSY plant would have suffered due to dumping of PSY, Grasim wouldn't have invested in patented technology. The patent for SSY technology demonstrates its uniqueness compared to PSY and CSY products.

- y. The market segment of the product under consideration and SSY technology is different. The share of products with up to 50 deniers is low, accounting for only 3% in total PSY and 18% in CSY. In contrast, SSY holds a significant share of 79%.
- z. The SSY technology is predominantly up to 50 deniers, whereas PSY is predominantly in 50-150 deniers.
- aa. Yarn produced using SSY technology is mainly for fine yarn (deniers of 50 or below). PSY technology yarn is not primarily sold or imported in the fine denier category. PSY technology yarn sold by the applicant and imported from China is mostly in the 50 to 150 denier range. SSY technology yarn is intended for fine denier purposes, while PSY technology yarn is meant for coarse denier purposes.
- bb. The product scope cannot be changed without amending the notice of initiation. The Authority has not altered the scope or like article.
- cc. The product scope can only be restricted during the investigation, not expanded after initiation without amending the notice. The interested parties are seeking an unauthorized expansion of the product scope.
- dd. All three packing forms namely, hank, cone and bobbin are within the scope of product under consideration. Further both dyed and undyed subject goods are within the scope of the product under consideration.
- ee. The product falling under custom classification 5401 is excluded from the scope of the product under consideration. Further, the product may be even or uneven yarn and may be of various grades. Viscose filament yarn of all types/forms/type/composition, classifiable under customs classification 5403, is within the scope of the product under consideration.
- ff. SSY technology was developed to produce super fine yarn with different dyeing consistency and distinct look and feel compared to PSY technology.
- gg. Different technologies have evolved to cater to the varying properties and desired look and feel of the garment. This is especially important for the product under consideration, which is predominantly used by women who prioritize the overall appearance and texture over incremental costs.
- hh. The product is a cellulosic filament yarn, widely used in the textile industry to produce fabrics with a distinct character compared to fabrics produced from yarns made using staple fibres. All the fibres are continuous throughout any length of the yarn.
- ii. Continuous filament yarns are produced from cellulose using the viscose process or cuprammonium hydroxide method. In the viscose process, cellulose is converted into cellulose xanthate, dissolved in a sodium hydroxide solution, and extruded through a spinneret into an acid bath.
- jj. Conversion from wood pulp to different yarn can be undertaken through different technologies such as cuprammonium technology, viscose spot spun yarn technology, viscose continuous spun yarn technology, Viscose pot spun yarn technology, lyocell technology, bemberg technology or modal technology.
- kk. Viscose, modal, and lyocell are all derived from plants and are considered variations of the same fiber called viscose. They are scientifically classified as regenerated cellulosic fibers, composed of extracted cellulose reformed into fibers. Although they share a common origin, the manufacturing processes and treatments used for each fiber differ, resulting in variations in the look, feel, and end application of the garments produced.

- ll. Due to variations in treatment, additives, and production cycles, the final products created using these different technologies exhibit differences in softness, texture, and feel. These distinctions have an impact on the perception of the end consumer.
- mm. Yibin Hiest Fibre Limited Corporation and other related producers are seeking the exclusion of "ready to use embroidery thread" without further conditions. The domestic industry suspects that the motive behind the exclusion request is malicious and aims to avoid higher customs duty and anti-dumping duty.
- nn. The product under consideration and yarn/thread for embroidery applications have separate classifications under the Customs Tariff Act, making the demand for exclusion without tariff classification unjustifiable.
- oo. Ready to use yarn is excluded from the scope of present investigation. But embroidery thread on cone hank is not a ready to use yarn which is classified under heading 5401 is not excluded from the product scope.

C.3. Examination by the Authority

6. In the notice of initiation, the product under consideration was defined as under:

“3. The product under consideration in the present investigation is viscose rayon filament yarn/thread classifiable under customs classification 5403, excluding yarn produced through spool spun technology. only ready to use embroidery thread on small bobbin that can be installed on embroidery machine, and which is classifiable under customs classification 5401, is excluded from the scope of the present investigation. Further, both dyed and undyed yarn are within the scope of the product under consideration.

4 Viscose rayon filament yarn can be produced by three processes, namely, pot spun yarn (PSY), continuous spun yarn (CSY) and spool spun yarn (SSY). Yarn produced through each process finds usage in different segment because of different specifications. Scope of the product under consideration in the present investigation is restricted to the viscose rayon filament yarn produced through PSY and CSY technology. Viscose rayon filament yarn produced through SSY technology is outside the scope of the product under consideration.

5 The applicant has stated that the product has been imported using a number of different descriptions and has provided a non-exhaustive list of different description that have been used by the importers while reporting imports. The scope of the product under consideration includes all possible descriptions of the product. The list of descriptions used while importing the product is given below. These constitute non exhaustive list of description of the product:”

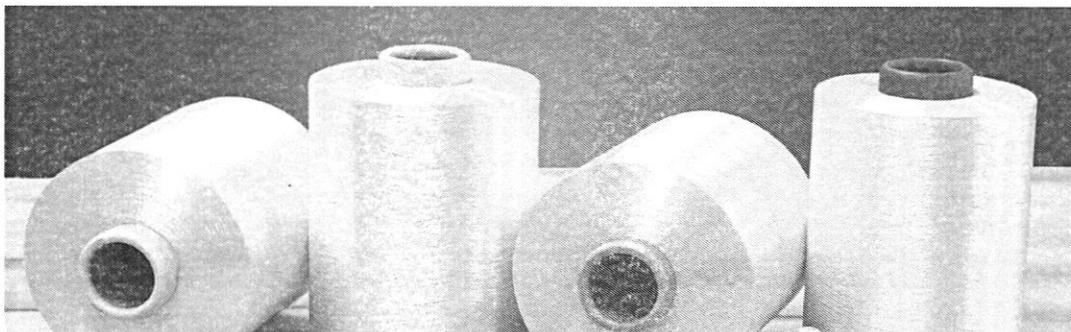
5 The applicant has stated that the product has been imported using a number of different descriptions and has provided a non-exhaustive list of different description that have been used by the importers while reporting imports. The scope of the product under consideration includes all possible descriptions of the product. The list of

descriptions used while importing the product is given below. These constitute non exhaustive list of description of the product: -

<i>Bamboo Csp Even</i>	<i>Continuous Even Bright High Glue (Undyed)</i>
<i>Bamboo Csp Even (Undyed)</i>	<i>Cotton Csp</i>
<i>Bamboo Csp Uneven</i>	<i>Cotton Csp Brt Cmc Undyed</i>
<i>Bamboo Csp Uneven (Undyed)</i>	<i>Cotton Csp Brt Hg Undyed</i>
<i>Bamboo Csp Uneven Dull</i>	<i>Cotton Even (Undyed)</i>
<i>Bamboo Pulp Brt Undyed</i>	<i>Cotton Pulp On Cone</i>
<i>Bamboo Pulp Dull Undyed</i>	<i>Cotton Pulp Undyed</i>
<i>Bright Dull White On Cone</i>	<i>Dull Cotton Pulp (Undyed)</i>
<i>Bright On Cone Silver Ring</i>	<i>Dull Wood Pulp</i>
<i>Bright Raw White On Cake</i>	<i>Egret Brand Continuous Bright Grade Even (Undyed)</i>
<i>Bright Raw White On Cone</i>	<i>Egret Brand Continuous Even Bright (Undyed)</i>
<i>Bright Rayon Twisted Yarn</i>	<i>Egret Brand Continuous Even Cg Grade Bright (Undyed)</i>
<i>Brt Cotton Pulp (Undyed)</i>	<i>Egret Brand Continuous Even Snow Cowrie Bright (Undyed)</i>
<i>Brt Csp Bamboo Even (Undyed)</i>	<i>Raw White Bright On Cake</i>
<i>Brt Csp Bamboo Hg Even (Undyed)</i>	<i>Raw White Bright On Cone Undyed</i>
<i>Brt Csp Bamboo Hg Uneven (Undyed)</i>	<i>Raw White Dull On Cone Undyed</i>
<i>Brt Csp Bamboo Uneven (Undyed)</i>	<i>Rayon Embroidery Thread Bright Dyed On Cone</i>
<i>Brt Csp Cotton Even (Undyed)</i>	<i>Rayon Embroidery Thread Bright Raw White</i>
<i>Brt Csp Cotton Undyed</i>	<i>Rayon Embroidery Thread Bright Raw White On Hank</i>
<i>Brt Csp Cotton Uneven (Undyed)</i>	<i>Rayon Embroidery Thread Bright Raw White On Hank Undyed</i>
<i>Brt Wood Pulp Undyed</i>	<i>Rayon Viscose Yam (100% Virgin) Undyed</i>
<i>Centrifugal Bright (Undyed)</i>	<i>Rayon Viscose Yam (100% Virgin) Undyed Raw White</i>
<i>Centrifugal Egret Brand Dull</i>	<i>Viscose Rayon Embroidery Thread In Hank (Undyed)</i>
<i>Continuous Egret Brand Bright</i>	<i>Viscose Rayon Embroidery Thread In Hank Raw White</i>
<i>Continuous Egret Bright</i>	<i>Viscose Rayon Embroidery Thread Raw White Bright On Hank Undyed</i>
<i>Continuous Egret Snow Bright</i>	<i>Viscose Rayon Filament Yarn, Various Deniers And Filaments</i>
<i>Wood Pulp On Cone Dull</i>	<i>Viscose Rayon Yam (Raffia) Raw White 100% Dyeable Quality</i>

6 The product is classified under the Chapter 54 of the Customs Tariff Act, 1975 (51 of 1975) under subheadings of the tariff custom classification as 5403. The product is majorly imported under 54031000, 54031090, 54033100, 54033200, 54034110, 54034120, 54034130, 54034150, 54034170, 54034190. The customs classification is only indicative and is not binding on the scope of the product under consideration”

7. Illustrative images of the product under consideration are given below.



8. Various submissions have been made by the interested parties on the scope of the product under consideration and sought exclusions and clarifications on the scope of the product under consideration. The arguments of interested parties have been examined by calling relevant information from the parties and undertaking on the spot verification at the premises of the domestic industry.

➤ Low glue dull yarn

9. It has been contended that low glue yarn should be removed from the scope of the product under consideration, as it is not being produced by the domestic industry. The domestic industry has contended that it has produced and sold in low glue dull yarn in commercial quantities and production does not require any special machinery. Sample invoices have been provided by the domestic industry showing sales of low glue yarn by them. Therefore, the contention for exclusion cannot be accepted. Low glue yarn is included within the scope of the product under consideration.

➤ Viscose filament yarn which is produced through bamboo, cotton and wood pulp.

10. As regards the request for exclusion of viscose filament yarn produced through bamboo and cotton pulp, it is noted that there is no difference in the product produced using all three raw materials. In fact, it is noted that the producers of the subject goods are concerned with cellulose which can be derived from all the three sources. It is also noted that the product under consideration produced using bamboo, cotton or wood pulp was also covered in the previous investigation. Further, no justifiable evidence has been brought forward to support the contention of why these should be excluded.
- 100% rayon embroidery thread raw white on cone or on hank
11. It is noted that ready to use embroidery thread on small bobbin that can be installed on embroidery machine, and which is classifiable under customs classification 5401 has already been excluded from the purview of the PUC. It has however been contended that embroidery thread is a downstream product to the product under consideration and therefore should be completely excluded without the restriction on the tariff classification. In this regard, it is noted that embroidery thread in ready to use yarn is classifiable under 5401, whereas the product under consideration is classifiable under 5403.
12. Therefore, the Authority concludes that embroidery thread classifiable under 5401, which are ready to use, are beyond the scope of the product under consideration. However, if 100% rayon embroidery thread raw white on cone or on hank classifiable under 5403, the same is within the scope of the product under consideration of the present investigation. The Authority has included all such import transactions for the purpose of the present investigation and final determination.
- Yarns suitable for air jet machines or cones of smaller and uneven sizes.
13. It has been contended that the yarn supplied by the domestic industry is not suitable to run on airjet machines. The domestic industry has however provided invoices of sales made to spinners who have airjet machines. The domestic industry has contended that it has sold a total of around *** MT to NDR yarns, Eagle Industries, Hardik Fashions, SK Weavings and Baid Synthetics who use arijet machines and therefore the contention of the interested parties is incorrect. Further, it has also been submitted by the domestic industry that the size of the cone does not have any material impact on the machines run by the users and the machines productivity will suffer only when cones of different sizes are used at the same time. The Authority notes that while different cone size deployed at the same time may have adverse impact on the productivity, the mere fact that the cone size supplied by the domestic industry are of small weight as compared to the cone supplied by the foreign producers per se does not justify both dumping and injurious exports in Indian market. Further, the interested parties have not quantified the impact of use of different cone size on their productivity. Accordingly, the yarns suitable for air jet machines or cones is within the scope of the product under consideration of the present investigation.
14. While it was contended by the interested parties that the domestic industry puts obligations on its customer to buy substandard materials, no evidence has been provided in support of the argument.
- Viscose Filament Yarn below 60 deniers.

15. The Authority notes that viscose filament yarn below 60 deniers has been imported from the subject country and produced and sold by the domestic industry. In fact, the Authority has determined NIP and price undercutting by considering production and sales of the domestic industry for below 60 deniers yarn. Therefore, the scope of the product under consideration includes viscose filament yarn below 60 deniers.
- Cuprammonium and Bemberg yarn.
16. It is clarified that cuprammonium and bemberg yarn are not within the scope of the product under consideration. Neither has the domestic industry requested their inclusion nor has the interested parties made any submission in this regard.
- Viscose Filament Yarn produced through SSY technology.
17. Various submissions have been made by the interested parties and the domestic industry on the inclusion or exclusion of the yarn produced through SSY technology in the scope of like article produced and sold by the domestic industry. It has been contended by the interested parties that the technology does not play any role for the user in its decision to buy the product under consideration. On the contrary, the domestic industry has stated that yarn produced through SSY technology is a completely different product. The Authority has examined the following factors in arriving at the decision whether SSY can be considered inside the scope of like article to the product under consideration.
 - a. Scope of product under consideration
 18. The Authority notes that scope of the product under consideration as per initiation notification clearly excludes SSY. The Authority has conducted physical verification at the premises of the domestic industry to examine if the Viscose Filament Yarn produced through the three technologies are alike to each other. It has not been contended by interested parties that yarn produced through SSY technology is imported into India and therefore, it should be included. Further, the interested parties have contended that yarn produced through SSY technology should be included as a like article to the yarn imported. The domestic industry contended that there is no production of SSY in China PR, nor the Chinese producers have technical capability to produce SSY. There is no export of SSY to India during the injury period. The Authority therefore concludes that in so far as scope of the product under consideration is concerned, the same very appropriately excludes SSY.
 - b. Scope of the like article
 19. The authority examined whether the scope of the like article should be extended to include SSY. The Authority has undertaken detailed investigations on this account and notes the following.
 20. It is noted that the interested parties have specifically contended that SSY is like article to PSY. The interested parties have not contended that SSY is a like article to CSY. Further, the interested parties have contended that PSY and CSY have significant differences leading to significant difference in costs and prices that the Authority should make separate PCN for the same. The domestic industry had also proposed technology as a parameter of PCN and

has divided product under consideration into CSY and PSY. Thus, the domestic industry and interested parties contended that CSY and PSY should be treated as different PCNs because of the difference in technology. The interested parties however contended that PSY and SSY should be treated as one PCN despite difference in technology. This contention has also been examined.

21. It is noted that the product under consideration is produced and sold in a large number of different deniers. Different deniers are required to meet requirement of different segments of the market. The costs and prices of different deniers varies so significantly that denier has been treated as a parameter for PCN wise comparison. Thus, denierage of yarn is an important parameter to distinguish different types of VFY.
22. The Authority had earlier conducted investigations relating to the VFY. Further, while the domestic industry was not producing and selling SSY technology product at the time of earlier investigations, the domestic industry was producing and selling this yarn in the last investigations conducted by the Authority. The Authority has considered the final findings notified in all the previous investigations also while making the present determination.
23. The Authority notes that technology (CSY/PSY) and denierage have all been considered as important product parameters, leading to different PCNs in all the past investigations. Even in the present investigations, there is no dispute with regard to separate PCN for CSY & PSY, and for different deniers of the product.
 - i. Production technology
24. The Authority notes that there is no dispute that VFY is produced through three different technologies, i.e., post spun yarn (PSY), continuous spun yarn (CSY) and spun spool yarn (SSY).
25. VFY was historically produced using pot spun technology. Continuous spun technology was introduced more than two decades back. The Chinese and Indian producers are producing VFY using CSY and PSY technology for the past several years and were found to be producing through these technologies since the first investigation relating to this product.
26. It is noted that the production facilities based on SSY technology are available only in India and Europe. The Chinese producers undisputedly do not produce VFY using this technology.
27. The information provided by the petitioner shows that there is significant difference in capital investment per unit of capacity. The Authority notes that the very fact that different technologies are deployed by the producers and the investment per MT of capacity in PSY is materially lower than investment per MT of capacity in case of SSY establishes that technology play significant role. There would not have been investment in SSY, if PSY would have given a product with the same product properties. Evidently, the producers perceive some material difference in eventual product properties thus leading to investments in SSY. The interested parties have not established that there are no differences in the eventual product properties and specifications of the product produced through SSY and PSY

technology. The Authority also notes that the nature of the product is also required to be considered in this regard. VFY is largely used for making products where look and feel of the garment is the biggest parameter for consumer preference and purchase decision. The domestic industry contended that the look and feel of yarn introduced using SSY is very different from look and feel of yarn produced by PSY technology.

28. The Authority considers that while difference in technology in normal circumstances might not be quite relevant, in the facts and circumstances of the present case and where the Authority has been consistently considering, and interested parties have been suggesting segregation of VFY into PSY and CSY, solely based on technology difference, in itself implies that the product produced using different technologies are perceived differently in the market place. Further, these carries significantly different cost and price.

ii. Manufacturing process

29. It is also noted that the manufacturing process for production of SSY is very different from PSY. The Authority has considered the degree of the difference in the manufacturing process to consider if the yarn produced through three technologies are different. The domestic industry earlier had only PSY and CSY technologies to produce VFY. The domestic industry has set up a new plant to produce VFY using SSY technology.

iii. Capital investment

30. The difference in the net fixed asset per unit of the three yarns is given below: -

SN	Technology	Capital employed per unit	Capital employed per unit
1	PSY	***	Between 2 to 3 lakh per MT
2	CSY	***	Between 6.5 to 7.5 lakh per MT
3	SSY	***	Between 11.5 to 12.5 lakh per MT

31. It is noted that the per unit investment required is quite high in the case of yarn produced through SSY technology.

iv. Raw material

32. It is also noted that while SSY technology requires soft wood pulp to produce product under consideration, production in case of PSY and CSY technology can also be undertaken through hard wood pulp.

v. Degree of competition

33. The table below shows the imports and the domestic sales of viscose filament yarn of PSY, CSY and SSY technologies in upto 50 deniers, above 50 and upto 150 deniers and above 150 deniers.

SN	Particulars	UOM	Imports into India	Grasim sale
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			PSY	CSY	PSY	CSY	SSY
A	Import volumes						
1	Upto 50 deniers	MT	634	1,112	***	***	***
2	Above 50 & upto 150 deniers	MT	18,626	25,239	***	***	***
3	Above 150 deniers	MT	20	46	***	***	***
4	Total imports	MT	19,280	26,397	***	***	***
B	Share in total imports						
5	Upto 50 deniers	%	3%	4%	Below 1%	25-30%	75-80%
6	Above 50 & upto 150 deniers	%	97%	96%	80-90%	65-70%	20-25%
7	Above 150 deniers	%	0%	0%	15-20%	0-5%	Below 1%

34. It is noted that

- a. VFY above 50 and upto 150 deniers forms majority of the product in case of PSY and CSY. By contrast, VFY upto 50 deniers forms majority of the product in case of SSY.
- b. Imported PSY upto 50 and domestic CSY upto 50 deniers commands next higher share in sales.
- c. While 21% of SSY sales were between VFY above 50 and upto 150 deniers, it is noted that these were largely of 50 and 60 deniers, whereas majority of sales in PSY above 50 and upto 150 deniers were of 120 deniers.

35. It is thus seen that the yarns produced through SSY is meant for consumption in different market segment as compared to yarn produced through PSY and CSY.

36. The table below shows the share in demand of yarns produced through different technologies in the three segments.

SN	Particulars	PSY	CSY	SSY
1	Upto 50 deniers	2%	8%	79%
2	Above 50 & upto 150 deniers	88%	91%	21%
3	Above 150 deniers	10%	1%	0%
	Total demand	***	***	***

37. It is seen that in gross Indian demand, more than 85% of the demand of yarn produced through PSY technology is in market segment of above 50 and upto 150 deniers. On the other hand, in case of SSY technology, around 80% of the sales are in market below 50 deniers.

vi. Impact on the domestic industry

38. The Authority has additionally compared the performance of yarn produced through the three technologies which are shown below.

SN	Particulars	UOM	2018-19	2019-20	2020-21	POI
A	PSY					
1	Profit/(Loss)	₹/MT	28,074	17,747	-6,795	-9,902
2	ROCE	%	15%	8%	-1%	-4%
B	CSY					
1	Profit/(Loss)	₹/MT	99,644	99,815	62,644	68,393
2	ROCE	%	14%	13%	6%	10%
C	SSY					
1	Profit/(Loss)	₹/MT	2,72,540	2,63,507	2,72,679	2,44,121
2	ROCE	%	16%	18%	15%	19%
	Import volumes					
D	PSY	MT	6,811	11,885	12,305	19,280
E	CSY	MT	9,347	13,789	12,950	26,397

39. It is noted from the information placed on record that
- the performance of the yarn produced through three technologies has varied very significantly over the injury period.
 - the domestic industry recorded financial losses in PSY technology product. This is the product where import competition and increase in imports is high.
 - while the domestic industry has recorded profits in CSY, the same have declined over the injury period. This is the product where imports are competing.
 - the profitability of the domestic industry has remained almost similar and significantly high in the case of SSY technology.
40. The fact that the domestic industry's performance in case of PSY deteriorated steeply to a situation of losses (where imports competition is highest), and performance in CSY technology was also impacted (where imports are competing to a lower degree) and the performance is almost insulated in SSY, where there are no Chinese imports of SSY. It is sufficient to hold that imported PSY is not competing with the domestic industry's SSY, whereas imported PSY is competing with the domestic industry's PSY.
41. It is therefore seen that a yarn produced through SSY technology is not a like article to the imported product. The Authority has therefore found it appropriate not to consider viscose filament yarn producing through SSY as like article to the product under consideration for the purpose of the present determination.
- Like article
42. It is seen from the information available on record that the product produced by the domestic industry, i.e., viscose filament yarn produced using PSY and CSY technology is like article to the product under consideration imported from the subject country. The product produced by the domestic industry and imported from the subject country are comparable in terms of

physical & chemical characteristics, manufacturing process & technology, functions and uses, product specifications, pricing, distribution & marketing, and tariff classification of the goods. The two are technically and commercially substitutable. The consumers have used and are using the two interchangeably. The Authority, therefore, holds that the subject goods produced by the domestic industry are the like article to the product imported from the subject country in terms of Rule 2(d) of the AD Rules.

43. On the basis of submission made by the domestic industry and other interested parties, the Authority concludes the following with regard to scope of product under consideration as below: -

“The product under consideration is Viscose rayon filament yarn/thread classifiable under customs classification 5403, excluding yarn produced through spool spun technology, and ready to use embroidery thread which is classifiable under customs classification 5401. Further, both dyed and undyed yarn are within the scope of the product under consideration.”

➤ PCN methodology

44. The Authority proposed a PCN methodology vide letter dated 9th November 2022 and invited comments on the same from the interested parties. Based on the comments received, the Authority notified the following PCN methodology for the purpose of the present investigation to the interested parties on 29th November 2022.

Parameters	Proposed PCN	Code Sign
Technology employed in production	a. Continuous Spun Yarn	a. CSY
	b. Pot Spun Yarn/Spool Spun Yarn	b. PSY/SSY
Denier of Yarn	a. Actual Denier	a. XXX
Number of times product has been twisted	a. Untwisted	a. UT
	b. One time twisted	b. OT
	c. Double twisted	c. DT
Dyed/Undyed	a. Dyed	a. DY
	b. Undyed	d. UNDY

45. However, having established that SSY yarn is neither part of product under consideration nor part of like article, the Authority has considered following PCN for the purpose of present final finding and the present determination:

Parameters	Final PCN	Code Sign
Technology employed in production	a. Continuous Spun Yarn	a. CSY
	b. Pot Spun Yarn	b. PSY
Denier of Yarn	a. Actual Denier	a. XXX
Number of times product has been twisted	a. Untwisted	a. UT
	b. One time twisted	b. OT
	c. Double twisted	c. DT
Dyed/Undyed	a. Dyed	a. DY

	b. Undyed	b. UNDY
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D. SCOPE OF DOMESTIC INDUSTRY AND STANDING

D.1 Submission made by the other interested parties

46. None of the other interested parties have made any submission with regards to the scope of domestic industry and standing.

D.2. Submission made by the domestic industry

47. The domestic industry has submitted as follows with regards to the scope of the domestic industry and standing:

- a. The present application has been filed by Association of Man-Made Fibre Industry Limited and M/s Grasim Industries Limited.
- b. The association has provided all the relevant documents.
- c. The Grasim Industries Limited has neither imported the product under consideration nor is related to the exporter from the subject country or any importer in India.
- d. There were two other producers of the subject goods, namely Baroda Rayon Limited and NTC Limited, who had shut down their plant due to the presence of low-priced imports.
- e. Cygnet industries limited was intermittently forced to suspend production.

D.3. Examination by the Authority

48. Rule 2(b) of the Anti-Dumping Rules defines domestic industry as under:

"(b) "domestic industry" means the domestic producers as a whole engaged in the manufacture of the like article and any activity connected therewith or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article except when such producers are related to the exporters or importers of the alleged dumped article or are themselves importers thereof in such case the term 'domestic industry' may be constructed as referring to the rest of the producers".

49. The application has been filed by the Association of Man-Made Fibre Industry of India and Grasim Industries Limited. Relevant information and documents have been provided by the association.

50. The Authority notes that M/s Grasim Industries Limited constitutes 96% of the total Indian production. Further, the producer has certified that it is not related to any importer in India or exporter of the subject goods in the subject country and has not imported the subject goods from the subject country.

51. The Authority concludes that M/s Grasim Industries limited constitutes domestic industry under Rule 2(b) of the Rules and considers that the application satisfied the criteria of standing in terms of Rule 5(3) of the Rules.

E. CONFIDENTIALITY

E.1. Submission of the other interested parties

52. The other interested parties have submitted the following with regards confidentiality:
- a. The domestic industry has reported different NIPs at different pages of the PCN wise data.

E.2. Submission of the domestic industry

53. The domestic industry has submitted the following with regards confidentiality:
- a. As per the non-confidential response, producers have not provided any response to the basis for adjustments claimed in the export price. The Authority is requested to kindly direct them to claim their basis for adjustments.
 - b. Pro-Mexx Industrial, Jilin Top, Jilin Fiber Stock & Jilin Enka and Hengjin Silk has claimed excessive confidentiality with regards to export sales adjustment and financial accounting system, which has prevented the domestic industry from making meaningful comments.
 - c. The Chinese exporters have failed to comply with the requirements of Trade Notice 10/2018 as information such as production process, raw material, related party information has been claimed completely confidential.
 - d. Jilin Fiber Stock & Jilin Enka have claimed their organizational structure as confidential despite it being available in public domain.

E.3. Examination by the Authority

54. The Authority made available non-confidential version of the information provided by various interested parties to all interested parties as per Rule 6(7) and Trade Notice 10/2018 dated 7th September 2018 read with Trade Notice 01/2020 (as extended by the Authority till further notice).
55. With regard to confidentiality of information, Rule 7 of Anti-dumping Rules provides as follows:

"Confidential information: (1) Notwithstanding anything contained in sub-rules (2), (3) and (4) of rule 6, sub-rule(2) of rule 12, sub-rule(4) of rule 15 and sub-rule (4) of rule 17, the copies of applications received under sub-rule (1) of rule 5, or any other information provided to the designated authority on a confidential basis by any party in the course of investigation, shall, upon the designated authority being satisfied as to its confidentiality, be treated as such by it and no such information shall be disclosed to any other party without specific authorization of the party providing such information.

(2) The designated authority may require the parties providing information on confidential basis to furnish non-confidential summary thereof and if, in the opinion of a party providing such information, such information is not susceptible of summary, such party may submit to the designated authority a statement of reasons why summarization is not possible.

(3) Notwithstanding anything contained in sub-rule @, if the designated authority is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to make the information public or to authorize its disclosure in a generalized or summary form, it may disregard such information. "

56. The submissions made by the domestic industry and the other interested parties with regard to confidentiality, to the extent considered relevant, were examined by the Authority and addressed accordingly. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted, and such information has been considered confidential and not disclosed to the other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis. The Authority also notes that all the interested parties have claimed their business-related sensitive information as confidential.

F. MISCELLANEOUS SUBMISSIONS

F.1 Submission of the other interested parties

57. The miscellaneous submissions made by the other interested party are as follows:
- a. Initiation of investigation is short of legal and factual basis as there is insufficient evidence. The Authority did not carry out enough scrutiny before initiating the investigation.
 - b. The applicant is a habitual user of trade remedies as various products such as viscose staple fibre, viscose filament yarn, caustic soda, epoxy, flax yarn and insulators have been subject to anti-dumping investigations.
 - c. The applicant has not provided the updated data as per the PCN notification finally notified by the Authority.
 - d. Competition Commission of India has penalized the applicant for unfair trade practices with respect to supply of a certain staple fibre to spinners.
 - e. Imports of viscose filament yarn have been subject to anti-dumping duty for 12 years. The continuous reduction of duties discourages liberalization of international trade, offsets reduction in customs duty from 20% to 5%, and undermines commitments given to WTO.
 - f. PCN-wise data shared is not corresponding to the final PCN prescribed by Authority as the applicant has considered the term "OCSY" and has given different NIPs at different pages.

F.2 Submission made by domestic industry

58. The miscellaneous submissions made by the domestic industry during the investigation proceedings are as follows:
- a. As regards the contention that the applicant did not contain sufficient evidence, the other interested parties have not shown what proper evidence the applicants have not provided.
 - b. As regards the contention that the updated data has not been shared with all the parties, the applicants have circulated the updated data as per PCN notification through mail dated 6th February 2022 to all interested parties.

- c. The CCI decision has been challenged by the domestic industry before NCLT. Further, the present investigation is dumping of subject goods from China. The anti-competitive practice of the domestic industry is beyond the purview of the present investigation. The same issue was rejected by the Authority on the same ground as stated above in SSR investigation of VSF.
- d. It is clarified that the term “OCSY” in the updated data pertains to “PSY” and “SSY”.
- e. Barring a few exceptions, users have never raised concerns of significant lead time with the domestic industry but they are raising it for the first time in front of the Authority.

F.3 Examination by the Authority

- 59. It has been contended that the initiation was bad in law, as the application did not contain sufficient evidence of dumping and injury. The Authority notes that Rule 5(2) requires the applicant to provide evidence to substantiate existence of dumping, injury, and causal link. The application filed contains evidence to *prima facie* establish all the three parameters. The Authority has examined the evidence provided by the applicant and after finding that sufficient information required for initiation has been provided, the investigation was initiated.
- 60. As regards the penalty imposed by Competition Commission of India for unfair competition, the Authority considers that (a) the decision of the Competition Commission of India pertains to non-product under consideration, and (b) the issue falls under the domain of the Competition Commission of India. The Authority notes that the scope of the present investigation is with regards to allegation of dumping causing injury to the domestic industry, and whether there is sufficient justification for imposition of anti-dumping duty on imports of product under consideration from China PR.
- 61. It has been contended that users face significant lead time in the orders placed with the domestic industry. The Authority notes that during the physical verification conducted at the premises of the domestic industry, it was shown that time required to produce the subject goods using PSY technology is 10 days, CSY technology 7 days and SSY technology 14 days. The domestic industry contended that an order placed with the Chinese producers will require atleast the same number of days to produce and additional time for shipment. Further, the domestic industry has also submitted that it has not faced any complaint regarding any exceptional lead time barring a few exceptions. The Authority notes that the user industry has not provided any evidence in support of their submission of significant lead time. Therefore, the argument cannot be accepted.

G. DETERMINATION OF NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN

G.1. Submission of the other interested parties

- 62. The following submissions have been made by the other interested parties on normal value, export price and dumping margin during the course of the investigation:

- a. China should be granted market economy treatment as China's Accession Protocol has expired in December 2016.

G.2. Submission of the domestic industry

63. The following submissions have been made by the domestic industry on normal value, export price and dumping margin during the course of the investigation:
 - a. The Authority in various past investigations has considered China as non-market economy. There is no merit in the contention to treat China as market economy.
 - b. The responding producers were required to provide a basis of adjustments claimed in the export price. However, no basis for adjustments has been provided.
 - c. Xinxiang Chemical Fibre Co., Ltd. has a related producer namely Xinxiang Bailu Worsted Technology Co., Ltd. which is also a producer of the subject goods. Bailu were required to file separate EQR. The Authority must examine the DGCI&S data to examine whether the produces have exported the subject goods to India or not. If there are any exports, the response filed by Xinxiang must be rejected and the Authority must determine dumping margin on the facts available.

G.3. Examination by the Authority

64. Under section 9A(1)(c), the normal value in relation to an article means:

i) The comparable price, in the ordinary course of trade, for the like article, when meant for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6), or

ii) when there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either:

(a) comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country as determined in accordance with the rules made under sub-section (6); or

the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub-section (6);

(b) Provided that in the case of import of the article from a country other than the country of origin and where the article has been merely transshipped through the country of export or such article is not produced in the country of export or there is no comparable price in the country of export, the normal value shall be determined with reference to its price in the country of origin.

65. The Authority notes that the following and exporters of the subject goods have filed exporter's questionnaire responses-
 - i. Boading Hengjin Silk Thread Co. Ltd.
 - ii. Jilin Chemical Fibre Stock Co. Ltd.
 - iii. Jilin Enka Viscose Co., Ltd.

- iv. Jilin Top Trading Co. Ltd.
- v. Pro-Mexx Industrial Development Co. Ltd.
- vi. Goaxian Changxin Thread LLC
- vii. Grace (Hong Kong) International Trading Limited
- viii. Yibin Hiest Fibre Limited Corporation
- ix. Sichuan Wellshow International Trade PTE Ltd.
- x. Yibin Changxin Thread Co., Ltd.
- xi. Xingxiang Chemical Fibre Co., Ltd.

G.3.1. Normal Value and Export price for China PR

Normal value for China PR

Market Economy Status for Chinese Producers

66. Article 15 of China's Accession Protocol in WTO provides as follows: "Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 ("Anti-Dumping Agreement") and the SCM Agreement shall apply in proceedings involving imports of Chinese origin into a WTO Member consistent with the following:

(a) In determining price comparability under Article VI of the GATT 1994 and the Anti-Dumping Agreement, the importing WTO Member shall use either Chinese prices or costs for the industry under investigation or a methodology that is not based on a strict comparison with domestic prices or costs in China based on the following rules:

(i) If the producers under investigation can clearly show that market economy conditions prevail in the industry producing the like product with regard to the manufacture, production and sale of that product, the importing WTO Member shall use Chinese prices or costs for the industry under investigation in determining price comparability;

(ii) The importing WTO Member may use a methodology that is not based on a strict comparison with domestic prices or costs in China if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product.

(b) In proceedings under Parts II, III and V of the SCM Agreement, when addressing subsidies described in Articles 14(a), 14(b), 14(c) and 14(d), relevant provisions of the SCM Agreement shall apply; however, if there are special difficulties in that application, the importing WTO member may then use methodologies for identifying and measuring the subsidy benefit which take into account the possibility that prevailing terms and conditions in China may not always be available as appropriate benchmarks. In applying such methodologies, where practicable, the importing WTO Member should adjust such prevailing terms and conditions before considering the use of terms and conditions prevailing outside China.

(c) The importing WTO Member shall notify methodologies used in accordance with subparagraph (a) to the Committee on Anti-Dumping Practices and shall notify

methodologies used in accordance with subparagraph (b) to the Committee on Subsidies and Countervailing Measures.

(d) Once China has established, under the national law of the importing WTO Member, that it is a market economy, the provisions of subparagraph (a) shall be terminated provided that the importing Member's national law contains market economy criteria as of the date of accession. In any event, the provision of subparagraph (a)(ii) shall expire 15 years after the date of accession. In addition, should China establish, pursuant to the national law of the importing WTO member, that market economy conditions prevail in a particular industry or sector, the nonmarket economy provisions of subparagraph (a) shall no longer apply to that industry or sector."

67. It is noted that while the provision contained in Article 15 (a) (ii) have expired on 11.12.2016, the provision under Article 2.2.1.1 of WTO, read with obligation under 15 (a) (i) of the Accession Protocol require the criterion stipulated in Para 8 of the Annexure I of the Rules to be satisfied through the information/data to be provided in the supplementary questionnaire on claiming the market economy status. It is noted that since the responding producers/exporters from China PR have not submitted response to questionnaire in the form and manner prescribed, the normal value computation is required to be done as per the provisions of Para 7 of Annexure I of the Rules.
68. It is noted that while the provision contained in Article 15 (a) (ii) have expired on 11.12.2016, the provision under Article 2.2.1.1 of the WTO Agreement on Anti-dumping read with the obligation under 15 (a) (i) of the Accession Protocol require the criterion stipulated in para 8 of Annexure I to the Rules to be satisfied through the information/data to be provided in the supplementary questionnaire upon claiming the market economy status
69. As none of the producers from China PR have claimed determination of normal value on the basis of their own data/ information, the normal value have been determined in accordance with para 7 of Annexure I to the Rules which read as under:

"7. In case of imports from non-market economy countries, normal value shall be determined on the basis of the price or constructed value in a market economy third country, or the price from such a third country to other countries, including India, or where it is not possible, on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted if necessary, to include a reasonable profit margin. An appropriate market economy third country shall be selected by the designated authority in a reasonable manner [keeping in view the level of development of the country concerned and the product in question and due account shall be taken of any reliable information made available at the time of the selection. Account shall also be taken within time limits; where appropriate, of the investigation if any made in similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.

8. (1) The term "non-market economy country" means any country which the designated authority determines as not operating on market principles of cost or pricing structures, so that sales of merchandise in such country do not reflect the fair value of the merchandise, in accordance with the criteria specified in subparagraph (3).

(2) There shall be a presumption that any country that has been determined to be, or has been treated as, a non-market economy country for purposes of an antidumping investigation by the designated authority or by the competent authority of any WTO member country during the three year period preceding the investigation is a non-market economy country. Provided, however, that the non-market economy country or the concerned firms from such country may rebut such a presumption by providing information and evidence to the designated authority that establishes that such country is not a non-market economy country on the basis of the criteria specified in subparagraph (3).

(3) The designated authority shall consider in each case the following criteria as to whether: (a) the decisions of the concerned firms in such country regarding prices, costs and inputs, including raw materials, cost of technology and labour, output, sales and investment, are made in response to market signals reflecting supply and demand and without significant State interference in this regard, and whether costs of major inputs substantially reflect market values; (b) the production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment in compensation of debts; (c) such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms, and (d) the exchange rate conversions are carried out at the market rate. Provided, however, that where it is shown by sufficient evidence in writing on the basis of the criteria specified in this paragraph that market conditions prevail for one or more such firms subject to anti-dumping investigations, the designated authority may apply the principles set out in paragraphs 1 to 6 instead of the principles set out in paragraph 7 and in this paragraph.

(4) Notwithstanding anything contained in subparagraph (2), the designated authority may treat such country as market economy country which, on the basis of the latest detailed evaluation of relevant criteria, which includes the criteria specified in subparagraph (3), has been, by publication of such evaluation in a public document, treated or determined to be treated as a market economy country for the purposes of anti-dumping investigations, by a country which is a Member of the World Trade Organization. "

70. Para 7 lays down hierarchy for determination of normal value and provides that normal value shall be determined on the basis of price or constructed value in a market economy third country, or the price from such a third country to any other country, including India, or where it is not possible, on any reasonable basis, including the price actually paid or payable in India for the like article, duly adjusted, if necessary, to include a reasonable profit margin.

Thus, the Authority notes that the normal value is required to be determined having regard to the various sequential alternatives provided under Annexure-I.

71. The Authority also notes the existing jurisprudence on constructing the normal value in case of a non-market economy contained in the Supreme Court judgement in Shenyang Mastushita S. Battery Co. Ltd. vs. M/s Exide Industries Ltd. (Civil Appeal No. 617112003 dated 23/12/2005), Guwahati high Court in M/s Century Plyboards (I) Ltd. & Anr. V. union of India & Anr. (W.P. No. 6568/2017 dated 4/10/2018) and CESTAT Principal Bench, New Delhi in Apollo Tyres Ltd. v. Union of India (Appeal No. C1768,600,601,773,769/2005-AD dated 9/9/2005), Kuitun Jinjiang Chemical Industry Co. Ltd. v. Union of India (Appeal no. 52291 of 2019 dated 5th August 2020). These judgements provide directions regarding implementation of Para 7 of Annexure I of the Rules with respect to the choice of an appropriate option, and associated obligations thereof.
72. The Authority notes that the prices or the constructed value of the product in an appropriate market economy third country or the prices from such third country to other countries, including India, have neither been made available by the applicant or an interested party, nor are available with the Authority from any public source. The Authority notes that the Authority is required to select an appropriate country on the basis of information and evidence brought on record by the interested parties. It is also noted that neither the domestic industry nor the interested parties have provided any verifiable information which could have been adopted by the Authority. Further, it is noted that the product under consideration does not have a dedicated customs classification. Consequently, the normal value cannot be determined based on exports from a market economy third country to other country. Thus, the Authority is of the opinion that the only option available is to determine the normal value considering the price actually paid or payable in India for the like article. The normal value has been determined considering the optimized cost of production in India after addition for the selling, general & administrative expenses and the reasonable profits. The normal value so determined is given below in the dumping margin table.

Export Price

Yibin Hiest Fibre Limited Corporation (“Hiest”), Gaoxian Changxin Thread LLC (“Gaoxian CX”), Yibin Changxin Thread Co., Ltd. (“Yibin CX”), Grace (Hong Kong) International Trading Limited (“Grace HK”) and Sichuan Wellshow International Trade Pte. Ltd. (“Sichuan Wellshow”) (Hereinafter collectively referred to as “Hiest Group”)

73. Yibin Hiest Fibre Limited Corporation (“Hiest”), Gaoxian Changxin Thread LLC (“Gaoxian CX”) and Yibin Changxin Thread Co., Ltd. (“Yibin CX”) are related companies engaged in manufacturing of the subject goods in China PR. Hiest has exported the subject goods directly to unrelated customers in India and also through related trading companies, Grace (Hong Kong) International Trading Limited (“Grace HK”) and Sichuan Wellshow International Trade Pte. Ltd. (“Sichuan Wellshow”). Gaoxian CX and Yibin CX have exported the subject goods to India through Hiest and Grace HK. Hiest Group has also exported minuscule quantities of subject goods through unrelated traders to India. All the 5

related companies in Hiest group, namely, Hiest, Yibin CX, Gaoxian CX, Grace HK and Sichuan Wellshow have provided the relevant information in the prescribed exporters questionnaire format.

74. It is noted that during the POI, Hiest has produced and exported ***MT of subject goods directly to unrelated customers in India, ***MT of subject goods has been exported to India through related exporters and *** MT of subject goods has been exported to India through unrelated exporters. Gaoxian CX has produced and exported *** MT of subject goods to India through Hiest & Grace HK and *** MT of subject goods through unrelated exporters. Yibin CX has produced and exported *** MT of subject goods to India through Hiest & Grace HK and *** MT of subject goods through unrelated exporters.
75. Hiest Group has provided PCN wise details of exports to India in the prescribed formats. Hiest Group has claimed adjustments on accounts of ocean freight, insurance, inland transportation, port and other related expenses, bank charges and credit cost. The Authority has accepted the response filed by Hiest Group and allowed all the adjustments claimed by them. The Authority has also adjusted the loss incurred by trader from the export price With respect to minuscule quantities of exports made through unrelated exporters, Authority has determined the export price based on facts available. The weighted average PCN wise ex-factory export price has been considered for determination of dumping margin and is shown in the dumping margin table.

**Jilin Enka Viscose Co., Ltd, (“Jilin Enka”); and
Jilin Chemical Fiber Stock Co., Ltd (“Jilin Chemical”)**

76. During the POI, Jilin Chemical has produced and directly exported *** MT of PUC to India. Jilin Enka produced and directly exported ***MT of PUC to India during the POI. Further, ***MT of PUC produced by Jilin Enka was exported to India through Jilin Chemical. Post the POI, Jilin Enka has ceased its operations and has merged with Jilin Chemical.
77. Both companies of Jilin Group provided the relevant information in the form and manner required and have claimed adjustments on account of ocean freight, marine insurance, inland transportation, bank charges, port and other expenses, and credit cost. The Authority has undertaken desk verification of the information submitted by Jilin Group and examined its claims and accordingly, the adjustments in export price have been allowed. Accordingly, the net export price at ex-factory level for both the companies i.e., Jilin Chemical and Jilin Enka, along with Jilin Group has been determined after allowing the due adjustments and the same is mentioned in the dumping margin table below.

Baoding Hengjin Silk Thread Co., Ltd (“Baoding Hengjin”)

78. Questionnaire response was filed by Baoding Hengjin Silk Thread Co., Ltd. It is seen that company has sourced viscose filament yarn from several other Chinese producers, undertook further process (of twisting) based on customer requirement and then resold it to unrelated traders who then sold the goods to another unrelated trader, who then exported the goods to India. In other words, the company has bought one form of product under consideration from

other Chinese producers (and reported the same as its raw material), undertook further process of twisting and then sold it to unrelated traders. It is noted that the company has not produced viscose filament yarn and has merely processed purchased viscose filament yarn. Since Baoding Hengjin Silk Thread Co., Ltd. has merely converted one form of product under consideration into another form of the product under consideration, it is considered inappropriate to grant an individual dumping margin to the company.

M/s Xinxiang Chemical Fibre Co.Ltd.(Producer/Exporter) China PR and M/s C3 Multi Commodities Limited (Exporter/Trader) China PR

79. Xinxiang Chemical Fibre Co., Ltd. is a company limited by shares incorporated in China under the Company Law of China. There was no change in the structure of the Company in the last three years.
80. During the POI, Xinxiang Chemical Fibre Co., Ltd. has exported ***MT of subject goods of invoice value ***US\$ to India, out of which ***MT of invoice value ***US\$ has been exported directly to India and rest ***MT of invoice value ***US\$ has been exported to India indirectly through an unrelated company namely, C3 Multi Commodities Limited on CIF basis.
81. Xinxiang Chemical Fibre Co., Ltd., China PR has claimed adjustment on account ocean freight, insurance, inland transportation, porta and other related expenses, credit cost, bank charges and the same have been allowed by the Authority after desk verification. Accordingly, PCN-wise export price at ex-factory level for Xinxiang Chemical Fibre Co., Ltd., China PR has been determined and the same is shown in the Dumping Margin Table.

Determination of net export price

82. The net export price for non-cooperative producers/ exporters from China PR has been determined based on facts available in terms of Rule 6(8) of the Rules. The net export price so determined is mentioned in the dumping margin table below.

Dumping Margin

83. It is noted that in the subject investigation many cooperating producers and exporters are related to each other and form a group of related companies. It has been a consistent practice of the Authority to consider related exporting producers and exporters as one single entity for the determination of a dumping margin and thus to establish one single dumping margin for them. This is in particular because calculating individual dumping margins might encourage circumvention of antidumping measures, thus rendering them ineffective, by enabling related exporting producers to channel their exports to India through the company with the lowest individual dumping margin. In accordance with the above, related producers and exporters have been regarded as one single entity and attributed one single dumping margin which was calculated on the basis of the weighted average of the dumping margins of the cooperating related producers and exporters.

84. Considering the normal value and export price, the dumping margin has been determined as below-

Dumping margin table

Producer	CNV (USD per MT)	NEP (USD per MT)	Dumping margin (USD per MT)	Dumping Margin %	Dumping margin % range
Yibin Hiest Fibre Limited Corporation	***	***	***	***	20-30
Gaoxian Changxin Thread LLC	***	***	***	***	10-20
Yibin Changxin Thread Co., Ltd.	***	***	***	***	10-20
Heist Group	***	***	***	***	20-30
Xinxiang Chemical Fibre Co. Ltd	***	***	***	***	0-10
Jilin Enka Viscose Co., Ltd.	***	***	***	***	0-10
Jilin Chemical Fibre Stock Co., Ltd	***	***	***	***	0-10
Jilin Group	***	***	***	***	0-10
	***	***	***	***	
Other producers/ exporters	***	***	***	***	20-30

H. EXAMINATION OF INJURY AND CAUSAL LINK

H.1. Submissions made by other interested parties

85. The other interested parties have made the following submissions with regard to injury and causal link:
- a. Increase in imports is due to increasing demand which cannot be catered by the applicant as there is a demand and supply gap.
 - b. The applicant's machines are obsolete and therefore, the users prefer to import the product.
 - c. The applicant is operating at ideal capacity and cannot suffer volume injury as its domestic sales and production have been constant.
 - d. The decline in the production is due to the decline in the export sales volume.
 - e. In the anti-subsidy investigation, the Authority had concluded that the material injury caused to the applicant was not due imports. Only 1 year has passed since the conclusion of that investigation and the facts have remained same.
 - f. There is no adverse price impact. The price of the imported product is higher than the price of the applicant.

- g. There are discrepancies between the data provided in the application and the annual report of the applicant.
- h. As per annual report of the applicant, it was operating at reasonable profits. Further, even in the annual reports and investor presentations, the applicant has admitted on decline in imports and increase in the performance.
- i. The Authority is requested to examine the reason for decline in the capital employed but increase in capacity.
- j. As per the quarterly reports published by Grasim, the performance of VFY division has improved in the year 2022-23.
- k. The cost of production of the Chinese producers is low as they run their machines for 24 hours. Level of automation in China is significantly higher as compared to India. The machines set up by the applicants are obsolete technology and have been in existence since 1960.
- l. The applicant has claimed that it has removed the impact of Covid -19 in the data of 2020-21. The Authority is requested to kindly disclose the methodology adopted.
- m. Covid-19 shutdown in the year 2021-22 would also have impacted the operations of the applicant. The Authority is requested to kindly remove the impact of Covid from the period of investigation as well.
- n. A benchmark rate of return of 22% on capital employed for NIP purpose should not be allowed.
- o. There is no merit in the argument of the applicant that actual production and actual raw material cost should be considered for NIP purpose. The law mandates normation.
- p. There are other factors which have caused injury to the domestic industry. The Authority is requested to segregate the impact of these other factors.
- q. The domestic industry is suffering from injury due to other factors such as capacity expansion, Covid 19 and change in demand in the domestic market from coarse denier to fine denier.
- r. The imported product is higher priced than the product supplied by the domestic industry and therefore, the import price cannot have any suppressing/depressing impact on the prices of the applicant.
- s. If the performance of PSY, CSY and SSY technologies is clubbed, it would show that the domestic industry is performing reasonably well.
- t. Domestic consumption of the subject goods in China has declined because fabrics are now being manufactured in India and exported to other countries.

H.2. Submission made by the domestic industry.

86. The domestic industry party has made the following submissions with regard to injury and causal link:
- a. Imports from the subject country have shown an increase in both absolute and relative terms.
 - b. The applicant has undertaken unwarranted exports. While the applicant has not claimed volume injury, the unwarranted exports highlight the detrimental effects of dumping.

- c. Due to imports being inevitable, the domestic industry sets prices based on the offers of foreign suppliers, disregarding their own costs.
- d. The imports are undercutting the prices of the domestic industry. The domestic industry has been unable to increase its prices in the same proportion to increase in cost as its prices are suppressed.
- e. The increase in capacity was only 3% since the base year through de-bottlenecking. The decline in capacity utilization is not due to the increase in capacity.
- f. As regards the argument of the interested parties that the domestic industry is suffering injury due to other factors, no particular reason has been highlighted by the other interested parties to show injury only in the period of investigation. It is incorrect to assume that dumping should be the sole cause of injury to the domestic industry.
- g. The decline in the inventory of the domestic industry is due to price correction and exports to prevent piling up of inventory.
- h. As regards the argument that the domestic industry has expanded its capacity, but capital employed has declined, the increase in capacity is only of 5000 MT and the decline is due to the decline in the working capital.
- i. The performance of the domestic industry is adverse as compared to the previous investigation wherein the Authority found that the domestic industry was suffering injury.
- j. The Authority in the previous investigation held that the injury suffered was due to capacity expansion. 4 years has passed since the capacity expansion and any impact of it can now be ignored.

H.3. Examination by the Authority

- 87. Rule 11 of the Rules read with Annexure II provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, "... taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such articles. . .". In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, inventory, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the Rules.
- 88. The Authority has taken note of the various submissions made by the other interested parties and the domestic industry and has analyzed the same considering the facts available on record and the applicable laws. The injury analysis made by the Authority hereunder *ipso facto* addresses the various submissions made by the interested parties.
- 89. As regards the contention that the domestic industry also suffered due to Covid lockdown in the period of investigation and its impact should be removed. The domestic industry has

submitted that in the year 2020-21, the plant of the domestic industry was shut down from 1st April 2020 to 9th June, 2020 and it undertook no production during the period. Further, the domestic sales during this period were also very low. However, during the period of investigation, the plant of the domestic industry was under operation and there was no shut down. Therefore, no such adjustment has been made in the cost of production claimed for the period of investigation.

90. It has been contended that the Authority had just two years back found that injury suffered is due to the capacity expansion undertaken by the domestic industry. The Authority notes that the capacity expansion by the domestic industry was undertaken in 2019-20 and two years have elapsed, and the operations of the domestic industry have stabilized. The year 2019-20 is now the base year and therefore deterioration in performance of the domestic industry vis-à-vis this period could not have been due to the capacity expansion. The fact that profit before tax, cash profits and the profit before interest have declined so steeply shows that the injury suffered may not be due to excessive depreciation or any financial cost incurred due to capacity expansion. The Authority examined the trends in depreciation and financial expenses and found that these have in fact declined in this period whereas profit before tax has significantly declined.
91. It has been contended that the domestic industry suffers from higher cost of production as compared to the Chinese producers. The Authority notes that the comparison with the Chinese producers cannot be made as they are operating under nonmarket economy. However, even if the submission is considered, it is also required to be considered that the domestic industry was able to earn adequate profits in the past. The profitability of the domestic industry has taken a significant decline in the period of investigation alone. The decline in profits over the injury period could not have been due to alleged higher costs in India. Therefore, it cannot be accepted that the domestic industry inherently suffers from high cost.
92. The interested parties have contended that the domestic industry's production and sales have increased because it binds the consumers to buy poor as well as normal quality products together. The Authority notes that the interested parties have not brought forward any evidence of such restrictions imposed by the domestic industry. Therefore, the contention cannot be accepted. Further, it is not established how the domestic industry's performance would deteriorate because of its efforts to sell the entire production. In normal circumstances, this should have led to curtailment of injury.
93. As regards the statements made in the annual report, the Authority notes that the VFY division of the annual report includes other products, such as NTCF. Furthermore, some of the statements made on the improvement in performance are in relation to improvement as compared to 2020-21, when it suffered due to Covid -19. It is also noted that the annual report includes performance relating to SSY, and the petitioner itself has contended that its performance in SSY has not declined. The petitioner contended that the fact that performance declined for PSY & CSY, while did not decline for SSY shows that the decline in performance is due to Chinese dumping. The Authority notes that the injury is required to be seen qua the product under consideration only. In any case, the Authority has verified the

data provided by the domestic industry from the books and accounts and recorded the present final findings based on the verified information.

H.3.1. Volume effect of dumped imports on domestic industry

a. **Assessment of demand/apparent consumption**

94. The Authority has taken into consideration, for the purpose of the present investigation, the demand/apparent consumption of the product in India as the sum of the domestic sales of Indian producers and the imports from all sources.

Demand/Consumption	Unit	2018-19	2019-20	2020-21	POI
Sales of domestic industry	MT	***	***	***	***
Trend	Indexed	100	91	59	103
Sales of other producers	MT	***	***	***	***
Trend	Indexed	100	98	80	21
Imports from China	MT	16,158	25,674	25,255	45,677
Trend	Indexed	100	159	156	283
Imports from other countries	MT	538	629	474	411
Trend	Indexed	100	117	88	76
Total Indian Demand	MT	***	***	***	***
Trend	Indexed	100	112	91	143

95. It is seen that there is a significant increase in the demand for the product under consideration in the period of investigation. The demand increased in 2019-20 but declined in 2020-21 due to the Covid outbreak. The demand increased once again in the period of investigation.

b. **Import volumes from subject country.**

96. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in the dumped imports, either in absolute terms or relative to production or consumption in India. For the purpose of the injury analysis, the Authority has relied on the transaction-wise import data procured from DGCI&S. The factual position is as follows.

Particulars	Unit	2018-19	2019-20	2020-21	POI
Imports from China PR	MT	16,158	25,674	25,255	45,677
Trend	Indexed	100	159	156	283
Subject Country Imports in relation to					
Total Imports	%	97%	98%	98%	99%
Indian Production	%	***	***	***	***
Trend	Indexed	100	162	256	336
Consumption	%	***	***	***	***
Trend	Indexed	100	142	172	197

97. It is seen that:

- a. The volume of imports from the subject country has increased consistently over the injury period and sharply in the period of investigation.

- b. The imports from the subject country in relation to Indian production and consumption has increased throughout the injury period and in the period of investigation.

H.3.2. Price effect of the dumped imports

98. With regard to the effect of the dumped imports on the prices, it is required to be analyzed whether there has been a significant price undercutting by the alleged dumped imports as compared to the price of the like products in India, or whether the effect of such imports is otherwise to depress the prices or prevent the price increase, which otherwise would have occurred in the normal course. The impact on the prices of the domestic industry on account of the dumped imports from the subject country has been examined with reference to the price undercutting, the price suppression and price depression, if any. For the purpose of this analysis, the cost of production and the selling price of the domestic industry have been compared with the landed price of the imports of the subject goods from the subject country.

a. Price undercutting

99. Since large number of PCNs are involved, the Authority has considered PCN wise analysis of price undercutting. The Authority has compared the import price of each PCN with the selling price of the domestic industry for the PCN. It is seen that the price undercutting is positive (Rs*** pmt, or ***%). It is thus seen that the landed price of the subject imports was below the selling price of the domestic industry. The subject imports were undercutting the prices of the domestic industry in the period of investigation. The table below shows the PCN wise price undercutting.

SN	PCN	Imports	Landed Value	NSR	PU	PU
		MT	Rs/MT	Rs/MT	Rs/MT	%
1	PSY120OTUNDY	8,078	3,40,905	***	***	***
2	PSY120DTUNDY	5,315	4,18,557	***	***	***
3	PSY075OTUNDY	1,119	4,71,053	***	***	***
4	PSY150OTUNDY	1,047	3,60,246	***	***	***
5	PSY116OTUNDY	1,094	3,53,449	***	***	***
6	PSY115OTUNDY	856	3,77,171	***	***	***
7	PSY040OTUNDY	634	7,55,226	***	***	***
8	PSY050OTUNDY	469	6,54,822	***	***	***
9	PSY100OTUNDY	262	3,83,292	***	***	***
10	PSY060OTUNDY	134	5,36,448	***	***	***
11	PSY118OTUNDY	179	3,42,518	***	***	***
12	PSY112OTUNDY	75	3,23,151	***	***	***
13	PSY300OTUNDY	20	3,10,614	***	***	***
14	CSY120UTUNDY	9,055	3,51,683	***	***	***
15	CSY060UTUNDY	5,168	5,43,598	***	***	***
16	CSY058UTUNDY	4,891	5,48,177	***	***	***
17	CSY050UTUNDY	3,247	6,73,868	***	***	***
18	CSY075UTUNDY	1,964	4,65,692	***	***	***
19	CSY112UTUNDY	664	3,47,625	***	***	***

20	CSY040UTUNDY	659	7,11,364	***	***	***
21	CSY100UTUNDY	217	4,57,508	***	***	***
22	CSY039UTUNDY	193	7,21,579	***	***	***
23	CSY049UTUNDY	129	6,82,607	***	***	***
24	CSY030UTUNDY	131	7,16,796	***	***	***
25	CSY300UTUNDY	46	3,93,105	***	***	***
26	CSY086UTUNDY	22	4,16,406	***	***	***
27	CSY070UTUNDY	11	4,53,403	***	***	***
28	Total	45,677	4,50,363	***	***	***

b. Price suppression and depression

100. In order to determine whether the dumped imports are depressing or suppressing the domestic prices and whether the effect of such imports is to suppress the prices to a significant degree or prevent the price increase which otherwise would have occurred in the normal course, the changes in the costs and the prices over the injury period have been examined.

Particulars	UOM	2018-19	2019-20	2020-21	POI
Cost of Sales	₹/MT	***	***	***	***
Trend		100	104	111	116
Selling Prices	₹/MT	***	***	***	***
Trend		100	101	100	105
Landed price	₹/MT	***	***	***	***
Trend		100	95	88	92

101. It is seen that both costs and prices increased over the period. However, the increase in the price was lower than the increase in costs. The Authority also notes that any comparison with import price on average basis may not be appropriate because of the presence of large number of PCNs. It is thus seen that the imports were undercutting the prices of the domestic industry in the market, and the same has resulted in price suppression suffered by the domestic industry. Dumped imports prevented the domestic industry from increasing its prices in the market.

H.3.3 Economic parameters of domestic industry

102. Annexure II to the Rules provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all the relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in the sales, profits, output, market share, productivity, return on investment or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of the dumping; actual and potential negative effects on the cash flow, inventories, employment, wages, growth and the ability to raise the capital investment. The various injury parameters relating to the domestic industry are discussed below:

103. The Authority has examined the injury parameters objectively, taking into account the various facts and arguments made by the interested parties.

a. Capacity, production, capacity utilization and domestic and export sales

104. The information regarding the capacity, production, capacity utilization, domestic and export sales of the domestic industry over the injury period is given in the table below:

Particulars	Unit	2018-19	2019-20	2020-21	POI
Capacity	MT	***	***	***	***
Trend	Indexed	100	100	101	103
Production	MT	***	***	***	***
Trend	Indexed	100	96	57	97
Capacity utilization	%	***	***	***	***
Trend	Indexed	100	96	56	94
Domestic Sales	MT	***	***	***	***
Trend	Indexed	100	91	59	103
Export sales	MT	***	***	***	***
Trend	Indexed	100	88	53	73

105. It is seen that:

- a. The domestic industry has marginally expanded its capacity through the bottlenecking. The domestic industry's capacity is lower than the demand in the country.
- b. The production declined in 2019-20, further declined in 2020-21 but has increased in the period of investigation. The decline in the production in intervening period was due to Covid-19. The production increased in the period of investigation. However, production in POI was still lower than production in 2019-20, despite capacity addition. The production of the domestic industry is also lower than the production in the base year.
- c. The capacity utilization of the domestic industry has declined over the injury period. While the decline in the intervening period was due to Covid, the capacity utilization in the POI was lower than the base year.
- d. The domestic sales of the domestic industry declined till 2020-21 but have increased thereafter.
- e. The exports of the domestic industry have declined.
- f. The domestic industry has submitted that it has undertaken exports in order to prevent pileup of inventories.

b. Market share in demand

106. The information regarding the market share is given below: -

Particulars	Unit	2018-19	2019-20	2020-21	POI
Domestic Industry	%	***	***	***	***
Trend	Indexed	100	82	65	72
Other Indian producer	%	***	***	***	***
Trend	Indexed	100	87	88	14

Indian industry as a whole	%	***	***	***	***
Trend	Indexed	100	83	70	60
Imports from China	%	***	***	***	***
Trend	Indexed	100	142	172	197
Other Countries	%	***	***	***	***
Trend	Indexed	100	104	97	53

107. It is seen that the market share of the subject imports has increased throughout the injury period. On the other hand, the market share of the domestic industry declined till 2020-21. Even though the market share marginally improved in the POI, the same is still materially lower than 2019-20 and 2020-21.
108. The market share of the other producer has declined sharply in the period of investigation. While its market share was declining over the injury period, the decline in the POI was very significant.
109. The market share of Indian industry as a whole has declined steeply over the injury period.

c. Inventories

110. The inventory position with the domestic industry over the injury period is given in the table below:

Particulars	Unit	2018-19	2019-20	2020-21	POI
Opening Stock	MT	***	***	***	***
Trend	Indexed	100	81	137	106
Closing Stock	MT	***	***	***	***
Trend	Indexed	100	170	132	75
Average Stock	MT	***	***	***	***
Trend	Indexed	100	121	135	92

111. It is seen that the average inventory of the domestic industry has declined as the domestic industry's domestic sales increased.

d. Profitability, cash profits and return on capital employed.

112. Profitability, cash profits and return on investment of the domestic industry over the injury period is given in the table below.

Particulars	Unit	2018-19	2019-20	2020-21	POI
Profit/(Loss) per unit	₹/MT	***	***	***	***
Trend	Indexed	100	80	15	10
Profit/Loss	₹ Lacs	***	***	***	***
Trend	Indexed	100	73	9	10
Cash profit	₹ Lacs	***	***	***	***

Trend	Indexed	100	80	32	43
PBIT	₹ Lacs	***	***	***	***
Trend	Indexed	100	63	13	8
Return on Capital Employed	%	***	***	***	***
Trend	Indexed	100	67	13	7

113. It is seen that-

- i. The per unit profit of the domestic industry has declined by ***% over the injury period. The domestic industry has seen a significant adverse impact of the low-priced imports.
- ii. While the per unit profit declined consistently over the injury period, the decline was significant in 2020-21 and 2021-22.
- iii. The profitability of the applicant has consistently declined over the injury period.
- iv. The profit before interest and tax in Rs Lacs has also declined from Rs *** lakhs in the base year to Rs *** lacs in the period of investigation. Per unit profit before interest and tax has also declined by ***% over the injury period.
- v. Cash profit earned by the domestic industry declined in 2019-20 and then further declined in 2020-21. The cash profit has increased thereafter in 2021-22, due to the increase in domestic sales.
- vi. The cash profit per unit earned by the domestic industry has declined from Rs ***per MT to ***per MT. it is seen that there is a decline ***% decline in the cash profit per unit earned by the domestic industry.
- vii. Return on the capital employed (ROCE) has declined significantly over the injury period from ***% to ***%. The ROCE in the POI was abnormally low.

e. Employment, wages and productivity

114. Employment, wages, and productivity of the domestic industry over the injury period is given in the table below.

Particulars	Unit	2018-19	2019-20	2020-21	POI
Wages	₹ Lacs	***	***	***	***
Trend	Indexed	100	115	79	123
Employment	Nos.	***	***	***	***
Trend	Indexed	100	99	93	91
Productivity per day	MT/days	***	***	***	***
Trend	Indexed	100	96	57	97
Productivity per employee	MT/Nos	***	***	***	***
Trend	Indexed	100	83	50	100

115. It is seen that:

- i. The wages paid by the domestic industry have increased in the period of investigation.
- ii. The number of employees has declined throughout the injury period. This is despite the increase in capacities.

- iii. The productivity of the domestic industry has declined till 2020-21 but increased in the period of investigation as production increased.
- iv. The domestic industry has submitted that these factors are not dependent on the performance of the product under consideration and therefore, does not reflect the injury suffered.

f. Growth

116. The domestic industry has recorded a positive growth in the volume parameters such as domestic sales, production, capacity utilization and market share. However, the price parameters such as per unit profitability, cash profits and PBIT in Rs Lakhs and the return on capital employed have shown a negative growth.

SN	Particulars	UOM	2019-20	2020-21	POI
1	Production	Y/Y	-4%	-41%	70%
2	Domestic Sales	Y/Y	-9%	-35%	75%
3	Capacity Utilisation	Y/Y	-4%	-42%	68%
4	Market Share	Y/Y	-18%	-20%	10%
5	Profit/(Loss) per unit	Y/Y	-20%	-81%	-38%
6	PBIT - ₹ Lakhs	Y/Y	-37%	-80%	-34%
7	Cash Profit ₹ Lakhs	Y/Y	-20%	-60%	38%
8	ROI	Y/Y	-33%	-78%	-38%

g. Ability to raise capital investment.

117. The domestic industry is earning abysmally low return on its capital employed. The domestic industry has submitted that to bridge the demand and supply gap, an investment to the tune of Rs 4,000 crores is required. However, the Chinese dumping is preventing industry from making this kind of investment and the gap is widening.

I. CAUSAL LINK

118. As per the Rules, the Authority, inter alia, is required to examine any known factors other than the dumped imports which are injuring or are likely to cause injury to the domestic industry, so that the injury caused by these other factors may not be attributed to the dumped imports. Factors which may be relevant in this respect include, inter alia, the volume and prices of imports not sold at dumped prices, contraction in demand or changes in the patterns of consumption, trade restrictive practices of and competition between the foreign and the domestic producers, developments in technology and the export performance and the productivity of the domestic industry. It has been examined below whether the factors listed under the Rules could have contributed to the injury suffered by the domestic industry.

a. Volume and prices of imports from third countries

119. The Authority notes that the imports from other countries are insignificant.

b. Contraction in demand and/or change in pattern of consumption.

120. It is seen that the demand for the subject goods has significantly increased in the period of investigation as compared to the previous year.

c. Trade restrictive practices

121. No interested parties have produced any evidence relating to any known trade restrictive practice.

d. Development in technology

122. The Authority notes that the technology for the production of the subject goods has not undergone any change.

e. Export performance

123. The Authority has considered the injury data for the domestic operations separately for the injury analysis.

f. Performance of other producers

124. The Authority has considered data relating to the performance of the subject goods only.

J. MAGNITUDE OF INJURY MARGIN

125. The Authority has determined the non-injurious price (NIP) for the domestic industry on the basis of the principles laid down in the Rules read with Annexure III, as amended. The NIP of the PUC has been determined by adopting the information/data relating to the cost of production provided by the domestic industry and duly certified by the practicing accountant for the period of investigation. The NIP has been considered for comparing the landed price from the subject country for calculating injury margin. For determining the NIP, the best utilization of the raw materials and utilities has been considered over the injury period. Best utilization of production capacity over the injury period has been considered. Extraordinary or non-recurring expenses have been excluded from the cost of production. A reasonable return (pre-tax @ 22%) on average capital employed (i.e., average net fixed assets plus average working capital) for the PUC was allowed as pretax profit to arrive at the NIP as prescribed in Annexure III of the Rules and being followed.

126. Based on the landed price and NIP determined as above, the injury margin for the producers/exporters as determined by the Authority is provided in the table below:

Producer	NIP (USD per MT)	Landed value (USD per MT)	Injury margin (USD per MT)	Injury margin %	Injury margin % range
Yibin Hiest Fibre Limited Corporation	***	***	***	***	10-20
Gaoxian Changxin Thread LLC	***	***	***	***	0-10
Yibin Changxin Thread Co., Ltd.	***	***	***	***	0-10
Heist Group	***	***	***	***	10-20
Xinxiang Chemical Fibre Co. Ltd	***	***	***	***	10-20

Jilin Enka Viscose Co., Ltd.	***	***	***	***	0-10
Jilin Chemical Fibre Stock Co., Ltd	***	***	***	***	0-10
Jilin Group	***	***	***	***	0-10
Other producers/ exporters	***	***	***	***	10-20

127. It is seen that the injury margin in respect of the cooperating producer as well as all other producers is positive.

K. POST DISCLOSURE SUBMISSIONS

K.1. Submission made by other interested parties.

128. Post disclosure comments made by other interested parties are as follows:

- i. Look and feel can never be a criterion to include or exclude a product. Garment manufacturers buy fabric without differentiating between technology used for the production of fabrics. Irrespective of manufacturing process, VFY produced through the three technologies has alike characteristics.
- ii. The Authority had not provided calculation of normal value and non-injurious price in the disclosure statement.
- iii. The quality of the subject goods from China PR is better than the Indian producers. The prices of the VFY from China PR is much higher than the domestic yarn, yet the customers in India choose the VFY exported from China PR due to better quality.
- iv. The anti-dumping duty should be recommended for a period of 2 to 3 years only.
- v. The quality of the goods manufactured by the domestic industry is not upto the international standard.
- vi. The downstream MSME industry engaged in power loom, weaving and knitting will be adversely affected with the imposition of duty.
- vii. Since the non-injurious price and the normal value have been claimed confidential, the exporters are unable to comment if the PCN wise comparison is appropriate.
- viii. The Authority has not made adjustment in the economic parameters of the domestic industry for the period of investigation on the ground that there was no plant shutdown. Even if there was no plant shutdown, normal functioning of the business were impacted during this period due to Covid. This has been admitted by the applicant in the annual report.
- ix. The Authority has not disclosed the actual landed price of imports and PCN wise undercutting in the disclosure statement.
- x. When compared to the base year of the countervailing duty investigation, the cost of sales of the applicant have increased by 40%. However, the prices of caustic soda and pulp has not increased at the same time.
- xi. The Authority may recommend PCN wise reference price form of anti-dumping duty as the downstream industry is of MSME nature and there is a large demand and supply gap.

- xii. Fixed duty may lead to stoppage of imports and may lead to shortage of supply and can adversely affect the performance of downstream products and the entire value chain of textile products.
- xiii. Baoding Henjing Silk Threads should be granted an individual form of duty. Scope of initiation clearly includes both yarn and threads and there is no requirement in the initiation to manufacture right from the yarn stage.
- xiv. As per the panel report in case of Anti-Dumping Measures on Farmed Salmon from Norway, a 'producer' is any manufacturer which brings a product into existence.
- xv. In the anti-dumping investigation concerning imports of Aluminum foil of <80 microns from China PR, the Authority held that the manufacturers that imported thicker foil stock and downgraded it into the product were valid domestic producers.
- xvi. In the initiation notification finalizing the PCN methodology and including yarn produced through SSY technology inside the scope of the investigation, the Authority had noted that no further modifications would be entertained in that regard. Now, the Authority has changed its stand.
- xvii. If the Authority has excluded yarn produced using SSY technology from the product scope because of difference in raw materials, the Authority should apply the same standard and exclude yarns made from bamboo pulp.
- xviii. Total imports of superfine denier of the product under consideration have been more than the total SSY sales of domestic industry in superfine deniers.
- xix. The domestic industry does not want to have its own products compete with each other in a particular market segment and it is because of this reason that it chose not to produce the product under consideration of super fine deniers using PSY technology.
- xx. If the Authority has excluded yarns produced using SSY technology from the product scope on the ground that the domestic industry is profitable in this segment, then the Authority should also remove superfine deniers from the scope of the product under consideration as that segment is profitable.
- xxi. Low-glue dull yarns are imported in different deniers like 60, 75, and 120 and the domestic industry only produces low glue dull yarn of 120 denier. Therefore, for all those deniers for which it has failed to provide evidence of commercial sales during the period of investigation, should be excluded.
- xxii. Prices of the domestic producer and exporters have been provided. The prices of imports are in fact higher.

K.2. Submission made by domestic industry.

129. Post disclosure comments made by domestic producers are as follows:

- a. If 100% rayon embroidery thread raw white on cone or on hank is intended to be imported as ready to use thread, the same is required to be classified under 5401 and without classifying the same as the product under consideration of the present investigation.
- b. Exclusion in the first investigation regarding embroidery was also given in respect of only embroidery yarn that too on the ground that it was not being produced by the domestic industry.

- c. Only products falling under 5401 should be exempted from the scope of the product under consideration and all other forms of VFY should be included within the scope of the product under consideration.
- d. One of the interested parties has contended that it can directly use the yarn in cone on embroidery machines. The party concedes that this is a rare application of embroidery thread in - cone for use on embroidery machine. However, this product is then classifiable under 5401, and not under 5403.
- e. The quantity and value reported by the responding exporters from the subject country is required to be matched with the quantity and value reported in the transaction-wise import data.
- f. The disclosure statement is incomplete as it does not contain facts found by the Authority with respect to profitability, cash profits and the return on capital employed.
- g. The Authority has allowed an unduly low return on capital employed while determining the non-injurious price. The return on capital employed is as low as 40-50%.
- h. The impact of a 5% anti-dumping duty on the eventual end product organza and georgette is only 1%.

K.3. Examination by the Authority

- 130. The Authority has examined the post disclosure submissions made by the interested parties and notes that some of the comments are reiterations which have already been examined suitably and addressed adequately in the relevant paras of the final findings. The issues raised for the first time in the post-disclosure comments/submissions by the interested parties and considered relevant by the Authority are examined below.
- 131. It has been contended that the price of imports is higher. The Authority has examined the transaction wise import data and compared the PCN wise import data. It is seen that the imports are in fact priced lower than the domestic industry prices. The Authority also notes that the interested parties have provided price lists for domestic industry and exporters. However, the basis of these lists cannot be ascertained at such a belated stage of investigation.
- 132. As regards the comments on form and duration of the anti-dumping duty, the same have been duly considered by the Authority based on the facts of the case. A benchmark form of duty will not be appropriate considering the large number of PCNs involved. The Authority also notes that it is not established how the benchmark form of duty shall allow imports and fixed form of duty shall not allow imports. The purpose of fixing benchmarks form of duty is not to allow party to artificially realign the import price, but to allow parties to pay anti-dumping duty to the extent of the difference between reference price and landed price of import.
- 133. It is clarified that Authority has not excluded SSY technology yarn on the grounds of profitability in the segment. The Authority has excluded the yarn on the grounds that the performance of SSY technology yarn has remained more or less similar over the injury period whereas the performance of the product under consideration has significantly declined over the injury period. Relative difference in the performance of SSY and PSY has

led to a conclusion (together with other facts) that the SSY sold by the domestic industry was not competing with the imported PSY.

134. As regards request for exclusion of yarn made from bamboo, cotton and wood pulp, the Authority notes that it has not been demonstrated that yarn made from bamboo, cotton and wood pulp carries different characteristics, costs and prices. The same was not identified as a relevant criterion to differentiate costs and prices of the products. In fact, the Authority has considered yarn made from bamboo, cotton and wood pulp as the same product in the previous determination also.
135. As regards exclusion of low glue dull yarn of 60 & 75 deniers, the Authority notes that the interested parties have stated that the domestic industry has produced and supplied low glue dull yarn of 120 deniers. In a situation where the domestic industry has produced and sold low glue yarn and has produced and sold yarn of 60, 70 and 125 deniers, the mere fact that the domestic industry has not produced and supplied a particular form of the product does not in itself justify exclusion. The Authority notes that there are potentially several PCNs involved. Several of these have not been imported during the POI while several of these have not been supplied by the domestic industry. It would not be appropriate to look for individual PCN production by the domestic industry. In fact, the Authority has prescribed a methodology for comparison of import with the domestic industry products where the domestic industry has not sold identical product.
136. As regards comparison of imports of super fine deniers with the sales volume of SSY made by domestic industry, the Authority considers that the volume of imports is lower than the volume of such sales made by the domestic industry. Further, the comparison cannot be made in absolute terms. Whereas super fine deniers constitute 4% of the total imports, super fine deniers constitute ***% of total SSY sales. It is also noted that whereas market share of Chinese imports was about 59% in the POI, the market share of the domestic industry was only ***%. The domestic industry sold *** MT, whereas the imports from China were 45,677 MT. Thus, in any way, absolute volumes are incomparable. Further, the Authority notes that what has remained unexplained is the fact found by the Authority that the performance of SSY has not been impacted while the performance of PSY has been impacted.
137. As regards the contention that look and feel can never be a criterion to include or exclude a product, garment manufacturers buy fabric without differentiating between technology and irrespective of manufacturing process, the Authority notes that the interested parties have themselves suggested segregating CYS and PSY as different product. These parties have themselves suggested segregation of CSY and PSY into two different PCNs on the grounds that cost and price of the product produced out of CSY and PSY significantly differs. The Authority notes that the product is classified into different PCNs on the basis of the criteria that the cost and price of the product varies significantly. Thus, if the interested parties concede that CSY and PSY carry significantly different costs and prices, it follows that they are not interchangeable, even though they are from two different technologies. Further, the interested parties have given no reason why the profitability of SSY remained unaffected and the profitability of PSY got impacted during this period when dumping has intensified

in PSY. If PSY and SSY were interchangeable, the relative profitability of the two products would not have remained so materially different.

138. It is clarified that the information with regard to the PCN wise normal value, import price, landed price, price undercutting, NIP and injury margin all are in the nature of confidential business sensitive information. Therefore, the PCN wise landed price, which is derived from DGCI&S transaction wise data cannot be publicized. Any information placed either in the disclosure statement or in the final findings shall become widely available for all times to come.
139. As regards the form of duty, the Authority notes that there are a large number of PCNs involved in the present case. In fact, the Authority has determined the non-injurious price for *** PCNs and landed price of imports for *** PCNs. Further, the list is non-exhaustive. There can be potentially a large number of other PCNs which can be produced and supplied during the duty period. It would, therefore, not be appropriate to fix reference price form of duty. Such duty would lead to a large number of potential PCNs having no reference price or attracting residual reference price.
140. As regards PCNs notified, it is clarified that the PCNs were notified to allow the interested parties to provide the relevant information. Notification of PCNs does not mean determination. In fact, the Authority does not make determination even at the stage of disclosure statement, leave aside notifying PCN to the interested parties.
141. Interested parties have contended that quality of Chinese product is superior. It has also been contended that the import prices are higher than the selling price of the domestic industry (due to better quality). However, the Authority notes that price undercutting by Chinese product is positive. In a situation where the imported product is superior in quality, it remained unexplained why the same was being imported at a lower price.
142. As regards the impact of COVID on operations, the Authority notes that the same was relevant for the year 2020. The POI in the present case is however 1st April 2021 to 31st March 2022. As far as the investigation period is concerned, operations of the domestic industry were not affected by the COVID related long duration lockdown. The domestic industry has continued production during the second wave of COVID. Notwithstanding, the primary form of injury in the present case is adverse price effect, and not adverse volume effect.
143. The Authority note that the increase in costs over the present injury period is ***% as against which the selling price increased by ***%. The Authority has not considered that cost of sales increased by ***%.
144. As regards determination of dumping margin for Baoding Henjing Silk Threads, the Authority considers that in a situation where the input raw material and output finished product of a producer are nothing but different forms of the product under consideration, the producer cannot claim dumping margin for the activity undertaken. As regard the reference to WTO Report, the Authority notes that the relevant issue is not whether the entity should

be treated as a producer. The relevant issue is whether the company claiming individual dumping margin has converted raw material into finished product. The entity has converted merely one form of the PUC to other form of PUC. It cannot therefore claim individual dumping margin. The reference to foil stock on this issue is highly misplaced, as the input and output in that product are vastly different and two different products. The Authority had treated foil stock and foils as two different products (final findings no. 6/27/2020 dated 7th September 2021 for foil stock and Final finding no. 6/21/2020 – DGTR dated 18th June, 2021 for foil).

145. While one interested party has contended that the duty should be recommended for a period of 2 years, other interested party has contended the duty should be recommended for a period of 3 years. However, no justification has been given by either party why the duty should be restricted for a period of three years. The Authority notes that the interested parties presume that the duty, once imposed, shall remain in force for a period of five years. However, the Authority notes that any interested party is entitled to seek a review and revocation of duty upon expiry of one year.
146. With regard to the submission made by the domestic industry for low return allowed on capital employed, the Authority notes that NIP has been calculated in accordance with Annexure III of Anti-dumping Rules and consistent practice of the Authority.
147. With regard to the submission made by interested parties concerning 22% return on capital employed for calculating NIP, the authority notes that NIP has been calculated in accordance with Annexure III of Anti-dumping Rules and consistent practice of the Authority.
148. With regard to the submission made by the domestic industry that the disclosure statement is incomplete as it does not contain facts found by the Authority with respect to profitability, cash profits and return on capital employed. The authority notes that the same has been addressed in the present final findings.

L. INDIAN INDUSTRY'S INTEREST AND OTHER ISSUES

L.1. Submission of the other interested parties

149. The following submission have been made by the other interested parties on public interest:
 - a. The product produced by the applicant cannot run on the speedy machines installed by the user industry.
 - b. Users import the product because the quality supplied by the domestic industry is not good.
 - c. The domestic industry cannot supply product under consideration with cones of 3.5 KG.
 - d. Most of the weavers are MSMEs and small-scale manufactures of fabrics and anti-dumping duty will impact these spinners adversely.

- e. In the cost of production of viscose chiffon fabric, the cost of product under consideration is 60-70% of the cost of the fabric. The impact in such products will be higher.
- f. The Indian weavers have spent more than Rs 600 cr already and further Rs 400 cr are planned. The imposition of anti-dumping duty will significantly impact the investments planned.
- g. Users are forced to import because of the demand and supply gap.
- h. The yarn supplied by the spinners cannot run on air-jet machines.
- i. There is significant lead time in the orders placed with the domestic industry.
- j. The imported product is higher priced as compared to the domestic industry and the users import because of the quality.
- k. The users were not issued economic interest questionnaire by the Authority.
- l. The quantification of impact of anti-dumping duty presented by the domestic industry is grossly incorrect. The Authority is requested to quantify the impact of anti-dumping from the response of the spinners.

K.2. Submission of the domestic industry

150. The following submissions have been made by the domestic industry on public interest:
- a. VFY industry is providing employment to about 50000 families directly or indirectly.
 - b. Small-scale weavers in India will rely solely on imports if the domestic industry declines. The domestic industry provides substantial support to weavers, unlike exporters.
 - c. The domestic industry is continuously supporting the small weavers for their upliftment.
 - d. The domestic industry is regularly selling the product who have air jet machine. The product produced by the domestic industry is able to run on advanced air jet machines.
 - e. None of the users have raised concerns regarding the size of the cone supplied by the domestic industry. The interested parties have not provided any evidence to support their claims.
 - f. The domestic industry has quantified the impact of anti-dumping duty on end product. The impact on blended fabrics is 0.77% on a product price of Rs 5 USD/mtr and Rs 1.36 in case of an embroidery thread of Rs 340 per piece.
 - g. None of the weavers have quantified the impact, which is the requirement of the user's questionnaire response.
 - h. The subject goods produced by the domestic industry are the same as subject goods imported from the subject country. They two are technically and commercially substitutable. Consumers use the subject goods interchangeably. The domestic industry is a reliable supplier ensuring continuity of supplies.
 - i. Chinese producers will operate with only sole objective of maximization of their revenue. If they don't find a buyer at their terms, they will switch to some other

markets. Whereas the domestic industry has established themselves keeping the interest of users in mind.

- j. The consumer has to maintain a higher degree of inventory if they depend on imports. However, when they procure from domestic industry, the inventory holding could be kept lower. This will result in lower amount of capital blockage as compared to procurement from China PR.
- k. Consumer viability shouldn't rely on accessing raw materials at unfair prices. Fair market conditions were considered while setting up of plant by users. Preventing dumping and restoring fair competition shouldn't harm users' operations.
- l. Anti-dumping duty is a remedy against unfair price discrimination, promotes fair competition, and protects the industry in India. It does not restrict imports but ensures fair priced availability to consumers. The objective is to eliminate injury to the domestic industry and establish a level playing field.
- m. The purpose of imposition of anti-dumping duty has been recognized by Hon'ble Supreme Court in the matter of Reliance Industries Ltd. Vs. Designated Authority and the same is relevant in the present case.
- n. Imposing anti-dumping duty will not restrict imports but will ensure fair prices in the market.
- o. The users did not respond to the economic interest questionnaire, and they fail to show the impact of anti-dumping duty on end consumers.
- p. The demand supply gap does not justify dumping of the subject goods at unfair prices. If there is a gap between demand and supply, the same can be fulfilled by foreign producers at a fair price. CESTAT decision in the matter of GM Alloys Pvt Ltd. and others v. UOI, CESTAT has been relied on.
- q. The purpose of anti -dumping duty is to maintain a level playing field and prevent dumping. The purpose of custom duty reduction is however totally different and irrelevant to the present. VFY was subjected to the same rate of customs duty over the present injury period. The deterioration in the performance of the domestic industry is therefore not due to a decline in customs duty.

K.3. Examination of the Authority

- 151. The Authority recognizes that the imposition of the anti-dumping duties might affect the price levels of the product in India. However, fair competition in the Indian market will not be reduced by the imposition of the anti-dumping measures. On the contrary, the imposition of the anti-dumping measures would remove the unfair advantages gained by the dumping practices, prevent the decline of the domestic industry and help maintain the availability of wider choice to the consumers of the subject goods. The Authority has found that the domestic industry is suffering price injury in the present case. Therefore, the imposition of the anti-dumping duty will prevent injury to the domestic industry.
- 152. The purpose of the antidumping duties, in general, is to eliminate injury caused to the domestic industry by the unfair trade practices of dumping so as to re-establish a situation

of open and fair competition in the Indian market, which is in the general interest of the country. The imposition of the anti-dumping duties, therefore, would not affect the availability of the product to the consumers. The Authority notes that the imposition of the anti-dumping measures would not restrict the imports from the subject country in any way and, therefore, would not affect the availability of the product to the consumers.

153. The Authority has considered whether the imposition of anti-dumping duty shall have any adverse impact on the interest of the public. In order to determine such impact, the Authority weighed the impact of the imposition of duties on the availability of goods in the Indian market, the impact on the users of the product as well as the domestic industry and the impact on the general public at large. This determination is based on the submissions and evidence submitted over the course of the present investigation. The Authority notes that there is no reason why the availability would reduce, particularly when the Chinese producers are operating with surplus capacities.
154. The Authority had prescribed an Economic Interest Questionnaire which was sent to all interested parties to this investigation. The domestic industry has provided information sought in the Economic Interest Questionnaire. The Authority notes that none of the users have quantified the impact of imposition of anti-dumping duty on end users. The Authority has relied on the information provided by the domestic industry and noted that the impact of imposition of anti-dumping duty on users would be insignificant. The Authority notes that the domestic industry has in the application, quantified the impact of the anti-dumping duty on the eventual end products. As per the information provided by the domestic industry, which was also available to the other interested parties, the impact on blended fabrics priced at 5 USD/MTR (around Rs 400/MTR) is 0.77% and Rs 1.36 in case of an embroidery thread of Rs 340 per piece. The Authority has additionally quantified the impact of the anti-dumping duty as per the response filed by the users. The Authority has considered impact based on the share of the product under consideration in their cost and selling price of the downstream product. It is seen that, the impact of the anti-dumping duties on their selling price varies between 0.5% and 3% depending on the type of the product under consideration consumed and the eventual end product produced. Therefore, if the user industry passes on increase in the cost to the downstream product, the impact of anti-dumping duty on the eventual end product is insignificant. Further, the impact of anti-dumping on the public at large and on the eventual end product on, i.e. fabrics will be even lower.
155. As regards the submission on the quality of the product under consideration, the Authority has already addressed the submissions in the final finding above.
156. The Authority notes that the demand-supply gap in the country does not bar the domestic industry from seeking redressal from dumped imports, nor it justify exports at dumping prices. As held by the CESTAT in the matter of DSM Idemitsu Limited vs. Designated Authority, the demand-supply gap does not justify dumping. The foreign producers can always meet the Indian demand by selling the product at un-dumped prices. Even after the imposition of anti-dumping duty, the imports are not restricted in the country.

157. The Authority finally notes that imposition of anti-dumping duty is in the interest of the public at large and the impact of anti-dumping duty on end consumers is insignificant.

M. CONCLUSION & RECOMMENDATION

158. After examining the submission made by the interested parties and issues raised therein and considering the facts available on record, the Authority concludes that:
- a. The product under consideration in the present investigation is Viscose Rayon Filament Yarn.
 - b. The scope of the product under consideration includes Viscose Rayon Filament Yarn produced either through bamboo, cotton and wood pulp and of all deniers. Further, low glue dull yarn is included inside the scope of the product under consideration. Both dyed and undyed yarn are within the scope of the product under consideration.
 - c. Embroidery thread classifiable under 5401, which is ready to use is excluded from the scope of the product under consideration. Any product which is required to be classified under 5403 is included inside the scope of the product under consideration.
 - d. The domestic industry has provided yarns in cones with similar sizes which are being imported. The domestic industry has also provided invoices of sales made to spinners who use the product under consideration to spinners on air jet machines
 - e. Yarn produced from SSY technology is not produced in China. Such production technology is only available in India and Europe. Since the product is not being imported into India from China, it cannot be included inside the scope of the product under consideration.
 - f. The Spool Spun Technology is different as compared to other technologies as it requires significantly higher investment, there is difference in the manufacturing process and difference in raw material.
 - g. The fact that the performance of the SSY division has been unimpacted despite increase in imports shows the absence of competition between them. Furthermore, the domestic industry has sold yarn produced from SSY technology in market segment where sales of PSY and CSY based yarns are low.
 - h. The application was filed by Association of Man-Made Fibre Industry of India and Grasim Industries Limited. The applicant is the major producer of the subject goods in India and constitute as domestic industry under Rule 2(b) of the Rules and satisfy the criteria of standing in terms of Rule 5(3) of the rules.
 - i. Three groups of producers of the product under consideration from China have participated along with their exporters. The Authority has not undertaken sampling and determined export price based on their response.
 - j. Baoding Hengjin Silk Thread Co., Ltd. had filed a questionnaire response. It is however seen that the company has simply converted one form of product under consideration to another form of the PUC. The company has not undertaken production of PUC and therefore, its response has been rejected.
 - k. Considering the normal value and export price for the subject goods, the dumping margin for the subject goods from the subject country has been determined, and the margins are significantly positive. No reason has been provided by the exporters for such a significant degree of dumping.

- l. The examination of the imports of the subject goods shows that the volume of dumped imports from China has increased in the period of investigation. The imports have increased in both absolute terms and in relation to production and consumption.
- m. PCN wise analysis shows that the imports are priced below the selling price of the domestic industry. The dumped imports are therefore undercutting the prices of the domestic industry.
- n. While the cost of sales has increased, the landed price has not increased at the same rate. The imports are priced below the selling price of the domestic industry and have prevented an increase in the prices. Therefore, it is seen that the dumped imports have suppressed the prices of the domestic industry.
- o. The examination of the economic parameters of the domestic industry show marginal increase in the installed capacity, production and sales are significantly lower as compared to the capacity and demand in India.
- p. The market share of the domestic industry has increased in the POI but it is lower than as compared to the base year, the market share of the subject country is significantly increased in the POI as compared to the base year.
- q. The profitability, cash profits and ROCE of the domestic industry has significantly declined in the period of investigation. The profits of the domestic industry were at the lowest in the period of investigation.
- r. The return on capital earned by the domestic industry is lower than the bank rate of returns.
- s. The domestic industries ability to raise capital investment has been adversely affected.
- t. The Authority has examined the submissions made by other parties on any other factors which could have caused injury to the domestic industry. No other factor appears to have caused injury to the domestic industry. The Authority concludes that the material injury suffered by the domestic industry has been caused by the dumped imports from the subject country.
- u. Imposition of anti-dumping duty would not affect the availability of the product to the customers.
- v. The Authority had prescribed an Economic Interest Questionnaire which was sent to all interested parties to this investigation. None of the interested except the domestic industry have responded to the Economic Interest Questionnaire. No Economic Interest Questionnaire response has been filed by any users as well. The domestic industry has also provided a quantification of the potential impact of the duty.
- w. The Authority has quantified the impact of anti-dumping duty on the users. It is seen that the impact of the proposed measures will be between 1-3% considering the nature of the PUC being consumed. The Authority has additionally examined the impact on the eventual downstream product and it is seen that even if the user industry passes on the cost of anti-dumping duty, the impact on the eventual end consumers will be insignificant.

159. The Authority notes that the investigation was initiated and notified to all interested parties and adequate opportunity was given to the domestic industry, exporters, importers, and other interested parties to provide positive information on the aspect of dumping, injury, causal link, and impact of recommended measures. Having initiated and conducted the investigation into dumping, injury, and causal link in terms of provisions laid down under

the Anti-Dumping Rules and having quantified the impact of imposition of anti-dumping duty, the Authority is in view that imposition of anti-dumping duty is required to offset the dumping and injury. The Authority considers it necessary and recommends imposition of an anti-dumping duty on imports of the subject goods from the subject country.

160. Considering the nature of the product under consideration and the large number of PCNs involved, the Authority considers that it would be appropriate to recommend anti-dumping duty as a percentage of the CIF value of the import price of the subject goods.

161. In view of the above, the Authority, in terms of provisions contained in Rule 17(1)(b) read with Rule 4(d) of the Rules, recommend imposition of anti-dumping duty equal to the lesser of margin of dumping and the margin of injury, so as to remove the injury to the domestic industry. The Authority accordingly recommends imposition of anti-dumping duty on the imports of the subject goods originating in or exported from China PR for a period of five years from the date of notification to be issued in this regard by the Central Government, as a percentage of the CIF price of the goods, as indicated in Col. 7 of the duty table given below.

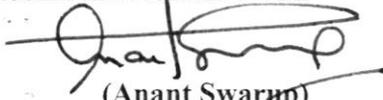
Duty Table

SN	Sub Heading or Tariff Item	Description of Goods	Country of origin	Country of Export	Producer	Duty as % of CIF
1	2	3	4	5	6	7
1	5403	Viscose rayon filament yarn/thread produced through PSY or CSY	China PR	Any country including China PR	Yibin Hiest Fibre Limited Corporation Gaoxian Changxin Thread LLC Yibin Changxin Thread Co., Ltd	12.98
2	-do-	-do-	China PR	Any country including China PR	Xinxiang Chemical Fibre Co. Ltd	5.48
3	-do-	-do-	China PR	Any country including China PR	Jilin Enka Viscose Co., Ltd. Jilin Chemical Fibre Stock Co., Ltd	6.72

4	-do-	-do-	China PR	Any country including China PR	Any, other than SN 1 to 3	20.87
5	-do-	-do-	Any country other than China PR	China PR	Any	20.87

N. FURTHER PROCEDURE

162. An appeal against the determination/review of the Designated Authority in this final finding shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the relevant provisions of the Act.


 (Anant Swarup)
 Designated Authority