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**F. No. 6/04/2025 -DGTR  
Government of India  
Ministry of Commerce & Industry  
Department of Commerce  
Directorate General of Trade Remedies  
4th Floor, Jeevan Tara Building, 5, Parliament Street,  
New Delhi – 110001**

**Date: 19.03.2026**

**FINAL FINDING  
Case No. AD (OI)-04/2025**

**Subject: Anti-dumping investigation concerning imports of “Viscose Rayon Filament Yarn (VFY) above 75 deniers” originating in or exported from China PR - *reg.***

**F. No. 6/04/2025-DGTR** - Having regard to the Customs Tariff Act, 1975, as amended from time to time (hereinafter referred to as “the Act”) and the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, as amended from time to time (hereinafter referred as the “Anti-Dumping Rules” or “the Rules”) thereof.

1. The Designated Authority (hereinafter referred to as ‘Authority’) received an application filed on behalf of the domestic industry by Association of Man-Made Fiber Industry Limited (hereinafter referred to as “applicant association”) and Grasim Industries Limited (hereinafter referred to as “applicant”) seeking initiation of an anti-dumping investigation concerning imports of Viscose Rayon Filament Yarn (VFY) above 75 deniers (hereinafter referred to as “product under consideration” or “PUC” or “subject goods”) originating in or exported from China PR (hereinafter referred to as the “subject country”). The applicant association and the participating producer are together hereinafter referred to as “applicants”.
2. On the basis of *prima facie* evidence submitted by the applicants, the Authority issued a public notice vide notification no. 6/04/2025-DGTR dated 29th March 2025, 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 industry.

**A. PROCEDURE**

3. The procedure described hereinbelow has been followed with regard to the investigation:

### 3.1 Initiation

- i. In accordance with Rule 5(5), prior to initiation of the investigation, the government of the subject country was notified through their embassy in India about the receipt of the present anti-dumping application.
- ii. In accordance with Rule 5 and 6, upon examination of the application and finding *prima facie* evidence of dumping, injury and causal link, the Authority issued a notification no. 6/04/2025-DGTR dated 29<sup>th</sup> March 2025, published in the Gazette of India Extraordinary, initiating the anti-dumping investigation concerning the imports of the product under consideration from the subject country.
- iii. In accordance with Rule 6(2), the interested parties were informed of the initiation of the investigation by sharing a copy of the initiation notification with the embassy of the subject country in India, known producers and exporters of the product under consideration in the subject country, known importers of the subject goods in India and other interested parties, as per the information made available in the application.

### 3.2 Circulation of non-confidential version of the application

- iv. In accordance with Rule 6(3), a copy of the non-confidential version of the application was provided to the government of the subject country through their embassy in India, known exporters of the subject imports and to other interested parties who requested in writing a copy of the application.

### 3.3 Participation by Exporters of Subject Country and Importers/Users in India:

- v. In accordance with Rule 6(4), questionnaires were sent to the following producers and exporters to seek information regarding the normal value and net export price for the investigation. Producers from China were asked to complete the MET questionnaire in case they intend to claim market economy status.

SN	Producers/exporters
1	HMEI Thread Co. Ltd.
2	Jilin Chemical Fiber Group Co Ltd.
3	Winning Textile Co Ltd
4	Xinxiang Bailu Chemical Fibre Group Co., Ltd.
5	Yibin Grace Co. Ltd.
6	Yibin Hiest Fibre Co. Ltd.

- vi. Questionnaire was also sent to the government of the subject country through their embassy in India. The government of the subject country was requested to forward the Initiation Notification and the questionnaires to the producers of the subject

goods in their country and advise them to respond to the questionnaire within the prescribed time limit.

- vii. In response to the above, the following producers/exporters from the subject country have responded and filed the exporter's questionnaire response:

<b>SN</b>	<b>Producers/exporters</b>
1	Baoding Hengjin Silk Thread Co. Ltd
2	Fibre 2 Fashion L.L.C-Fz
3	Gaoxian Changxin Thread LLC
4	Jilin chemical fibre Co., Ltd
5	Jilin Top Trading Co., Ltd
6	Leibo Haiya Textile Material Technology Co., Ltd.
7	Xinxiang Chemical Fibre Co., Ltd.
8	Yibin Hiest Fibre Limited Corporation

- viii. In accordance with Rule 6(4) of the Rules, questionnaires were also sent to the following known importers/users of the product under consideration in India, calling for the necessary information:

<b>SN</b>	<b>Importers/users</b>
1	APL Corporation Private Limited
2	AR Corporation
3	Bittu Synthetics
4	Meenakshi Group Private Ltd.
5	Meher International
6	Nandini Texcom (India) Limited
7	Ramchandra Art Silk Yarn Trading Co. Ltd.
8	Reaghan Fashions Private Limited
9	Royal Embroidery Threads Pvt. Ltd.
10	Urjaa Exim Private Limited

- ix. In response to the above, the following importers/users from India have responded and filed an importer/user questionnaire response:

<b>SN</b>	<b>Importers/users</b>
1	Aanshi Industries Pvt. Ltd.
2	APL Corporation Pvt. Ltd
3	AR Corporation
4	Bhagyesh
5	C P Textiles
6	Candour Tectex Limited
7	Daisy Textile
8	Eagle Fashions Private Limited

9	Eagle Silk Mills Private Limited
10	Ecstatic Silk Mill Limited
11	Eldee Velvets and Industries Pvt Ltd
12	Garuda Yarns Private Limited
13	Gelkrupa Fashion
14	Indrasheel Industries
15	Kamala Fabrics
16	LYO Cell
17	Maker Filaments
18	Meher Creations
19	Nagindas Atmaram
20	Nita Textile
21	P M Textile
22	Pankaj Textile
23	Parth Enterprise
24	Pinu Textile
25	R C Fabrics
26	Randeria Synthetics
27	REAGHAN FASHIONS PVT LTD
28	S. K. Weaving Private Limited
29	Shree J C Textiles
30	Shree Shraddha Thread and Jari
31	Shyam Lal Goyal fabrics Pvt Ltd
32	Shyam Tex
33	Surekha Fabrics
34	Vardhaman Fabrics
35	Vidhata Textile

#### **3.4 Period of Investigation and Injury Period:**

- i. As noted in the initiation notification, the period of investigation (POI) was considered as 1st October 2023 to 30th September 2024. The injury period was set to cover the years 2021-22, 2022-23, 2023-24 and the period of investigation.

#### **3.5 Further Procedure:**

- i. A request was made to the DG System to obtain transaction-wise import data of the subject goods for the injury period. The data was received and has been relied upon for the necessary analysis after due examination of the transactions.
- ii. A list of all interested parties that registered themselves within the prescribed timeline was uploaded on the website. All registered interested parties were directed to circulate the non-confidential version of all their submissions in the present proceedings to all other interested parties.

- iii. An economic interest questionnaire was issued to all the known producers and exporters, importers, and the domestic industry. The economic interest questionnaire was also shared with the administrative line ministry. The economic interest questionnaire was filed by the domestic industry, various participating users, importers and downstream associations.
- iv. Submission has also been made by the China Chamber of Commerce for Import and Export of Textiles, Embassy of China and Surat Viscose Weaver Association. These submissions have been considered in the present investigation.
- v. Foreign producers, exporters and other interested parties who have not responded, or have not supplied information relevant to this investigation, have been treated as non-cooperative.
- vi. The non-confidential version of the submissions filed by the various interested parties was made available to all participating 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.
- vii. In accordance with Rule 6(6), the Authority provided an opportunity to the interested parties to present their views orally in a hearing held on 15th October 2025. The parties presenting their views in the oral hearing were directed to make written submissions of the views expressed orally, followed by rejoinder submissions, if any.
- viii. Due to the change of the Designated Authority, a fresh oral hearing was held on 19th January 2026, wherein all interested parties were provided the opportunity to present their views. The parties who presented their views in the oral hearing were requested to file written submissions of the views expressed orally, followed by rejoinder submissions, if any.
- ix. In accordance with Rule 6(8), wherever an interested party has refused access to or has otherwise not provided necessary information in a timely manner during the course of the present proceedings, or has significantly impeded the investigation, such parties have been considered as non-cooperative, and the findings have been recorded on the basis of the facts available.
- x. In accordance with Rule 7, the information provided by the interested parties on a confidential basis was examined with regard to the sufficiency of such confidentiality claims. On being satisfied, the confidentiality claims have been accepted wherever warranted, and such information has been considered confidential and not disclosed to the other interested parties. Wherever possible, parties providing information on a confidential basis were directed to provide a sufficient non-confidential version of the information filed on a confidential basis.
- xi. In accordance with Rule 8, verification of the data provided by the domestic industry and other interested parties was conducted to the extent considered necessary for the present proceedings. The Authority has considered the verified data of the interested parties in its analysis in the present case.
- xii. The non-injurious price has been calculated based on the optimum cost of production and cost to produce & sell the domestic like article in India, based on

the information furnished by the applicant and having regard to the Generally Accepted Accounting Principles (GAAP) and as per the principles laid down in Annexure III of the Rules.

- xiii. All the arguments raised and information provided by all the interested parties to the extent that the same is supported with evidence and considered relevant to the present investigation have been considered.
- xiv. A disclosure statement containing the essential facts of the investigation which formed the basis of the final findings was issued to the interested parties on 12th March 2026 and the interested parties were allowed time up to 17th March 2026 to comment on the same. The submissions made by the interested parties, arguments raised, and the comments to disclosure statement received from the interested parties have been considered, to the extent found relevant, non-repetitive and supported with evidence in this final finding notification.
- xv. “\*\*\*” in this final finding represents information furnished by an interested party on a confidential basis and so considered under the Rules.
- xvi. The exchange rate adopted for the subject investigation is 1 US\$=Rs 84.27.

## **B. PRODUCT UNDER CONSIDERATION**

### **C.1 Submissions made by interested parties.**

- 4. The interested parties have made the following submissions with respect to the product under consideration and a like article:
  - i. VFY produced through SSY, PSY, or CSY technologies shares similar physical and chemical characteristics, end-uses, and interchangeability.
  - ii. The exclusion of SSY technology from the scope of the product is unjustified. In the previous investigation, the Authority had included SSY within the PCN methodology, recognizing it as a like product.
  - iii. The respondents seek clarification whether the following products are included in the scope of PUC (i) 100% Rayon Embroidery thread raw white on cone 120D/2, (ii) 100% Rayon Embroidery thread raw white on hank 120D/2, and (iii) Whether 75 denier is included within the scope
  - iv. The scope of the product under consideration proposed by the domestic industry has been different in the present investigation as compared to the previous investigation, in which the scope of the product under consideration was VFY of all deniers. Repeated and arbitrary changes in the scope of the product by the domestic industry are unjustified and undermine the integrity of the investigation process.
  - v. The change in definitions appears to be designed to construct a favorable case of injury rather than reflect genuine market realities.
  - vi. “Ready to use embroidery yarn” should be excluded from the product under consideration. The Authority in the previous investigation had already broadened this exclusion to cover all forms of embroidery thread.

- vii. The present condition of embroidery thread to be imported on small bobbins and for machine-use is unjustified, as embroidery thread is also used from cones or hanks in hand and machine embroidery.
- viii. Customs classification is not decisive; hence, all ready-to-use embroidery thread should be excluded from the PUC.
- ix. Speciality grade like ECOJILIN, JICELL and FSC Mix must be excluded from the scope as these products require specific approvals from global retail brands including H&M, INDITEX (ZARA), and Marks & Spencer for export.
- x. Domestic industry lacks comprehensive environmental certifications, and the product does not comply with international standards.
- xi. Various combinations of deniers and filament is not produced by the domestic industry. Therefore, the same should be excluded from the scope.
- xii. Tolerance should be included within the scope. VFY production operates on a “control denier” concept, which allows minor variation from the specified denier due to inherent process limitations. For 75 denier yarn, the industry-accepted tolerance is  $\pm 6\%$ , i.e., up to 79.5 denier.
- xiii. Domestic Industry continues to rely on obsolete machinery, some dating back to the 1960s, resulting in yarn unsuitable for modern high-speed Airjet looms.
- xiv. Domestic yarn suffers from quality and consistency issues such as variable denier, smaller cone sizes, and frequent breakages, making it unsuitable for advanced looms.
- xv. These looms are designed for high-quality imported yarn; domestic yarn lacks the required tensile strength and evenness, causing frequent breakages and forcing reduced operating speeds.
- xvi. The plant acquired from Enka (Germany) in 2014 uses outdated SSY technology and produces inferior-quality yarn due to a lack of technical expertise, modernisation, and process optimisation.
- xvii. The Authority has already clarified that customs classifications are only indicative and not binding on the scope of the product under consideration.
- xviii. The technical evidence shows that domestically produced VFY cannot operate on air-jet weaving machines that run at 900-1200 picks per minute.
- xix. The domestic industry has not addressed these quality concerns or demonstrated that it has made investments to improve product quality to meet the requirements of downstream users.
- xx. Issues such as yarn breakages, machine stoppages, and reduced loom speeds can only be understood through direct observation of weaving operations on high-speed looms.
- xxi. The exclusion of yarn produced through SSY technology from the product scope is inconsistent with the definition of “like article” under Rule 2(d) of the AD Rules.
- xxii. There is a need for the formation of a Technical Committee comprising experts from different textile-sector stakeholders and government technical institutions to conduct on-site verification to examine the quality concerns of the user industry.

- xxiii. Although the domestic industry claims to have developed fabric categories like Upada Silk and Organza, it has not shown that these developments meet the needs of users operating high-speed, export-oriented production equipment.
- xxiv. The domestic industry has not demonstrated the capability to supply yarn that meets the technical specifications required for high-speed air-jet looms. Without this capability, the imposition of duties would force closures of weaving units that depend on imported yarn.

## **C.2 Submissions made by applicants.**

- 5. The applicants have made the following submissions with respect to the product under consideration and a like article:
  - i. The product under consideration is Viscose Rayon Filament Yarn (VFY) above 75 deniers classified under customs classification 5403, excluding yarn produced through Spool Spun Yarn (SSY) technology.
  - ii. The scope of the present investigation is restricted to Viscose Filament Yarn above 75 deniers, because there is a significant demand and supply gap for fine yarns, i.e., yarn below 75 deniers. These yarns below 75 deniers are produced using CSY technology, which has a significant gap.
  - iii. The fine denier yarns are produced primarily from CSY technology, and the capacities in India are only 1/3rd the demand in India. On the other hand, there is no demand and supply gap in yarn produced through PSY technology.
  - iv. There is no significant difference in the goods produced by the domestic industry and exported from the subject country, and they can be considered as like articles.
  - v. There is no justification for the inclusion of SSY technology within the scope, as Chinese producers admitted that they do not even have the technology to produce the yarn using SSY technology, and therefore, it cannot be dumped into the Indian market.
  - vi. SSY cannot be treated as a like article to the product under consideration. Under the anti-dumping law, an article qualifies as a like article only when it is identical to the subject goods, and only in the absence of an identical product can a closely resembling article be considered.
  - vii. Both the domestic industry and the exporters produce yarn through PSY and CSY technologies, which are identical in all material respects. Consequently, where identical goods already exist, there is no legal basis to consider SSY-based products as “like”. Yarns manufactured using SSY technology, therefore, cannot be regarded as like articles to those produced using PSY and CSY technologies.
  - viii. SSY requires significantly higher investment compared to PSY and CSY technologies, and the weavers' contention that they are only concerned about the specification of products and do not care about the type of technology is without any merit.
  - ix. If technology were irrelevant, PSY/CSY would not have been separately identified, distinct plants and patented SSY technology would not exist, and consumers would simply choose the cheaper yarn.

- x. A very small amount of yarn within the product under consideration is produced through SSY technology. Almost 98% of the yarn produced through SSY technology is for less than 75 deniers. Therefore, there is no justification to include SSY technology.
- xi. Exclusion request for 100% Rayon Embroidery thread raw white on cone 120D/2 and 100% Rayon Embroidery thread raw white on hank 120D/2 from the scope of product under consideration should not be accepted.
- xii. Exclusion request for “Speciality grades” such as ECOJILIN, JINCELL, and FSC Mix is without any merit, as these products are mere brand names and the domestic industry produces similar products under its own brand.
- xiii. Exclusion of the number of variants of the product under consideration from the scope of the investigation, which has very low demand in India, is without any merit.
- xiv. The domestic industry can produce all these variants; however, as no domestic producers had placed an order for such variants, the applicant did not have any market to sell these products.
- xv. The contention to include VFY produced through SSY technology is unfounded, as such products are neither manufactured in China nor exported to India and therefore cannot be considered dumped. The Authority has already examined this issue in the previous investigation and expressly excluded SSY from the scope.
- xvi. SSY caters to a distinct market with minimal overlap, involves significantly higher capital costs, and uses different technology, making its exclusion fully justified and consistent with established practice.
- xvii. On the submission that the domestic industry provides low-quality yarn, VFY is produced through a complex wet-spinning process where some off-grade output is inherent and unavoidable, and affects all producers equally, including producers in China. Off-grade generation is thus a process characteristic, not an indicator of inefficiency.
- xviii. Through technological advancements, the domestic industry has reduced off-grade output to minimal and acceptable levels, with such material sold to a distinct customer base.
- xix. Differences in cone size between domestic and imported yarn only affect running time and do not reflect any quality or consistency issue. The issue of cone is more important for fine deniers, which are not part of the scope of the product under consideration.
- xx. Various users have acknowledged that the product supplied by the user industry is of comparable quality as compared to that of the Chinese producers. The domestic industry has provided letters from a large number of users who have acknowledged the quality of the product supplied by the domestic industry.
- xxi. Air-jet looms are primarily designed for fine denier yarns (<75D), while VFY above 75 deniers (product under consideration) is mostly processed on rapier and power looms.

- xxii. Only about 6–8% of the total VFY demand above 75 deniers (~5,000–7,200 MT) is used on air-jet looms. The domestic industry is fully capable of supplying yarn suitable for air-jet weaving and has already done so successfully.
- xxiii. Various users have acknowledged that the yarn produced by SSY can be run on airjet machines and other high-speed yarn machines.

### C.3 Examination by the Authority

- 6. At the stage of initiation, the product under consideration was defined as under:

*“3. The product under consideration (PUC) in the present investigation is 'Viscose Rayon Filament yarn/Thread above 75 deniers', classifiable under customs classification 5403, excluding yarn produced through Spool Spun Technology.*

*4. Only ready to use embroidery thread on small bobbin that can be installed on an embroidery machine, and which is classifiable under customs classification 5401, is excluded from the scope of the present investigation.”*

- 7. The product is classified under Chapter 54 of the Custom Tariff Act, 1975 under subheadings of the tariff custom classification as 5403. The product is majorly imported under 54031090, 54033100, 54033200, 54033300, 54033990, 54034110, 54034150, 54034190, 54034911, 54034912, 54034913, 54034919 and 54034990. The customs classification is only indicative and is not binding on the scope of the product under consideration.
- 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, and on the spot investigation and verification have been undertaken at the premises of the domestic industry.

#### **Viscose Filament Yarn is produced through SSY technology.**

- 9. With regard to the submissions of the other interested parties that VFY produced through SSY technology should be included within the scope of the product under consideration, the domestic industry has submitted that a product can be considered as dumped only when it is exported from the subject country. It is seen that none of the interested parties has claimed that producers in China PR possess the technology to manufacture yarn using SSY technology. Therefore, VFY through SSY technology is neither produced nor exported from China PR to India. The Authority has examined the transaction-wise import data available in the DG system and notes that VFY produced through SSY technology was not imported from China PR during the injury period.
- 10. It has also been contended by the other interested parties that VFY produced through SSY, PSY, or CSY technologies shares similar physical and chemical characteristics and

end-uses, and that weavers are not concerned with the production technology used. The end product produced using yarn manufactured through these technologies cannot be differentiated. The other interested parties submitted that in the previous investigation, the Authority had included SSY within the PCN methodology while recognizing it as a like product. Based on information and evidence on record, the Authority notes the following

- a. VFY produced through SSY technology primarily caters to fine deniers, particularly below 50 deniers, which falls outside the scope of the present investigation. The information provided by the domestic industry shows that during the injury period, the domestic industry produced about [\*\*\* MT] of VFY of more than 75 deniers through SSY technology, and in the period of investigation, only about [\*\*\*MT] of VFY above 75 deniers was produced using SSY technology. Thus, the deniers produced constitute only 0.36% and 2.22% of the production of the product under consideration in the period of investigation and injury period, respectively.

SN	Product	POI	Injury period
1	Total production	***	***
2	Denier within the PUC range	***	***
3	Share	0.36%	2.22%

*Source: Applicant data*

- b. More than 90% of PSY production is consumed in the denier range of 50–150 (coarse deniers), whereas around 20% of yarn produced through SSY technology sold between 50-150 denier.
- c. The Authority considers that by virtue of the difference in deniers, the yarn produced through the two processes is used in different segments.
- d. The Authority also notes that there exist significant technological and cost differences between the three production processes. The Authority had earlier noted in the previous investigation that capital employed in SSY is significantly higher than the capital employed in PSY and CSY.

SN	Technology	Capital employed per unit
1	PSY	Around Rs *** per MT
2	CSY	Around Rs *** per MT
3	SSY	Around Rs *** per MT

*Source: Applicant data*

- e. The capital cost per unit of capacity for SSY production is significantly higher than that for PSY.
- f. Yarn produced through SSY technology requires different machinery and is a patented technology.

- g. As regards separate PCN in the previous investigations, concluded vide Final Findings No. 6/06/2022-DGTR dated 29th September 2023, VFY produced through SSY technology was excluded from the scope of the product under consideration.
  - h. The interested parties have not established that there are no differences in the product properties and specifications of yarn produced through SSY and PSY technologies.
  - i. The Authority notes that the issue concerning the inclusion of VFY produced through SSY technology was examined in the previous investigation concluded vide Final Findings No. 6/06/2022-DGTR dated 29th September 2023 and No. 6/26/2020-DGTR dated 9<sup>th</sup> August 2021. The Authority held that SSY is a different product as compared to PSY and CSY. The Authority finds that no additional justification has been presented in the current investigation to support the inclusion sought and which would warrant a departure from the conclusions reached in the previous two investigations. The reasoning recorded by the Authority in the earlier findings continues to remain relevant in the present investigation also.
  - j. At the onsite verification of the domestic industry, it is seen that the 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.
  - k. The Authority has framed separate PCN for CSY and PSY. The same has not been disputed by the interested parties. Separate PCN for CSY and PSY further shows that PSY and CSY are considered as different products. The interested parties have not disputed this segregation which is purely based on production technology.
  - l. Considering that only 0.36% of total production of VFY above 75 denier is from SSY technology, the Authority considers that in any case, inclusion of SSY technology product would not have led to any material difference in the eventual conclusion drawn with regard to dumping and injury to the domestic industry.
11. Accordingly, the Authority excludes VFY produced through SSY technology from the scope of the product under consideration.

#### **Yarn suitable for air-jet machines**

12. With regard to the submissions of the interested parties that the yarn supplied by the domestic industry is not suitable for use on air-jet machines, the domestic industry has submitted that air-jet looms are generally designed for weaving fine denier yarns, typically below 75 deniers, and operate at high speeds. The domestic industry has also placed on record communication of spinners (users) operating air-jet machines, wherein the users have acknowledged that yarn produced by the domestic industry is run on air-jet machines. The domestic industry has also quantified that only around 22% of total VFY demand is in units operating air-jet looms, out of which 14-16% relates to denier yarns below 75 deniers. The domestic industry has stated that consumption of yarn above 75 deniers in air jet machines is only about 5,000-7,200 of the total VFY market size of around 90,000-100,000 per MT. It has also been submitted that spinners predominantly use VFY above 75 deniers on rapier and power looms. The Authority notes that claims

of domestic industry in this regard have not been disputed by the consumers, even when the consumers are their association, are expected to be in possession of actual factual information in this regard.

13. The Authority notes that air jet machines run at high speeds in the range of 800-1,000 picks per minute and are optimized for lightweight yarn. The machines are used in the production of finer denier yarns. The scope of the product under consideration is restricted to yarn above 75 deniers, and the issue of air jet machines is more applicable for machines that produce yarns less than 75 deniers. It is also noted that the domestic industry has placed communication that the yarn produced by it has been used on air jet machines.
14. It has also been stated by the interested parties that yarn supplied by the domestic industry is of smaller cone sizes as compared to the imports. The domestic industry has stated that it supplies cones of 2.7 kg, whereas the imported cone is of 3.5 kg. The only difference between the two is that a cone of 2.7 kgs would run on the downstream producer's plant for 17 hours for cope winding, whereas a cone of 3.5 kgs would run on the downstream producer's plant for 22 hours. It is noted that while cone sizes may result in higher changeover of the cones, the mere fact that the cone sizes supplied by the domestic industry are of small weight as compared to the cones supplied by the foreign producers per se does not justify dumping and consequent injury to the domestic industry.
15. With regard to the submission of the other interested parties that the quality of the imported product is superior to the product sold by the domestic industry, the domestic industry has stated that lower-grade material is an integral part of the production process and lower grade material is sold to a distinctly different category of customers and not to the participating users in the present investigation. It has been stated that the majority of such sales have been made to customers located in Salem and not in Surat, where the participating users are situated. While statements have been made with respect to the yarn quality of the domestic industry, the domestic industry, in its rejoinder submissions, has provided letters from a large number of users who have appreciated the quality of the product supplied by the domestic industry. It was seen at the time of physical verification that the product is categorised into different quality-grades at the end of production. It was seen at the time of physical verification that the product is categorised into different quality-grades at the end of the production. The domestic industry categorizes its product into various qualities. Both the domestic industry and foreign producers categorize the product into different quality standards and both sets of producers sell products of different quality standards. Since the domestic industry has also produced and sold quality standard products comparable to the imported product, and further since the domestic industry has sold significant volume of the product under consideration during the injury period, it cannot be said that injury to the domestic industry is due to different quality of product.

**100% rayon embroidery thread, raw white on cone or on hank**

16. The other interested parties have sought clarification as to whether 100% Rayon Embroidery Thread falls within the scope of the product under consideration. It has been submitted that the product under consideration is primarily used in the textile clothing sector, whereas embroidery thread is used in the embroidery segment. It has also been stated that ready-to-use embroidery thread may be wound on bobbins, cones or hanks and may be of any colour, including white, and that product classification should not depend upon a particular form of presentation.
17. The Authority considered that the domestic industry has excluded only embroidery thread classifiable under 5401, which is ready to use, and the same is beyond the scope of the product under consideration. The domestic industry has excluded embroidery thread classifiable under 5401, as the domestic industry does not produce and sell this product in the market. The interested parties have not established that the domestic industry does not produce and sell 100% rayon embroidery thread, raw white on cone or on hank. Further, 100% rayon embroidery thread, raw white on cone or on hank, classifiable under 5403, is clearly within the scope of the product under consideration of the present investigation. It is evident that embroidery thread, raw white on cone or on hank has been reported under 5403, and not under 5401, which clearly shows that the product is different from the product classifiable under 5401. The domestic industry has excluded only the product falling under 5401. The Authority has included all import transactions for this product falling within the scope of the product under consideration for the purpose of the present investigation. It is not even the contention of the interested parties that all these imports were directly used in embroidery machines without processing the yarn in India. The Authority notes that vide Custom notification No. 32/2016 dated 14<sup>th</sup> July 2016 issued by the Ministry of Finance, embroidery thread is defined as

*“(ia) Embroidered yarn or thread is a yarn that is manufactured, or hand spun specifically for embroidery and other forms of needlework. It is a finished product wound on a support, which is ready to use for embroidery applications. Embroidery Yarn is produced by the process of dyeing, reeling, twisting, hanking or core winding, finished product quality checking, grading and packing of raw yarn.*

18. Accordingly, in view of the above, the Authority includes 100% rayon embroidery thread, raw white on cone or on hank, which is classifiable under 5403. within the scope of the product under consideration.

**Exclusion of certain Speciality grade**

19. With regard to the submission of the other interested parties that specialty grades such as ECOJILIN, JINCELL and FSC Mix should be excluded from the scope of the product under consideration on the ground that these products require specific approvals from global retail brands including H&M, Inditex (ZARA) and Marks & Spencer for export, and that the domestic industry lacks comprehensive environmental certifications and compliance with international standards, the domestic industry has submitted that

ECOJILIN and JINCELL are not specialty grades but brand names adopted by Chinese producers. The domestic industry has submitted that it manufactures and supplies comparable products under its own brand “Raysil”.

20. It is seen that the interested parties have provided no information and evidence showing that ECOJILIN and JINCELL contain technical properties so distinctly different from the properties of the product supplied by the domestic industry that these products can be considered as distinct product. It is noted that these are merely brand names used by certain Chinese producers and do not, by themselves, establish a distinct product category possessing separate technical characteristics. The mere use of a brand name does not alter the essential characteristics of the product under consideration. The domestic industry produces comparable grades under its own brand and has supplied FSC-certified material in the domestic market. The domestic industry also holds internationally recognised certifications, including FSC certification, ISO 9001, ISO 14001, ISO 45001, OEKO-Tex and REACH compliance. The Authority does not find merit in the request for exclusion of the said grades from the scope of the product under consideration.

**Products are allegedly not produced and supplied by the domestic industry.**

21. The other interested parties have sought exclusion of the following denier–filament combinations from the scope of the product under consideration on the ground that these variants are not produced and supplied by the domestic industry:
- i. 85 denier /75 filaments Bright Low Glue Yarn manufactured using CSY Technology.
  - ii. 100 denier /75 filaments Dull Yarn manufactured using PSY Technology.
  - iii. 100 denier/75 filaments Dull Low Glue Yarn manufactured using CSY Technology.
  - iv. 100 denier /100 filaments Dull Yarn manufactured using PSY Technology.
  - v. 100 denier/100 filaments Dull Low Glue Yarn manufactured using CSY Technology.
  - vi. 100 denier/100 filaments Bright Low Glue Yarn manufactured using CSY Technology
  - vii. 100 denier/100 filaments Bright Yarn manufactured using PSY Technology.
  - viii. 120 denier/75 filaments Dull Yarn manufactured using PSY Technology.
  - ix. 120 denier/75 filaments Dull Low Glue Yarn manufactured using CSY Technology.
  - x. 120 denier/100 filaments Bright Yarn manufactured using PSY Technology.
  - xi. 120 denier/100 filaments Bright Low Glue Yarn manufactured using CSY Technology.
  - xii. 120 denier/48 filaments Dull Low Glue Yarn manufactured using CSY Technology.
  - xiii. 120 denier/30 filaments Dull Low Glue Yarn manufactured using CSY Technology.
  - xiv. 200 denier/50 filaments Bright Yarn manufactured using PSY Technology.
  - xv. 250 denier/50 filaments Bright Yarn manufactured using PSY Technology.
22. The domestic industry has submitted that it produces and supplies a wide range of denier and filament combinations, including 85, 100 and 120 deniers with 30, 48, 50, 75 and 100 filaments, in both bright and dull finishes, including low-glue yarn. The domestic industry

has provided sales invoices for a wide range of combinations, such as 100/38, 100/40, 112/12, 120/24, etc. The domestic industry has also submitted invoices for bright yarn and low-glue yarn. The domestic industry has further submitted that users were invited to place orders for such combinations; however, no orders were received.

23. The Authority notes that there are more than 100 different types of viscose filament yarn depending on the different deniers, filaments, twists and dyes color and particle size. The product portfolio of the domestic industry and the participating producer also contains a large number of different types of viscose filament yarn. At the time of physical verification of the manufacturing facilities of the domestic industry, it was seen that different variants can be manufactured using the same production lines, by altering process deniers, filament, twisting, and dyeing as per need and market demand. The combinations referred to by the other interested parties are custom-made grades, which are produced upon receipt of specific orders and are not generally maintained as regular inventory. The production facilities used for regular grades are technically capable of manufacturing such combinations. The interested parties have not provided any evidence to show that the domestic industry was approached for the supply of the product, and the domestic industry regretted its inability to produce the same. The Authority considers that exclusion of these denier–filament combinations would undermine the effectiveness of any anti-dumping measure and defeat the purpose of the investigation.

#### **Request for specifying the denier tolerance**

24. With regard to the submission that VFY production operates on a “control denier” concept and permits minor variations from the specified denier owing to inherent process limitations and therefore, tolerance should form part of the scope of the product under consideration, it is noted that even where tolerance is permitted, goods ordered in standard deniers are delivered and classified as belonging to the declared denier category. An importer placing an order for the product under consideration would receive goods delivered or labelled as a different product with different deniers. There is no evidence to demonstrate that goods are traded or classified on the basis of tolerance ranges instead of the declared denier. The degree of tolerance is equally applicable for the domestic industry as well as the exporters. It is also noted that tolerance-based classification has not been adopted in earlier investigations concerning the product under consideration. The Authority, however, considers it appropriate to clarify that the denier of the product sought to be imported shall be determined, considering permissible tolerances in the product. The customs authorities at the port would accept claims on the basis of established trade practices in this regard.

#### **Like article**

25. The product under consideration, produced by the domestic industry and imported from the subject country, is comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable, and consumers can use them interchangeably.

None of the interested parties has established that the goods supplied by the domestic industry is not like article to the imported product. On the basis of information and evidence on record, the Authority holds that the goods produced by the domestic industry are like article to the product under consideration imported from the subject country.

26. On the basis of the examination undertaken above, the Authority conclude the following with regard to the scope of the product under consideration:-

*“The product under consideration (PUC) in the present investigation is 'Viscose Rayon Filament Yarn/Thread above 75 deniers with permissible tolerance limits' classifiable under customs classification 5403, excluding yarn produced through Spool Spun Technology and ready to use embroidery thread on a small bobbin that can be installed on an embroidery machine, and which is classifiable under customs classification 5401.”*

**PCN methodology**

27. The Authority, vide the initiation notification, proposed a PCN methodology and invited comments from the interested parties within 15 days from the circulation of the intimation of initiation of the investigation. The parameters proposed for the determination of PCNs were as follows:

Parameters	Proposed PCN
Technology	a. PSY
	b. CSY
Denier of yarn	Actual denier
Twisting	a. Untwisted
	b. One-time twisted
	c. Double twisted
Dyed/undyed	a. Dyed
	b. Undyed

28. Based on the comments received from the interested parties and having established that SSY yarn does not form part of the product under consideration or like article, the Authority, vide notification dated 12th June 2025, has adopted the PCN methodology, same as proposed in the initiation notification, for the purpose of the present investigation.

**C. SCOPE OF DOMESTIC INDUSTRY AND STANDING**

**D.1 Submissions made by other interested parties**

29. No submissions have been made by the other interested parties with regard to the scope of the domestic industry and its standing.

## **D.2 Submissions made by the applicant.**

30. The domestic industry has made the following submissions with respect to the domestic industry and standing:
- a. There is one more producer of VFY besides the applicant, Cygnet Industries Limited, in India.
  - b. Two other Indian producers, Baroda Rayon Limited and NRC Limited, were engaged in the production of the product under consideration but were forced to shut down operations due to the low-priced imports from China PR.
  - c. Even Cygnet Industries Limited has been intermittently forced to suspend production due to adverse market conditions created by dumped imports.

## **D.3 Examination by the Authority**

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

*“(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.”*

32. The present application has been filed by the Association of Man-Made Fibre Industry of India and Grasim Industries Limited. All the required information and documents have been provided by the association.
33. There is another producer of a like article in India, namely, Cygnet Industries Limited. The other producer has supported the application filed by the applicant. It is noted that Grasim Industries Limited constitutes [\*\*\*] % of the total Indian production.
34. The domestic industry is not related to any importer in India or producers/exporters of the product under consideration in the subject country and has not imported the product under consideration from the subject country during the period of investigation.
35. It is therefore concluded that the applicant constitutes a 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.

## **D. CONFIDENTIALITY AND MISCELLANEOUS**

### **E.1 Submissions made by other interested parties.**

36. The following submissions have been made by the other interested parties with regard to miscellaneous submission.
- i. Initiation of investigation is short of legal and factual basis as there is insufficient evidence. Authority did not carry out enough scrutiny before initiating the investigation.
  - ii. The applicants are habitual users of trade remedies and various products such as Viscose Staple Fibre, Flax Yarn, insulators, caustic soda, epoxy and cement are/were enjoying the trade remedies.
  - iii. Import data considered by the applicants is unreliable. The applicants claimed excessive confidentiality by not disclosing the source of the import data.
  - iv. The domestic industry has not disclosed Grasim's share in total Indian production, leading to a lack of transparency. In the previous findings, the Authority had disclosed Grasim's share as 96% of the total Indian production.
  - v. The Association of Man-made Fibre Industry of India, as a co-applicant, lacks a legal basis or purpose, since Grasim is the sole major producer and Cygnet is not its member.
  - vi. Key documents of the association have not been disclosed. Its inclusion appears intended merely to create an impression of broader industry support and obscure Grasim's dominant position.
  - vii. Competition Commission of India has previously found Grasim to have abused its dominant position in the viscose business, showing its monopolistic behaviour if duties are imposed.

## **E.2 Submissions made by applicants.**

37. The following submissions have been made by the applicants with regard to miscellaneous submission.
- i. On the submission that the initiation is short of a legal and factual basis, the interested parties have failed to cite any instance of any lapse in scrutiny by the Authority. The initiation notification itself confirms that the investigation was initiated only after the Authority satisfied itself.
  - ii. It has been claimed that the domestic industry is a habitual user of anti-dumping measures. It is submitted that neither the Customs Tariff Act nor the Anti-Dumping Rules restrict the domestic industry from seeking trade remedial measures whenever unfair imports cause injury, nor do they limit the number of times such remedies may be sought.
  - iii. In all past investigations, the Authority recommended anti-dumping duties only after detailed investigations. It is the foreign producers who have repeatedly exported goods at dumped prices, while the domestic industry has merely sought lawful remedies against such practices.
  - iv. With regard to the submission that the association has not disclosed the key documents, the association has filed all the relevant documents with the Authority. However, since these documents are not publicly available and contain business sensitive information of the members of the association, the same was not disclosed.

- v. It has been claimed that the CCI has imposed a penalty on Grasim. CCI orders pertaining to a different product have now been stayed by the Hon'ble NCLAT and the Hon'ble High Court, and directions have been issued restraining any coercive action against the domestic industry. Such stayed proceedings cannot be treated as evidence of monopolistic conduct.

### **E.3 Examination by the Authority**

38. The non-confidential version of the information provided by various interested parties was made available to all interested parties as per Rule 6(7), and Trade Notice 10/2018 dated 7th September 2018.

39. Rule 7 of the Rules provide that:

*“Confidential information: (1) Notwithstanding anything contained in sub-rules (2), (3) and (7) 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 a confidential basis to furnish a non-confidential summary thereof, and if, in the opinion of a party providing such information, such information is not susceptible to 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 (2), 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 authorise its disclosure in a generalized or summary form, it may disregard such information.”*

40. The submissions made by the domestic industry and the participating exporters concerning confidentiality, to the extent considered relevant, were examined by the Authority and addressed accordingly. It is seen that the applicants and interested parties have claimed confidentiality on information, such as production, capacity, capacity utilization, sales volumes, market share, stocks, selling price, costs, profits, cash profits, return on investment, non-injurious price, cost of production related information, normal value, export price, dumping margin, injury margin, price adjustments, profit related information, sales channels, sales & purchase documents, customers and suppliers names, etc. It is also seen that wherever information is for an injury period, the same has been

provided on an indexed basis. Information such as weighted average normal value, non-injurious price and price undercutting has been disclosed in the range.

41. With regard to the submission that the documents of the applicant association have not been disclosed by the applicants, it is seen that the documents of the association have been claimed confidential on the ground that these are not available in the public domain. It is noted that in instances where such documents are not available in the public domain, the Authority has consistently allowed interested parties to claim confidentiality on such information and documents. The Authority notes that all the interested parties have claimed their business-related sensitive information as confidential. 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.
42. It has been contended that the import data considered by the applicants is unreliable. It is noted that while the domestic industry has relied on the market intelligence data, the Authority has relied on the DG system transaction wise data for the purpose of present investigation. It is found that the import volume and value are comparable.
43. As regards the contention that the domestic industry is a habitual user of trade remedy measures, it is seen that as per Section 9(A)(5), there is no bar on the number of times domestic industry can seek redressal from unfair trade practices of the foreign producers/exporters and no bar on the number of times anti-dumping duty can be imposed. In an anti-dumping investigation, the primary mandate is to address the unfair practice of dumping, if the same is causing injury to the domestic industry in India. The Authority is required to determine whether remedial measures are required in light of dumped imports and consequent injury to the domestic industry. The recommendations for the imposition of anti-dumping duty are made only after investigation and when the requisite legal requirements are met. The anti-dumping duty can be imposed only to the extent it is for a considered period as long as necessary to counteract dumping and causing injury. It is noted that that successive investigations have established that the Chinese producers have exported the product in Indian market at prices below normal value. Further, it is also found that the Chinese producers were benefited with countervailable subsidies to the extent of 5-15%.
44. With regards to the submissions made by the other interested parties that the domestic industry has not brought any substantive evidence to justify initiation of the present investigation and the Authority has not carried out appropriate scrutiny of facts, the Authority holds that the domestic industry provided sufficient information and evidence to justify initiation of investigation.
45. With regard to the contention that the Competition Commission of India had previously found that Grasim Industries had abused its dominant position and engaged in unfair

competition, it has been submitted by the domestic industry that the operation of the impugned order has been stayed by the Hon'ble National Company Law Appellate Tribunal and that the operation of the impugned order has been stayed. It is seen that the order passed by the Competition Commission of India does not pertain to product under consideration in the present investigation. It is further seen that the present investigation is confined to the examination of dumping of the product under consideration originating in or exported from China PR and the consequent injury to the domestic industry, in terms of the Customs Tariff Act, 1975 and the Anti-Dumping Rules. The Authority further considers that issues relating to alleged abuse of dominance are outside the scope of the present investigation.

**E. NORMAL VALUE, EXPORT PRICE AND DETERMINATION OF DUMPING MARGIN**

**F.1 Submissions made by other interested parties.**

46. The other interested parties have made the following submissions concerning normal value, export price and dumping margin:
- i. China should be granted market economy treatment as China's Accession Protocol has expired in December 2016.
  - ii. The Authority should examine the reasonability of the constructed normal value claimed by the Applicant, particularly for PSY as it appears that constructed normal value claimed for PSY is 20-30% higher than constructed normal value for CSY.

**F.2 Submissions made by the applicants.**

47. The applicants have made the following submissions concerning normal value, export price and dumping margin:
- i. China PR should be considered a non-market economy.
  - ii. Since Chinese producers are not entitled to market economy treatment, the Authority should follow para 7 of Annexure I of the Rules for the determination of Normal Value.
  - iii. Article 15(a)(ii) of China PR's Accession Protocol has already ceased, and therefore, the same cannot be applied to the present case. Article 15(a)(i) is still applicable and must be considered for the determination of the normal value for China PR.
  - iv. The Government of China maintains a substantial degree of ownership and control over Xinxiang Chemical Fiber Co., Ltd., Yibin Hiest Fibre Limited Corporation, and Jilin Chemical Fiber Stock Co., Ltd.
  - v. The DGTR had earlier conducted an anti-subsidy investigation on the imports of the VFY from China and found that the producers in the subject country had benefited from significant government support.
  - vi. The Chinese government is providing significant subsidies in the form of preferential land allocations, subsidized utilities such as electricity, water, and

steam, and access to raw materials at concessional prices. In addition, the producers enjoy preferential lending policies provided by state-owned banks.

### **F.3 Examination by the Authority.**

48. The response to the exporters' questionnaire has been filed by the following producers/exporters:
- i. Baoding Hengjin Silk Thread Co. Ltd
  - ii. Fibre 2 Fashion L.L.C-Fz
  - iii. Gaoxian Changxin Thread LLC
  - iv. Jilin chemical fibre Co., Ltd
  - v. Jilin top Trading Co. Ltd
  - vi. Leibo Haiya Textile Material Technology Co., Ltd.
  - vii. Xinxiang Chemical Fibre Co., Ltd.
  - viii. Yibin Hiest Fibre Limited Corporation

#### **F. 3.1 Determination of Normal value and Export Price**

##### **a. Normal value for China PR**

49. 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.”*

50. The domestic industry has relied upon Article 15(a)(i) of China's the Accession Protocol as well as para 7 of the Annexure I. The domestic industry has claimed that producers in China PR must be asked to demonstrate that market economy conditions prevail in their industry producing the like product with regard to the manufacture, production and sale of the product under consideration. It has been stated by the domestic industry that in case the responding Chinese producers are not able to demonstrate that their costs and price information are market-driven, the normal value should be calculated in terms of provisions of Para 7 and 8 of Annexure- I to the Rules.
51. It is noted that while the provision contained in Section 15 (a)(ii) has expired on 11.12.2016, the provision under Article 2.2.1.1 of WTO Anti-dumping Agreement read with the obligation under Section 15(a)(i) of the Accession Protocol require criterion stipulated in paragraph 8 of Annexure I of the Rules to be satisfied through the information/data to be provided in the supplementary questionnaire on claiming market economy treatment. It is noted that since the responding producers/exporters from China PR have not submitted response to the supplementary questionnaire the normal value computation is required to be done as per the provisions of paragraph 7 of Annexure I of the Rules.

52. 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 has been determined in accordance with paragraph 7 of Annexure I of the Rules, which reads 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.”*

53. The Authority notes that there are three producers of the product under consideration from China have participated in the present investigation - namely Xinxiang Chemical Fiber Co., Ltd., Yibin Hiest Fibre Limited Corporation, and Jilin Chemical Fiber Stock Co., Ltd. These three companies account for the major share in exports of the product from China to India. Based on the information on record, it is seen that in case of Xinxiang Chemical Fiber Co., Ltd. and Jilin Chemical Fiber Stock Co., Ltd., Government of China maintains substantial degree of ownership. Yibin Grace Group was set up under local government authority.
54. The Authority notes that none of the interested parties have provided any information with regard to domestic price, constructed value or export price of the product in an appropriate market economy third country. The Authority notes that it is required to select an appropriate country on the basis of information and evidence brought on record by the interested parties. Since neither the domestic industry nor the interested parties have provided any verifiable information, the normal value could not be determined on this basis.
55. The Authority has determined normal value for China PR based on 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. In view of PCNs considered, the Authority has determined PCN wise normal value. The normal value so determined is given below in the dumping margin table.

**b. Export price for China PR**

**i. Xinxiang Chemical Fibre Co. Ltd. (Producer/Exporter) China PR and Fibre 2 Fashion L.L.C-FZ (Exporter/trader)**

56. Xinxiang Chemical Fibre Co. Ltd. (“Xinxiang Chemical”) is a producer of the product under consideration and has filed a questionnaire response. Xinxiang Chemical has exported the subject goods directly to unrelated customers in India and through unrelated exporter namely Fibre 2 Fashion L.L.C-FZ (“Fibre 2 Fashion”). Both the companies have provided the relevant information in the prescribed exporter questionnaire format.

57. During the period of investigation, Xinxiang Chemical has reported [\*\*\*] MT of volume exported the subject goods to India, out of which [\*\*\*] MT exported directly to India and rest [\*\*\*] MT exported to India through Fibre 2 Fashion on CIF basis.

58. Xinxiang Chemical has claimed adjustment on account of ocean freight, marine insurance, inland transportation, port and other related expenses, credit cost and bank charges. The said adjustments have been allowed by the Authority after desk verification. Additional/supplementary information was sought to the extent deemed necessary. The net export price so determined is shown in the table below

**ii. Yibin Hiest Fibre Limited Corporation (Producer/Exporter), Gaoxian Changxin Thread LLC (Related Producer/Exporter) and Leibo Haiya Textile Material Technology Co., Ltd. (Related Producer/Exporter)**

59. Yibin Hiest Fibre Limited Corporation (“Hiest”), Gaoxian Changxin Thread LLC (“Gaoxian”) and Leibo Haiya Textile Material Technology Co., Ltd. (“Leibo”) are related companies engaged in production of the subject goods in China PR. Hiest has exported the subject goods directly to unrelated customers in India. Gaoxian and Leibo have exported the subject goods to India through Hiest. All the companies have provided the relevant information in the prescribed exporter questionnaire format.

60. During the period of investigation Hiest has reported [\*\*\*] MT exported directly to India on CIF basis. Gaoxian and Leibo have reported [\*\*\*] MT and [\*\*\*] MT sales to Hiest respectively.

61. Hiest has claimed adjustment on account of ocean freight, marine insurance, inland transportation, port and other related expenses, credit cost, bank charges and other deduction. Additionally, the Authority has made adjustments to the sales made by Gaoxian and Leibo to Hiest, on account of indirect selling expenses and the profit earned by Hiest on exports to India. The said adjustments have been allowed by the Authority after desk verification. Additional/supplementary information was sought to the extent deemed necessary. The net export price so determined is shown in the table below.

**iii. Jilin Chemical Fiber Co. Ltd (Producer/Exporter) and Jilin Top Trading Co. Ltd. (Related Trader)**

62. Jilin Chemical Fiber Co., Ltd (“ Jilin Chemical”) and Jilin Top Trading Co. Ltd. (“Jilin Top”) are related companies engaged in production and sales of the subject goods in China PR. Jilin Chemical has exported the product directly to India on CIF basis. Jilin Top has also exported the product directly to India on CIF. Both the companies have provided the relevant information in the prescribed exporter questionnaire format.
63. During the period of investigation, Jilin Chemical has exported [\*\*\*] MT the subject goods directly to India. Jilin top has exported [\*\*\*] MT has subject goods directly to India on CIF basis. It has been submitted that Jilin Top has purchased the product material from Jilin Chemical and processing of the material done by Hengjin. The processed goods are exported to the ultimate Indian consumer.
64. Jilin Chemical has claimed adjustment on account of ocean freight, marine insurance, inland transportation, port and other related expenses, credit cost, packing cost and bank charges. The said adjustments have been allowed by the Authority after desk verification. Additional/supplementary information was sought to the extent deemed necessary. The net export price so determined is shown in the table below

**iv. Baoding Hengjin Silk Thread Co. Ltd (Exporter)**

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

**v. All non-cooperative producers/exporters from China**

66. The export price for other non-cooperative producers/exporters from China has been determined based on facts available in terms of Rule 6(8) of the Rules.

**c. Dumping margin**

67. It is noted that in the subject investigations 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.

68. In accordance with the above, the relating producers and exporters were 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.
69. The normal value, export price and dumping margin determined in the present investigation are as follows:

SN	Name of Producer	Normal Value	Export Price	Dumping margin		
		(\$/MT)	(\$/MT)	(\$/MT)	(%)	(Range)
1	Xinxiang Chemical Fibre Co. Ltd	***	***	***	***	0-10%
2	Jilin Chemical Fiber Co. Ltd	***	***	***	***	10-20%
3	Yibin Group	***	***	***	***	5-15%
a	Yibin Hiest Fibre Limited Corporation	***	***	***	***	10-20%
b	Gaoxian Changxin Thread LLC	***	***	***	***	De-minimis
c	Leibo Haiya Textile Material Technology Co., Ltd.	***	***	***	***	De-minimis
4	Any producers	***	***	***	***	20-30%

## F. EXAMINATION OF INJURY AND CAUSAL LINK

### F.1 Submissions made by the other interested parties

70. The other interested parties have made the following submissions with regard to injury and causal link:
- i. The data provided by the domestic industry does not establish that subject imports have caused injury to the domestic industry.
  - ii. The merger and acquisition by Grasim added capacity but also transferred financial burdens and losses of the acquired entities. These restructuring decisions, not imports, are the main cause of Grasim's negative performance.

- iii. Outdated technology, stagnant capacity, and inability to meet rising demand or address user grievances have further contributed to its difficulties.
- iv. As per Annexure II (ii) of the Rules, Authority is required to examine a significant increase in dumped imports. However, import clearly declined from China PR both in absolute and relative terms during the POI compared to 2021-22.
- v. The average import price has also increased, indicating no price suppression.
- vi. The domestic industry claim linking higher inventories to imports is unfounded, as inventories have increased despite declining import volumes.
- vii. The injury to the domestic industry is due to Intense competition from another Indian producer whose sales and production increased.
- viii. The capital employed of the domestic industry has increased without any increase in capacity.
- ix. Increase in interest and depreciation cost has caused injury to the domestic industry.
- x. The annual reports of Grasim show stable sales volumes and a strong market position, with a 44% market share in 2024-25 despite stagnant domestic demand.
- xi. The cellulosic fibre segment, including VFY and VSF, remains profitable, suggesting that the VFY business also contributes positively to overall profitability.
- xii. Hiest, Leibo, and Gaoxian have not increased their production capacity for the subject goods prior to the injury period. Their combined capacity has remained stable throughout the entire injury investigation period.
- xiii. Chinese producers compete intensely in both domestic and international markets. The different in types of yarn and difference in price levels offered by various Chinese producers in the Indian market, based on quality perception and customer preferences.
- xiv. The increase in the average import price in 2022-23 is a direct result of a phenomenal increase in the import of higher-priced deniers. The price of VFY has a direct correlation with the denier sold, and the shift in the import basket towards finer deniers naturally increased the average price.
- xv. The domestic industry has compared raw material costs with landed prices of imports without adjusting for differences in exchange rate movements. The Indian Rupee depreciated by approximately 4.59% from INR 84.83 to INR 88.72 per U.S. Dollar during the relevant period.
- xvi. The domestic industry cannot dismiss the impact of declining demand by characterizing it as cyclic. The fact that demand has shown fluctuations in the past does not change the reality that during the injury period, the decline in demand had a direct impact on the domestic industry's production and sales.
- xvii. The domestic industry's decision to suspend production was a commercial decision made in response to accumulated inventory and declining market demand. The decision to suspend production does not establish that subject imports caused material injury to the domestic industry.
- xviii. Diversion of employees to other products shows that the employment impact is related to the domestic industry's commercial decision to suspend production on certain machines rather than to subject imports.

- xix. Domestic industry has not provided evidence that its VFY division provides employment to close to 15,000 people directly and more than 25,000 people including indirect employment.

### **G.1 Submissions made by the applicants.**

71. The applicants have made the following submissions with regard to injury and causal link:
  - i. Following the non-imposition of duties by MOF, producers from China PR intensified dumping in the Indian market at low prices. Between 2022-23 and the period of investigation, import prices declined by around Rs 50/kg, while the domestic industry's cost of sales remained largely unchanged. This led to a sharp deterioration in the domestic industry's financial performance.
  - ii. China PR possesses production capacity exceeding 5,00,000 MT, significantly above the estimated global demand of 4,00,000–4,50,000 MT and is further expanding capacity through new facilities, the surplus which is likely to be diverted to India in view of its growing market demand.
  - iii. The injury suffered by the domestic industries in the period of investigation has aggravated as compared to the previous investigation.
  - iv. In the previous investigation, while production, domestic sales and capacity utilisation had increased, in the present investigation it has declined. In the previous investigation, the financial performance of the domestic industry declined but the domestic industry was in profit. However, in the present investigation, the domestic industry recorded losses.
  - v. The import price has not moved in line with cost of raw materials. The landed price increased at a far lower pace as compared to increase in price of raw materials. While the raw material cost increased by 32 index points, the landed price of imports increased by only 11 index points.
  - vi. Applicants' PCN-wise data demonstrates that imported data is for the predominantly 120 denier categories. In case of 120 deniers, raw material costs increased by 40 index points while the landed import price rose by only 10 index points.
  - vii. The decline in demand is due to its cyclic nature. It can be seen that the demand for the product increased in 2022-23, declined in 2023-24. But the demand for the product increased again in the period of investigation. On overall basis, the demand for the product has declined. The cyclic nature of the demand can be evidenced from the increase in demand in the post period of investigation.
  - viii. The subject imports in relation to production increased in 2022-23 but declined in the subsequent period. The imports from subject country in relation to Indian production has increased in the period of investigation.
  - ix. The decline in imports from the subject country is attributable to a temporary fall in market demand, the resumption and significant increase in production by another domestic producer whose output rose from about 1,500 MT to nearly 5,500 MT, and the domestic industry's efforts to retain customers by matching import prices despite incurring increasing losses.

- x. There is no demand and supply gap, and Indian industry has sufficient capacity to cater the entire demand, the imports hold [\*\*\*%] share in the demand.
- xi. The price of domestic industries have been depressed due to dumping. During the period of investigation, both the cost of sales and the selling price have declined. But the decline in selling price is more than the decline in cost of sales. As a result, the losses have further increased.
- xii. Although PCN-wise analysis shows negative price undercutting, the product is manufactured in multiple grades, and a review of transaction-wise import data and domestic sales reveals significant grade variations. Consequently, average or PCN-level comparisons do not reflect the true market impact, whereas grade-to-grade comparisons show positive price undercutting.
- xiii. The volume parameters of the domestic industry have shown significant deterioration. The total capacity increased slightly in the injury period, while production and capacity utilisation have declined.
- xiv. The domestic sale volume has declined over the injury period. On value terms, considering the capacity available with the domestic industry, the domestic industry could have had sales value of Rs [\*\*\*] cr. in the period of investigation. However, due to dumped imports from the subject country, the domestic industry's sales value was restricted to Rs [\*\*\*] cr. resulting in loss of revenue of Rs [\*\*\*] cr.
- xv. There is a massive increase in inventory with the domestic industry. The average inventories with the domestic industry shot up by 147% in the period of investigation as compared to base year. The closing inventory with the applicant would have been higher had the domestic industry not undertaken suspension of production.
- xvi. On value basis, the domestic industry was left with Rs [\*\*\*] cr. of the inventory in the period of investigation. The closing inventory with the domestic industry was almost equal to 15% of the demand for the product in the country.
- xvii. The domestic industry was forced to suspend production on a large number of machines during the period of investigation. In some months, production was suspended on as many as 1/4th of the machines.
- xviii. The Indian industry has the capacity to cater to the entire demand, but its share was restricted to [\*\*\*%] and the dumped imports hold [\*\*\*%] share in the Indian market.
- xix. Domestic Industries have suffered significant losses during the injury period. During the period of investigation, the losses of the domestic industry have further increased. Over the injury period, if the profits of the year 2022-23 are excluded, the domestic industry has suffered loss of more than Rs [\*\*\*] cr.
- xx. The cash profit of the domestic industry improved in 2022-23. However, the cash profit sharply declined in 2023-24 by 99% but remained positive. The cash profits turned negative in the period of investigation. Similarly, the PBIT of the domestic industry improved in 2022-23, turned negative in 2023-24 and further declined in the period of investigation due to dumped imports. Return on investment have decreased and have turned negative during the period of investigation.

- xxi. Employment of the domestic industry has been adversely affected due to dumping. The total number of employees, productivity per employee, and productivity per day have decreased.
- xxii. The domestic industry is suffering financial losses, negative cash profits and returns, severely restricting its ability to raise capital or make further investments. Until fair market conditions are restored, its financial position remains critically constrained.
- xxiii. The injury from dumped imports extends beyond the applicant to other domestic producers, including Kesoram Rayon, which previously suspended production and now supports the application. Despite an installed capacity of about \*\*\* MT, it operates with nearly 40% unutilized capacity, reflecting injury.
- xxiv. The injury to the domestic industry has further intensified in the post-period of investigation, as imports from China PR have increased in volume, import prices from China PR have declined, and domestic industry prices have continued to rise.
- xxv. The losses increased during the post period of investigation.
- xxvi. The total inventories with the domestic industry also increased sharply during the post period of investigation.
- xxvii. On the submission that merger and acquisition by Grasim have added capacity but also added financial burden, the domestic industry's capacity expansion was completed in 2019-20, and operations have since stabilized. The sharp decline in profit before tax, profit before interest and tax, and cash profits shows that the injury cannot be attributed to depreciation or financial costs arising from capacity expansion.
- xxviii. On the submission that the domestic industry technology is outdated, the domestic industry has continuously modernized its facilities and adopted advanced technologies, as reflected in periods of profitability. The domestic industry is unable to fully utilize its existing capacity, and any additional capacity would also remain unutilized.
- xxix. Despite a temporary decline in imports, dumped Chinese VFY still dominates the Indian market. Declining import prices in 2023-24 forced the domestic industry to cut prices, causing losses, stock buildup, and lower capacity utilization. Chinese producers' excess capacity drives continued exports to India, intensifying injury to the domestic industry.
- xxx. Despite having the capacity to cater to significant demand, the Indian industry is not even able to hold the market share of more than 50%. The consumption in India is higher than the capacities, with the Indian producers may justify imports per se.
- xxxi. The increase in depreciation during 2022-23 and 2023-24 due to new capacity additions is not a cause of injury, as the domestic industry was profitable during this period.
- xxxii. While interest costs increased, the PBIT declined primarily due to dumped low-priced imports, not due to higher depreciation or interest expenses.
- xxxiii. Statement in the annual report cannot be relied upon as the annual report contains information on the total viscose filament yarn division as a whole. The

scope of the product under consideration is restricted to viscose filament yarn of more than 75 deniers.

## **G.2 Examination by the Authority**

72. Rule 11 of Antidumping 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 the 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 Anti-Dumping Rules.
73. Various submissions made by the domestic industry and other interested parties on injury and causal link have been examined and analyzed considering the facts available on record and applicable laws. The injury analysis carried out by the Authority ipso facto addresses submissions made by the domestic industry and other interested parties.
74. With regard to the submission that the merger and acquisition undertaken by Grasim Industries Limited resulted in addition of capacity along with financial liabilities of the acquired entities, and that such restructuring is the primary reason for the adverse performance of the domestic industry, it is seen that the merger and acquisition were undertaken in 2019-20, which is outside the injury period. The operations of the domestic industry continued in the normal course of business. It is further seen from the domestic industry earned profits in 2022–23. The profitability declined thereafter, resulting in losses in 2023-24. The losses further increased in the period of investigation. Therefore, it cannot be considered that the negative performance of the domestic industry is due to mergers and the acquisitions.
75. With regards to the submission that outdated technology or unaddressed user grievances have impacted the performance of the domestic industry. It is seen that the other interested parties have not produced any evidence to substantiate their claims. Reference is drawn to the WTO Panel Report in China – X-Ray Equipment, wherein the Panel held that where an interested party identifies a factor other than dumped imports causing injury but does not provide evidence showing how this factor is causing injury to the domestic industry, the investigating authority is not required to make a determination with regard to that factor. In the present case, the interested parties have made mere generic statements. The

fact that the domestic industry was profitable in past and has suffered losses in the period of investigation alone shows that these factors cannot be a cause of injury. The domestic industry was able to sell at profitable price with the same production technology. Further, the interested parties have not shown that the domestic industry was earlier addressing user grievances and has now stopped addressing the same.

76. With regard to the submission that the injury to the domestic industry is on account of intense competition from another Indian producer, it is seen that the other Indian producer has supported the present application and has itself claimed injury on account of dumped imports. It is seen that the production and sales of the other Indian producer have increased over the injury period, such increase is attributable to the plant shutdown in the base year. It is also seen that the increase in sales volume, the capacity utilisation of the other Indian producer remained at around [\*\*\*%], and the producer suffered losses of approximately Rs. [\*\*\*] Crore. In view of limited sales volume, the Authority considers that the injury to the domestic industry cannot be attributed to competition from another Indian producer. In any case, the domestic industry has not claimed adverse volume effect of dumped imports. As regards adverse price effect, the interested parties have not provided evidence that the selling price of other domestic producer forced the domestic industry to sell at loss making prices.
77. With regard to the submission of the other interested parties that the annual reports of domestic industry show stable sales volumes, it is seen that the statements relied upon from the annual report pertain to the overall viscose filament yarn division of the company, which also includes viscose filament yarn of below 75 deniers. The scope of the product under consideration in the present investigation is limited to viscose filament yarn of above 75 deniers. The annual report does not provide segregated financial or operational data specifically relating to the product under consideration.
78. With regard to the submission that the increase in interest and depreciation costs has caused injury to the domestic industry, the domestic industry submitted that new machines were installed during 2022-23 and 2023-24, resulting in a marginal increase in depreciation cost. However, even after such increase in depreciation cost in 2022-23, the domestic industry recorded profits during that year. In the period of investigation, despite a decline in depreciation cost, the losses of the domestic industry increased. With regards to the interest cost, it has increased over the injury period, but the decline in profit is significantly higher than the increase in interest cost. The domestic industry has also suffered loss before interest in the period of investigation and performance of the domestic industry has declined in respect of profit before depreciation and profit before interest & depreciation, thus establishing that the claimed injury is not due to increase in depreciation and interest costs.
79. The Authority has considered all injury parameters and, thereafter, noted whether overall situation of the domestic industry is such that it can be concluded that the domestic industry has suffered injury due to dumped imports. The Authority has examined the

injury parameters objectively considering the facts and arguments submitted by the domestic industry and other interested parties.

### G.3.1 Volume effects of the dumped imports

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

80. The Authority has determined demand/apparent consumption of the product in India as the sum of the domestic sales of the domestic industry, sales of other interested parties and imports of VFY above 75 deniers from all sources.

SN	Particulars	UOM	2021-22	2022-23	2023-24	POI
1	Sale of domestic industry	MT	***	***	***	***
	Trend	Indexed	100	95	83	82
2	Sale of other producers	MT	***	***	***	***
	Trend	Indexed	100	236	318	342
3	Import from subject country	MT	25,594	26,366	24,788	25,720
4	Import from other countries	MT	36	20	2	-
5	Total Indian Demand	MT	***	***	***	***
	Trend	Indexed	100	103	97	99

81. It is seen that the demand for the product increased in 2022-23 and declined thereafter. The demand thereafter marginally increased in the period of investigation.

82. The domestic industry has submitted that the decline in demand was a cyclic effect. Over the past few years, the demand for georgette and Embroidery has shown a decline, which has led to a decline in the demand for the product. The domestic industry further stated that demand has increased in the post period of investigation.

#### b. Imports in absolute terms and relative terms

83. With regards to the volume of 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 DG system import data. The information is as below:

SN	Particulars	UoM	2021-22	2022-23	2023-24	POI
1	Import from China	MT	25,594	26,366	24,788	25,720
2	Subject country import in relation to					
a	Total Imports	%	100%	100%	100%	100%
b	Indian production	%	***	***	***	***
	Trend	Indexed	100	94	98	103
c	Consumption	%	***	***	***	***
	Trend	Indexed	100	100	100	102

84. It is seen that:
- i. Imports from the subject country increased in 2022-23, declined in 2023-24 and increased in the period of investigation.
  - ii. Imports from the subject country in relation to production declined in 2022-23, increased in 2023-24 and further increased in the period of investigation.
  - iii. Imports from the subject country in relation to consumption remained at same level till 2023-24 and marginally increased in the period of investigation.
85. The domestic industry has submitted that the decline in imports from the subject country is attributable to a temporary decline in demand. The domestic industry has submitted that the imports have caused price injury to the domestic industry. The domestic industry has been forced to align its selling prices with the import prices in order to retain its customer base. Had it not adopted such a pricing strategy, it would have suffered a significant loss of market share.

### **G.3.2 Price effects of dumped imports**

86. 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 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. 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. Evolution of price**

87. The table below shows the trend of raw material cost and landed prices of the product under consideration over the injury period:

<b>SN</b>	<b>Particulars</b>	<b>UOM</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>POI</b>
1	Raw material cost	Rs/MT	***	***	***	***
2	Trend	Indexed	100	136	127	132
3	Landed price of imports	Rs/MT	***	***	***	***
4	Trend	Indexed	100	126	113	111

88. It has been submitted that in 2022–23, both the cost of raw materials and the landed price of the subject goods increased. While the cost of raw materials increased by Rs. \*\*\*per MT, the landed price of imports increased by Rs. \*\*\*per MT. However, in 2023-24, whereas the raw materials costs declined by Rs. \*\*\*per MT, the landed price declined by Rs. \*\*\*per MT. During the period of investigation, whereas raw materials costs increased by Rs. \*\*\*per MT, the landed price of imports declined by Rs. \*\*\*per MT.

#### **b. Price undercutting**

89. For the purpose of price undercutting analysis, the net sales realization of the domestic industry has been compared with the landed value of imports from the subject country. Since the PCNs have been adopted in the present investigation, PCN wise along with weighted average price undercutting, has been determined.
90. It is seen that the description of the import data does not allow identification of the complete range of the PCN considered in the present investigation. Therefore, for the purpose of calculation of price undercutting, the import data of the participating producer has been relied upon.
91. The table below shows the PCN wise price undercutting over the period of investigation.

SN	PCN	Import volume MT	Net Sales Realisation Rs/MT	Landed Price Rs/MT	Price Undercutting Rs/MT	Price Undercutting %
1	PSY120OTUNDY	8,312	***	3,97,555	***	***
2	PSY120DTUNDY	3,379	***	4,71,432	***	***
3	PSY100OTUNDY	110	***	4,21,856	***	***
4	PSY150OTUNDY	1,522	***	3,88,744	***	***
5	CSY120UTUNDY	6,208	***	3,69,392	***	***
6	PSY114OTUNDY	508	***	3,83,368	***	***
7	CSY112UTUNDY	746	***	3,98,139	***	***
8	CSY100UTUNDY	285	***	3,62,530	***	***
9	CSY300UTUNDY	5	***	97,795	***	***
10	PSY116OTUNDY	493	***	3,90,191	***	***
11	PSY118DTUNDY	239	***	4,59,145	***	***
12	CSY150UTUNDY	79	***	3,57,019	***	***
13	PSY120OTDY	58	***	3,94,364	***	***
14	PSY115OTUNDY	57	***	4,18,215	***	***
15	PSY180OTUNDY	15	***	3,90,565	***	***
16	CSY86UTUNDY	5	***	5,33,429	***	***
		<b>22,020</b>	<b>***</b>	<b>4,00,058</b>	<b>***</b>	<b>***</b>

92. It is seen that while price undercutting is positive for some grades, it is negative for others. Price undercutting on the overall basis is negative.
93. The domestic industry has submitted that the production process results in various types of grades in terms of quality. Analysis of price undercutting on an average basis (even at the PCN level) may therefore not show the real impact of imports on the prices of the domestic industry. Therefore, the domestic industry has submitted that the comparison may be made for grades comparable to the imported products. The table below shows the information provided by the domestic industry.

SN	Particulars	Volume (MT)	Selling Price (₹/MT)	Landed Price (₹/MT)	Undercutting (₹/MT)	Undercutting (%)
1	PSY112D	12	***	5,03,231	***	***
2	PSY114D	17	***	3,81,972	***	***
3	PSY115D	26	***	5,93,355	***	***
4	PSY116D	356	***	4,12,758	***	***
5	PSY120D	14,018	***	4,14,704	***	***
6	PSY150D	287	***	3,91,091	***	***
7	CSY100D	84	***	3,77,275	***	***
8	CSY112D	505	***	4,64,807	***	***
9	CSY115D	44	***	4,96,694	***	***
10	CSY116D	60	***	4,97,681	***	***
11	CSY120D	10,177	***	3,79,794	***	***
12		25,586	***	4,01,929	***	***

**c. Price suppression/depression**

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

SN	Particulars	UOM	2021-22	2022-23	2023-24	POI
1	Cost of sales	Rs/MT	***	***	***	***
	Trend	Index	100	118	118	117
2	Net selling price	Rs/MT	***	***	***	***
	Trend	Index	100	128	114	112
3	Landed price of imports	Rs/MT	3,64,144	4,58,517	4,12,714	4,03,361
	Trend	Indexed	100	126	113	111

95. It is seen that:

- The cost of sales and the selling price of the domestic industry have increased in 2022-23. The domestic industry was in losses in 2021-22. The increase in the selling price was higher than the cost of sales. Consequently, the domestic industry was able to earn a reasonable profit in 2022-23.
- In 2023-24, despite the cost of sales remaining at a similar level, the selling price declined significantly. As a result, the domestic industry's profits turned into losses.
- During the period of investigation, both the cost of sales and the selling price have declined. But the decline in selling price is more than the decline in cost of sales. As a result, the losses have further increased.

- d. Over the injury period, the cost of sales increased by Rs [\*\*\*] per MT, and the selling price has increased by Rs [\*\*\*] per MT.
- e. When compared to the year immediately preceding the period of investigation, it is seen that while costs have declined by Rs [\*\*\*] per MT, the selling price has declined by Rs [\*\*\*] per MT.
- f. The domestic industry was unable to align its selling price with the changes in the cost of sales. The landed price was depressing the prices of the domestic industry during the period of investigation in POI as compared to previous year.

### G.3.3 Economic parameters of the domestic industry

96. Annexure II to the Anti-Dumping 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 investments 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 investments. The various injury parameters relating to the domestic industry are discussed below. The Authority has examined the injury parameters objectively considering various facts and arguments made by the interested parties in their submissions:

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

97. The Authority has considered capacity, production, capacity utilization and domestic sales of the domestic industry over the injury period.

SN	Particulars	UoM	2021-22	2022-23	2023-24	POI
1	Capacity [PUC+NPUC]	MT	***	***	***	***
	Trend	Indexed	100	102	102	102
2	Total production [PUC+NPUC]	MT	***	***	***	***
	Trend	Indexed	100	104	94	93
3	Production of PUC	MT	***	***	***	***
	Trend	Indexed	100	103	88	85
4	Capacity Utilization	%	***	***	***	***
	Trend	Indexed	100	102	92	92
5	Domestic Sales	MT	***	***	***	***
	Trend	Indexed	100	95	83	82

98. It is seen that the capacity of the domestic industry marginally increased in 2022-23 and in 2023-24. The capacity remained at a similar level during the period of investigation. The domestic industry has submitted that it installed new machines.

99. The capacity utilisation of the domestic industry marginally increased in 2022-23, declined in 2023-24 and remained at a similar level during the period of investigation. The capacity utilisation of the domestic industry has declined over the period.
100. The production of the domestic industry marginally increased in 2022-23, declined in 2023-24 and declined further in the period of investigation. Over the injury period, production has declined by 15%, even though the product, after including products not under investigation, has declined by 7%.
101. The domestic sales of the domestic industry have consistently declined over the injury period. Even in 2022-23, when production increased, the domestic sales of the domestic industry declined.
102. The domestic industry has submitted that due to the subject imports, it was compelled to suspend production. The domestic industry has furnished machine-wise data showing suspension of operations during the period of investigation. The domestic industry operates [\*\*\*] machines at Century Rayon and [\*\*\*] machines at Indian Rayon, for a total of [\*\*\*] machines. It is seen that, despite demand for the product, the domestic industry was unable to get remunerative prices and was consequently compelled to suspend production of a significant number of machines during the period of investigation. In certain months, production was suspended on as much as one-fourth of the total machines.

**b. Market share**

103. The Authority has examined the effect of the dumped imports on the market share of the domestic industry and the subject country as under.

SN	Particulars	UOM	2021-22	2022-23	2023-24	POI
1	Domestic Industry	%	***	***	***	***
	Trend	Indexed	100	92	86	83
2	Other Indian Producer	%	***	***	***	***
	Trend	Indexed	100	229	329	347
3	Indian industry as a whole	%	***	***	***	***
	Trend	Indexed	100	100	100	98
4	Import from China PR	%	***	***	***	***
	Trend	Indexed	100	100	100	102
5	Import from other countries	%	0%	0%	0%	0%
	Trend	Indexed	100	-	-	-

104. It is seen that

- i. The market share of the domestic industry declined in 2022-23 and marginally increased in the subsequent year. However, the market share has again declined during the period of investigation. The market share of the domestic industry has declined over the injury period.
- ii. The market share of imports from the subject country remained at a similar level over the injury period and marginally increased in the period of investigation.
- iii. Subject imports are having a significant share in the Indian market, and the domestic industry has suffered a decline in production and capacity utilization.

**c. Inventories**

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

SN	Particulars	UoM	2021-22	2022-23	2023-24	POI
1	Opening Stock	MT	***	***	***	***
2	closing Stock	MT	***	***	***	***
3	Average Stock	MT	***	***	***	***
	Trend	Indexed	100	123	171	247

106. It is seen that the inventories with the domestic industry have consistently increased over the injury period. It is also seen that the accumulated inventories with the domestic industry increased by 147% during the period of investigation, as compared to the base year.

107. The domestic industry has submitted that, on a value basis, the inventory held during the period of investigation amounted to Rs. [\*\*\*] crore, which is quite significant.

**d. Profitability, cash profit and return on capital employed.**

108. The performance of the domestic industry has been examined in respect of profitability, profits, cash profits, PBIT, and return on investment.

SN	Particulars	UoM	2021-22	2022-23	2023-24	POI
1	Profit/(Loss)	Rs/MT	***	***	***	***
	Trend	Indexed	-100	907	-562	-685
2	Profit/(Loss)	Rs lacs	***	***	***	***
	Trend	Indexed	-100	860	-470	-562
3	Cash profit	Rs lacs	***	***	***	***
	Trend	Indexed	100	432	6	-35
4	PBIT	Rs lacs	***	***	***	***
	Trend	Indexed	-100	1,209	-464	-586
5	ROCE	%	***	***	***	***
	Trend	Indexed	-100	975	-407	-475

109. It is seen that:

- i. The domestic industry incurred financial losses in the base year. The base year was the period of investigation in the previous investigation, wherein it was noted that the domestic industry suffered material injury on account of dumped imports from the subject country.
- ii. With the increase in import prices in 2022-23, the domestic industry was able to increase its selling prices, as a result of which it earned profits.
- iii. As the import prices declined in 2023-24, the profitability of the domestic industry deteriorated sharply and turned into significant losses. The losses increased further during the period of investigation.
- iv. The cash profits of the domestic industry improved in 2022-23. However, with the decline in import prices, cash profits declined sharply in 2023-24 and turned negative in the period of investigation.
- v. The PBIT followed a similar trend to that of profits. The PBIT improved in 2022-23, turned negative in 2023-24 and declined further during the period of investigation.
- vi. The return on investment of the domestic industry improved in 2022-23 but turned negative in 2023-24. The return on capital employed has continued to remain negative during the period of investigation.

**e. Employment, wages and productivity**

110. Employment, wages and productivity of the domestic industry over the injury period are given in the table below:

SN	Particulars	UOM	2021-22	2022-23	2023-24	POI
1	Wages	Rs. lacs	***	***	***	***
	Trend	Indexed	100	109	98	95
2	Employment	Nos.	***	***	***	***
	Trend	Indexed	100	102	100	99
3	Productivity per day	MT/days	***	***	***	***
	Trend	Indexed	100	103	88	85
4	Productivity per employee	MT/Nos	***	***	***	***
	Trend	Indexed	100	101	87	85

111. It is seen that the productivity of the domestic industry has declined during the period of investigation as compared to the base year. The number of employees has also declined during the period of investigation. It is submitted by the domestic industry that, due to the suspension of production during the period of investigation, the domestic industry diverted certain employees to other product divisions. Consequently, the wages paid by the domestic industry declined during the period of investigation as compared to the previous year.

112. The domestic industry has submitted that it has reported only regular employment. The viscose filament rayon division of the domestic industry provides employment to close to 15,000 people directly. The direct and indirect employment generated by the domestic industry is more than 25,000 people.

**f. Growth**

113. The growth of the domestic industry in terms of production, domestic sales volume, capacity utilization, PBT, PBIT, cash profits and the return on capital employed is as per the given table below:

SN	Particulars	UOM	2022-23	2023-24	POI
1	Production (PUC)	%	3%	-15%	-4%
2	Domestic Sales	%	-5%	-12%	-2%
3	Capacity utilization	%	2%	-10%	-1%
4	Profit/Loss per unit	%	1007%	-162%	-22%
5	PBIT in Rs Lacs	%	1309%	-138%	-26%
6	Cash profit in Rs Lacs	%	332%	-99%	-639%
7	ROI	%	1075%	-142%	-17%

114. It is seen that the growth of the domestic industry during the period of investigation has been negative in all the volume and price parameters.

**g. Magnitude of dumping**

115. The magnitude of dumping is an indicator of the extent to which the imports are being dumped into India. The investigation has shown that the dumping margin is positive and significant during the period of investigation.

**h. Ability to raise capital investment**

116. It is seen that there is a demand and supply gap in the country. It is also noted that the profitability and return on capital employed of the domestic industry have declined, and the domestic industry was operating with losses during the period of investigation. Therefore, the ability to raise capital investment has been severely impacted, preventing the domestic industry from expanding its capacity.

117. The domestic industry has submitted that while it has undertaken significant capacity expansions in other products but in the viscose division, the current losses do not justify investment in the business for the product under consideration. The domestic industry has stated that it is not in a position to invest more in the business until a fair level playing field is restored in the domestic market. It is increasingly becoming difficult for the domestic industry to raise capital.

**i. Conclusion on material injury**

118. Based on the above analysis, the Authority concludes as follows:

- a. Imports from the subject country increased in the period of investigation in absolute terms.
- b. Imports from the subject country in relation to production declined in 2022-23, increased in 2023-24 and further increased in the period of investigation.
- c. Imports from the subject country in relation to consumption remained at same level till 2023-24 and increased in the period of investigation.
- d. Over the injury period, the import price has not increased in proportion to increase in the cost of raw material.
- e. Weighted average and PCN wise price undercutting is negative. Price undercutting for the comparable grades is found to be positive.
- f. Dumped imports have prevented the domestic industry from changing its prices in line with the changes in the costs. The dumped imports have depressed the prices of the domestic industry in POI as compared to previous year.
- g. The production, domestic sales and capacity utilization of the domestic industry declined over the injury period.
- h. The subject imports forced the domestic industry to suspend production of a significant number of machines during the period of investigation
- i. Subject imports are having a significant share in the Indian market, and the domestic industry has suffered a decline in production and capacity utilization.
- j. Despite suspension of large number of machines, the inventories with the domestic industry sharply increased in the period of investigation.
- k. The domestic industry was in profit in 2022-23, but with decline in the import price 2023-24, the profitability of the domestic industry sharply declined and turned into losses. The losses further intensified in the period of investigation.
- l. The profit before interest, cash profit and return on capital employed of the domestic industry is significantly negative in the period of investigation.
- m. The subject imports have prevented the domestic industry from making further investment in the product under consideration.
- n. The domestic industry recorded negative growth both in terms of volume and price.

119. It is seen that the domestic industry has suffered material injury.

#### **G. CAUSAL LINK AND NON-ATTRIBUTION ANALYSIS**

120. 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 price of imports from third countries**

121. Imports from the subject countries constitute more than 95% share in the total imports into India. The imports of the subject goods from other countries are insignificant and are not causing injury to the domestic industry.

**b. Contraction in demand**

122. The demand for the product under consideration has declined. The domestic industry sales have also declined. However, considering the capacities of the domestic industry, there is sufficient demand for the product in the Country and even if the domestic industry produces to the extent of 100% of its capacity, it cannot fulfil the demand. The injury is therefore not due to a contraction in demand.

**c. Changes in the patten of consumption**

123. There has been no known material change in the pattern of consumption of the product under consideration.

**d. Trade restrictive practices**

124. No interested parties have produced any evidence relating to any known trade restrictive practice, which could have caused injury to the domestic industry.

**e. Development of technology**

125. The technology for the production of the subject goods has not undergone any change. Development in technology has not caused injury to the domestic industry.

**f. Export performance**

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

**g. Performance of other products**

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

**h. Causal link between dumping and injury.**

128. While other known factors listed under the Rules have not caused injury to the domestic industry, the Authority notes that:

- a. The imports from the subject country are at dumped prices and the dumping margin is positive and significant.
- b. While the raw material cost increased, the import price has not increased at the same rate.
- c. The domestic industry has been forced to sell at reduced prices. The domestic industry was unable to align its selling price with the changes in the cost of sales. The landed price was depressing the prices of the domestic industry during the period of investigation.

- d. The domestic industry profitability sharply declined and turned into losses in 2023-24 and losses further intensified in the period of investigation.
- e. As the dumped imports from the subject country are at low prices, they hold significant share in the domestic demand.
- f. The production, domestic sales and capacity utilisation of the domestic industry have declined in the period of investigation despite there being sufficient demand for its product in the market.

129. It is therefore concluded that dumped imports have caused material injury to the domestic industry.

#### **H. MAGINTUDE OF INJURY MARGIN**

130. The Authority has determined the NIP for the domestic industry on the basis of principles laid down in AD Rules read with Annexure III, as amended. The NIP of the product under consideration has been determined by adopting the information/data relating to the cost of production provided by the domestic industry. The NIP has been considered for comparing the landed price from the subject countries for calculating the injury margin. For determining the NIP, the best utilisation of the raw materials and utilities has been considered over the injury period. Best utilisation 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 product under consideration was allowed as pretax profit to arrive at the NIP as prescribed in Annexure III to the AD Rules.

131. The landed price and non-injurious price determined above have been compared for the product under consideration. The weighted average of the injury margin determined for the producers/exporters is provided in the table below:

SN	Name of Producer	NIP	Landed price	Injury margin		
		(\$/MT)	(\$/MT)	(\$/MT)	(%)	(Range)
1	Xinxiang Chemical Fibre Co. Ltd	***	***	***	***	40-50%
2	Jilin Chemical Fiber Co. Ltd	***	***	***	***	20-30%
3	Yibin Group	***	***	***	***	5-15%
a	Yibin Hiest Fibre Limited Corporation	***	***	***	***	10-20%
b	Gaoxian Changxin Thread LLC	***	***	***	***	Negative

c	Leibo Haiya Textile Material Technology Co., Ltd.	***	***	***	***	Negative
4	Any producers	***	***	***	***	40-50%

## **I. INDIAN INDUSTRY INTEREST AND OTHER ISSUES**

### **J.1 Submissions made by other interested parties**

132. The other interested parties have made the following submissions with regard to the Indian industry's interest:

- a. There exists a consistent gap between domestic demand and supply, as the Domestic Industry's capacity is inadequate to meet total market requirements.
- b. Having chosen not to expand capacity and to coexist with imports, the Domestic Industry cannot now seek repeated protection through anti-dumping duties.
- c. The imposition of anti-dumping duty on VFY must be considered in light of the broader economic context, particularly the recent 50% tariff imposed by the United States on Indian textile exports.
- d. Since textiles and apparel constitute nearly 28-29% of India's total exports to the U.S., this development poses a major challenge to the sector.
- e. As VFY is a key raw material in garments meant for export, imposing anti-dumping duty would raise input costs across the textile value chain, further weakening the competitiveness of Indian exporters.
- f. For MSME weavers, PUC constitutes 60–70% of the total fabric cost; thus, any duty will sharply raise overall costs and render operations unviable.
- g. User industries operate on slim margins, and even a 10% duty would turn profits into losses, threatening the survival of the VFY-based weaving sector.
- h. The Indian weaving industry has invested around INR 24,000 crores in high-speed air-jet and rapier looms, financed largely through institutional loans.
- i. Reduced speeds lower output while fixed costs like interest, depreciation, and overheads remain constant, leading to sharp increases in per-unit costs. Weavers will face severe cash flow issues, risking EMI defaults and loan NPAs, as lower production makes debt servicing impossible.
- j. Government has introduced the Production Linked Incentive (PLI) Scheme for textiles. However, its objectives cannot be achieved unless raw materials are available at competitive prices.
- k. Any measure that restricts access to such inputs or raises their cost through additional duties would directly undermine the downstream industries' capacity to expand and benefit from the PLI Scheme.
- l. The domestic industry's claims regarding social contributions such as educational programs, medical facilities, housing, and other employee or community welfare initiatives are irrelevant to the anti-dumping investigation. The present proceeding is limited to assessing dumping, price comparison, and injury caused by Viscose Filament Yarn imports.

- m. Imposing anti-dumping duties on Viscose Filament Yarn (VFY) imports would be against public interest.
- n. MOF in the previous investigation did not impose duties considering broader economic impacts.
- o. VFY is a key raw material for MSMEs and labor-intensive sectors, and duties would increase costs, reduce export competitiveness, and affect employment.
- p. The end users have multiple complaints pertaining to the quality and packaging of the product manufactured domestically, which is why they resort to imported goods, irrespective of the prices.
- q. The data provided by users shows that for VFY fabrics like Moss Crepe and Georgette, the cost of VFY represents 60-70% of the total production cost.

## **J.2 Submissions made by the applicants.**

133. The applicants have made the following submissions with regard to the Indian industry's interest:
- a. The total demand for Viscose Filament Yarn in India is about 1,00,000 MT annually, while imports of the product under consideration, for which duty is being sought is for only around 25,000 MT.
  - b. The domestic industry has also undertaken work towards society in various sectors including, education, medical facilities, housing facilities, employee support, transportation facilities, etc.
  - c. The domestic industry has also worked for the benefit of users. Indian Rayon does provide unit- technical assistance to industry partners, assists in market expansion and brand development, development of new products, dependable services, exhibition and trade fair, etc.
  - d. Dumped imports from China PR have caused material injury to the domestic industry. With only one other producer remaining and past domestic producers forced to shut down, it is critical to impose duties to protect the Indian industry and its investments.
  - e. The impact of anti-dumping duties on downstream industries is negligible. Final blended fabrics are not composed solely of Viscose Filament Yarn but of multiple fibres in defined ratios, such as 35% viscose and 65% polyester, or blends with cotton, flax, or linen, limiting the relative contribution of viscose.
  - f. The downstream textile sector operates largely on a pass-through basis, and demand for the product remains stable despite price changes. Even when import prices were highest in the financial year 2022-23, the demand increased, proving that minor price rises from duties will not affect consumption or competitiveness.
  - g. The domestic industry also provides extensive value-added support to users, including technical assistance for fabric development, innovation in new yarn-based fabric categories, etc. In contrast, Chinese producers lack any long-term commitment to market development or user support in India.
  - h. Over the past decade (2015–2025), the applicant has made major sustained investments in both Viscose Staple Fibre (VSF) and Viscose Filament Yarn (VFY) production.

- i. The applicant has invested nearly Rs 9,000 crore in viscose operations to expand production, modernize technology, and promote environmentally responsible fibre manufacturing, and it is one of the world's top viscose producers. No investments were made in the VFY division due to the adverse effect of imports.
- j. The imposition of anti-dumping duty on VFY will not adversely affect India's textile exports. VFY is a very small share of India's man-made fibre (MMF) textile exports and contributes minimally to the input cost of garments and fabrics.
- k. Arguments related to anti-dumping duty on VFY to U.S. trade measures or export competitiveness are unfounded, as the U.S. measures target finished textiles, while the present case concerns dumped intermediate imports. Continued dumping, on the other hand, has severely harmed the domestic industry.
- l. The reduction in GST is irrelevant to the present investigation, as it applies uniformly and does not address injury from dumped VFY imports from China.
- m. Anti-dumping duties create an inverted duty structure, with raw materials taxed at 18% while outward supplies attract 5%, increasing costs for the domestic industry.
- n. Claims that Rs 24,000 crore investments in high-speed looms are at risk are unsubstantiated, as only a small fraction of VFY above 75 denier is used for air-jet weaving. Most user investments relate to the entire textile industry, not just the product under consideration.
- o. The argument that anti-dumping duties on VFY would harm the PLI Scheme is misplaced. The PLI Scheme aims to boost domestic MMF textile production and competitiveness.

### **J.3 Examination by the Authority**

134. The Authority considered whether the recommendation of the imposition of an anti-dumping duty would be against the public interest. This determination is based on consideration of information on records and interests of various parties, including the domestic industry, foreign producers and consumers.
135. The Authority issued a gazette notification inviting views from all the interested parties, including importers, producers/exporters, consumers and other interested parties. The Authority also prescribed a questionnaire for the users to provide the relevant information with regard to the present investigation, including the possible effect of the anti-dumping duty on their operation. The Authority sought information on, inter-alia, interchangeability of the product supplied by the various suppliers from different countries, ability to switch sources, the effect of the anti-dumping duty on the consumers, and the factors that are likely to accelerate or delay the adjustment to the new situation caused by the imposition of the anti-dumping duty.
136. The Authority notes that the purpose of anti-dumping duty, 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. Anti-dumping measures would not restrict imports from

the subject country in any way, and, therefore, would not affect the availability of the product to the consumers.

137. The Authority further notes that the imposition of anti-dumping duty does not restrict imports. Anti-dumping duty ensures that the imports are entering the Indian market at fair prices, and a level playing field is maintained between the foreign exporters and the domestic industry.

#### **Impact on User/Downstream Industry**

138. The Authority prescribed an Economic Interest Questionnaire, which was circulated to all interested parties in the present investigation. Apart from the domestic industry, various importers and users have filed responses. The domestic industry has quantified the likely impact of the proposed measures on the end products and submitted that the impact of Anti-Dumping duty on blended fabrics is priced at USD 5 per meter which would be 0.77% of total blended fabric price. Further, the impact of Anti-Dumping duty on embroidery thread is approximately Rs. 1.36 per piece out of total embroidery thread price of Rs. 340. The participating users, on the other hand, have claimed that the imposition of anti-dumping duty would increase the cost of Georgette by 6.40%, whereas it has been submitted by domestic industry that the user industry is capable of passing on the impact in the increase in the cost to its downstream industry
139. The Authority notes that the information on record shows that the demand for the product increased in 2022-23, when the import price had increased sharply from Rs 3,64,144 per MT to Rs 4,58,517 per MT. It has been submitted by the domestic industry that when such a steep increase in the import price by 26% did not affect the demand for the product in India, the imposition of anti-dumping duty will not likely lead to any adverse effect. The degree of fluctuation in the import price, along with the growing demand in India, establishes that the user industry is capable of passing on the impact in the increase in the cost. It is also seen that the user industry has not established its inability to pass on the increase in cost to its downstream industry. The Authority, therefore, considers that the impact of anti-dumping duty is likely to be passed on by the immediate downstream industry.
140. With regards to the submission of the other interested parties that imports are necessary to bridge the demand-supply gap in the country, it is noted that the demand-supply gap in the country does not bar the domestic industry from seeking redressal from dumped imports, nor does it justify exports at dumped 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. It is noted that domestic market investments were made based on fair market principles. The domestic industry cannot expand when there

is significant dumping, and at the time user industry did not set up operations expecting access to dumped imports.

141. The other interested parties have submitted that the imposition of anti-dumping duties on the product under consideration would increase input costs and undermine the ability of downstream industries to benefit from the PLI Scheme. The domestic industry submitted that the PLI Scheme for Textiles was introduced to promote domestic production of MMF apparel, MMF fabrics and technical textile products with a view to enhancing scale, competitiveness and global presence of the Indian textile sector. The objective of the scheme is to strengthen domestic manufacturing capabilities and encourage investment in the value chain. It is seen that anti-dumping duty is a trade remedial measure intended to offset the injurious effect of dumped imports and restore fair competition in the domestic market. Anti-dumping duties do not restrict imports per se but ensure that imports are priced at fair and non-injurious levels. The benefits flowing from the PLI scheme are not for the immediately downstream product but for textiles as a whole. The program is equally applicable to the product produced by the Indian industry. Therefore, the imposition of anti-dumping duty cannot be considered contrary to the objective of promoting domestic manufacturing under the PLI Scheme.
142. The other interested parties have contended that the users have made investments amounting to Rs. 24,000 crores in air-jet looms. The domestic industry, however, has submitted that the investment in air-jet machines is limited and that the figure claimed by the users pertains to the total investment made in spinning mills, and not exclusively in air-jet looms. The information submitted by the users shows that the investments of Rs. 13,247 crores were made in Gujarat State. The information provided does not show the investments made in the product under consideration. The Authority notes that the information on record shows that while certain users have claimed that the domestic industry's product cannot run on air jet machines, the domestic industry has provided letters from various users showing that the yarn produced by the domestic industry can run on air jet machines.

## **J. POST DISCLOSURE COMMENTS**

### **K.1 Comments made by the other interested party**

143. The opposing interested parties have made the following post disclosure comments: -
- a. The proposed exclusion of SSY technology is not justified, as yarn produced through SSY, PSY and CSY technologies is commercially interchangeable and shares similar characteristics and end-uses. Accordingly, SSY yarn should be treated as a like article and included within the scope of the product under consideration.
  - b. Although the CCI proceedings relate to a different product, the findings on abuse of dominance are relevant to assess the market conduct of the petitioner and the credibility of its injury claims.

- c. Continued application of the non-market economy methodology and use of surrogate country data is not legally justified after the expiry of relevant provisions of China's Accession Protocol on 11<sup>th</sup> December 2016.
- d. The adoption of 22% return on capital employed for determining the Non-Injurious Price is excessive and not consistent with the requirement of "reasonable return" under Annexure III of the Anti-Dumping Rules.
- e. The imposition of anti-dumping duties on VFY would be contrary to public interest, as it would increase input costs for MSMEs and labour-intensive textile sectors, adversely affecting employment and exports.
- f. Dhyani Industries LLP have filed comments stating that dumping margin determined for Yibin Group is inflated.
- g. The domestic industry had been protected for 12 years through the imposition of anti-dumping duties on VFY. Downstream industry and end users will have no option but to adjust with limited available inferior quality of yarn produced in the domestic market.
- h. Due to the incentive schemes of Central Government & State Government the Textile cluster of South Gujarat have invested around 3000 crore in High Speed Air Jet machines. This investment leads to huge surge in the demand of high quality AA grade Yarn.
- i. Ministry of Textile has come out with the First Cut Draft on Textile Policy 2020, in which they have strongly recommended that there should not be any "Anti-dumping duty on all types of yarns used in powerloom industry and their raw material.
- j. The Authority's long-standing position is that a mere difference in technology to produce the PUC cannot be a reason for exclusion if the products are otherwise used interchangeably by users in the downstream industry.
- k. The Authority relied on some apparent communications from the users that domestic industry's yarn runs on air jet machines without providing a copy of those letters or the name of those weavers to the weavers' associations to validate the veracity of such claims.
- l. The Authority's findings that air-jet looms are mainly designed for fine denier yarn below 75 deniers is based merely on bare statements of domestic industry. The Authority never asked the respondents or the weavers or their associations, who are heavily participating in the case, any evidence on this aspect.
- m. CIF prices of Jilin group are higher than Xinxiang but still the Authority calculated higher dumping margins for Jilin group (10- 20%) as compared to Xinxiang (0-10%) which appears to be incorrect.
- n. Applicant's loss of market share occurred due to competition from other domestic producers and quality issues with their product rather than subject imports.
- o. Based on the analysis given in the disclosure statement, both import and domestic prices followed similar trends over the injury period which shows that they responded to the same market conditions rather than imports exerting downward pressure on domestic prices.

- p. Decline in production and sales reflects changing market conditions and demand rather than the impact of alleged dumped imports.
- q. Domestic industry relies on outdated machinery and technologies, with some manufacturing equipment dating back to the 1960s. As a result, the yarn produced domestically is claimed to be incompatible with modern weaving technologies.
- r. While the Authority has accepted that tolerance may be allowed, it is requested that a limit of +/-6% may be allowed.
- s. Authority is requested to exclude all "ready to use embroidery thread under HS code 5401" consistent with the reasoned conclusion reached in the previous final findings.

## **K.2 Comments made by the applicants.**

144. The applicants have made the following post disclosure comments: -

- a. Tolerance should be excluded from the scope as VFY is produced and sold according to standard denier and filament specifications based on internationally accepted norms. While some tolerance is inherent in the product, it does not alter its fundamental characteristics.
- b. Customers place orders for specific deniers, and suppliers deliver accordingly. Yarn of one denier is not used as a substitute for another. Tolerance merely allows a limited variation within which the buyer may still accept the goods. If the variation exceeds the acceptable range, the goods are rejected.
- c. Three major Chinese producers Xinxiang Chemical Fiber Co. Ltd., Yibin Hiest Fibre Limited Corporation and Jilin Chemical Fiber Stock Co., Ltd. dominate the production and export of the product to India and have participated in the investigation.
- d. The participating producers are owned or controlled by the Government of China. Xinxiang Chemical Fiber is majority-owned through its parent, Xinxiang Bailu Investment Group, making it a state-owned enterprise. Jilin Chemical Fiber also has substantial state ownership via a government-controlled entity, while Yibin Hiest Fibre Limited Corporation is part of a group established by the Chinese government.
- e. In a previous anti-subsidy investigation, the DGTR found that these producers benefited from considerable government support, with subsidy margins ranging from 5% to 30% across companies.
- f. The participating producers are undertaking significant capacity expansions and exporting large volumes to countries including India, Pakistan, Turkey, and Italy. Collectively, they hold enough capacity to meet nearly 60% of global VFY demand.
- g. China's total production capacity exceeds 5,00,000 MT, which is already higher than the estimated global demand of 4,00,000-4,50,000 MT. Despite this surplus, Chinese producers continue to expand capacity.
- h. The injury is not confined to the domestic industry but to other domestic producers. Kesoram Rayon had previously been forced to suspend production and has now

supported the present application, meaning that it too has been adversely affected by the surge in dumped imports.

- i. Despite having an installed capacity of around 7,000 MT, Kesoram Rayon is operating with nearly 40% idle capacity and has incurred losses of about Rs 200 crore.
- j. In the post-POI imports from China PR have increased from 25,587 MT to 27,771 MT, while CIF import prices have declined, even as the domestic industry's cost of sales has increased.
- k. While the cost of sales increased significantly, import prices declined, forcing the domestic industry to reduce its own selling prices to remain competitive against dumped imports. As a result, the financial performance of the domestic industry has deteriorated sharply. Losses have further deteriorated.
- l. \*\*\* have appreciated the quality of the domestically supplied product and emphasized the need for a level playing field in the market.
- m. They have also acknowledged that previous anti-dumping duties did not adversely affect their business performance and confirmed that their pricing adjusts in line with changes in the price of the product under consideration.
- n. The anti-dumping duty is being sought only on a limited portion of the market, as imports under consideration account for about 25,000 MT out of the total Indian demand of 1,00,000 MT.
- o. The VFY division of the domestic industry currently provides direct employment to around 15,000 people, with total direct and indirect employment exceeding 25,000. If the present situation continues, the viability of the unit could be at serious risk, raising the possibility of plant closure.
- p. In past, two other Indian producers Baroda Rayon Limited and NRC Limited were engaged in the production of the product under consideration but were forced to shut down operations due to the low-priced imports from China PR. Even Cygnet Industries Limited (supporter) has been intermittently forced to suspend production due to adverse market conditions created by dumped imports.
- q. Through various initiatives, the domestic industry supports users industry.
- r. Sourcing the product from the domestic industry is in the long-term interest of consumers, as foreign producers are primarily profit-driven and domestic producers remain committed to the Indian market.
- s. Duty should be recommended for a period of five years, as a shorter duration would be insufficient for recovery. The significant financial losses to the domestic industry clearly show the need for fair competition.

### **K.3 Examination by the Authority**

145. The Authority has examined the post-disclosure submissions made by the interested parties. It is observed that most of these submissions are reiterations of arguments and contentions that have already been examined and addressed to the extent deemed necessary in the relevant paragraphs of these final findings. The issues raised for the first time in the post disclosure comments/submissions by the interested parties and the

domestic industry and considered relevant by the Authority are examined below. Any submission which was merely a reproduction of the previous submissions, and which had been adequately examined by the Authority has not been repeated for the sake of brevity.

146. On the comments of the interested parties that for the determination of the non-injurious price, the Authority has considered return on capital employed at the rate of 22%, without providing reasons therefor and without disclosing the historical rate of return on capital employed earned by the domestic industry, it is noted that it has been consistent practice of the Authority to consider 22% return on capital employed. CESTAT, in various investigations has held 22% return, is appropriate specially in the absence of any evidence to the contrary. The Authority notes that in the present case, no evidence/submissions have been advanced by interested parties during the course of the investigation substantiating as to why 22% return on capital employed is not justified in the facts and circumstances of the present case for calculation of the non-injurious price.
147. On the comments of the interested parties that for determination of normal value for China, non-market economy methodology and use of surrogate country data is not legally justified after the expiry of relevant provisions of China's Accession Protocol on 11th December 2016. It is noted that while the provision contained in Article 15 (a)(ii) of China's Accession Protocol has expired on 11th December 2016, the provision under Article 2.2.1.1 of WTO read with obligation under Article 15(a)(i) of the Accession Protocol require the criterion stipulated in para 8 of Annexure I of the Rules to be satisfied through information/data to be provided in the supplementary questionnaire on claiming the market economy status. Therefore, the submission cannot be accepted.
148. On the comments of the interested parties that an investment of Rs. 3000 crores in high-speed air jet machines have led to a significant increase in demand for high quality AA grade yarn, it is noted that the figures quoted by the interested parties pertain to Viscose Filament Yarn as a whole and not specifically to the product under consideration. Imports of the product under consideration account for about 25,000 MT out of the total Indian demand of VFY is around 1,00,000 MT.
149. On the comments of the interested parties that the Ministry of Textiles has recommended that anti-dumping duty should not be imposed on yarns used in the power loom industry and their raw materials, it is seen there is no information in public domain evidencing the same. While the interested party claimed that relevant extracts of the policy are enclosed as Annexure, the information was provided on the letter head of the interested party itself. Such information cannot be accepted. The present investigation has been conducted in accordance with the provisions of the Customs Tariff Act, 1975, and the Anti-Dumping Rules. The Authority is required to determine the existence of dumping, injury to the domestic industry and causal link between the dumped imports and injury.
150. On the comments of the interested parties that products produced using different technology should be included within the scope of the product under consideration, it is

noted that the Authority has examined the issue based on the information and evidence on record. It is seen that SSY technology involves significant differences in terms of production process, capital investment and machinery, and is a distinct technology as compared to PSY and CSY. If it is to be considered that the user industry is indifferent towards the technology deployed in the production of yarn, yarn production through SSY technology would not have remain concentrated in fine denier yarn. More than 99% of the production of domestic industry of VSY produced through SSY technology is for fine denier yarn. Therefore, the information on record shows that yarn produced through SSY technology primarily caters to different denier segments as compared to PSY technology yarn. It is also noted that whereas [\*\*\*%] of the production of yarn through SSY technology falls within the scope of the PUC, more than [\*\*\*%] of the production of yarn through SSY technology falls outside the scope of the PUC, which further establishes that the difference in technology leading to production of products with different characteristics. The issue concerning inclusion of SSY technology has been examined in previous investigations, wherein SSY was excluded from the scope of the product under consideration, and no new evidence has been provided in the present investigation to deviate from the earlier findings. In the instant case, the very fact that the production facilities have been utilized for production of different products – one predominantly falling within the scope of the PUC and other falling outside the scope of the PUC itself establishes differences in the products.

151. On the comments by Dhyam Industries LLP that dumping margin determined for Yibin Group is inflated, it is seen that the company has filed comments specifically for Yibin Group despite the other producer Jilin Chemical Fiber Co. Ltd being accorded a higher margin. The Authority has determined the dumping margin for each exporter/producer on the basis of the information furnished by them in response to the questionnaire and after due verification of such information. Any variation in the margins across exporters is due to difference in export price and the product types exported by the foreign producers.
152. It has been stated that the CIF prices of Jilin Group are higher than those of Xinxiang and Yibin and yet higher dumping margins have been determined for Jilin Group. It has also been stated by the producer that the cost of PSY technology is marginally higher than CSY. It is noted that while Jilin Group has majorly exported the product produced through PSY technology, Xinxiang Chemical Fibre Co. Ltd. has exported product produced through CSY technology. Similarly, Yibin Group has exported the product produced through PSY technology. It is also seen that there is difference in the number of twists and dyeing parameters of the product exported. It is therefore seen that there is a difference in the products exported by all three producers. It is also clarified that the dumping margin has been calculated first for Yibin Hiest Fibre Limited Corporation, Gaoxian Changxin Thread LLC and Leibo Haiya Textile Material Technology Co., Ltd. and thereafter for the group as a whole. Therefore, an analysis on average basis is not appropriate.

153. On the comments of the interested parties that the loss of market share of the applicant is attributable to competition from other domestic producers and alleged quality issues, it is noted that the other Indian producer has supported the present application and has itself claimed injury on account of dumped imports. While the market share, production and sales of the other Indian producer have increased over the injury period, such increase is attributable to the plant shutdown in the base year. It is also seen that despite the increase in sales volume, the capacity utilisation of the said producer has remained at around [\*\*\*%], and the producer has incurred losses of approximately Rs. [\*\*\*] crore.
154. On the comments that both import prices and domestic prices have followed similar trends over the injury period, indicating that they were influenced by common market factors rather than imports exerting price pressure, it is noted that the interested parties have made comparison with the base year. The domestic industry was already suffering injury in the base year. The Authority has examined the price behavior of the subject imports and the domestic industry in detail. It is seen that while the cost of sales of the domestic industry increased by 17% over the injury period, the landed price of the subject imports increased only by 11%. The selling price of the domestic industry increased by 12%, which is lower than the increase in cost of sales. The domestic industry was unable to increase its prices in line with the increase in its costs. It is seen that the domestic industry commands [\*\*\*%] of Indian production and [\*\*\*%] of market share, whereas subject imports command 100% of imports and [\*\*\*%] of market share. Further, whereas the domestic industry is one company, there are a number of exporters selling in the market. It is evident that the prices in the market are influenced by subject imports, and not by the domestic industry. If the domestic industry were to command the prices, it would align its prices to costs and movements in costs over the period. The domestic industry was however not able to align its prices to changes in costs and sold at a price below cost. Therefore, the mere similarity in price trends does not establish absence of price pressure from imports.
155. The comments of the interested parties on the quality of yarn produced by the domestic industry have been addressed in the disclosure statement. The domestic industry has placed on record communications from users who have acknowledged that the product supplied by the domestic industry can be used on air jet machines. The domestic industry has also provided copies of support letters from other users appreciating the quality of the product supplied by the domestic industry. The interested parties have claimed that the Authority relied on some communications of some users from domestic industry without providing a copy of those letters or the name of those weavers to the weavers' associations to validate the veracity of such claims. The domestic industry has submitted that the consumers have strictly prohibited the domestic industry from publicly sharing these letters. The Authority notes that the fact that some of the users have appreciated the quality of the product supplied by the domestic industry was part of the written submissions. However, none of the interested parties have placed any substantiated evidence to demonstrate that the product supplied by the domestic industry is of off grade quality or low quality. The Authority considers that the claim of confidentiality by the

domestic industry is appropriate, particularly considering that these communications are from consumers and different consumers have conflicting interests. Further, if the association is representing the interests of the consumers, it should have been able to procure such communications from their members, rather than relying on disclosure from domestic industry. The fact that the consumers have not disclosed these communications to the association further establishes confidentiality and sensitive nature of this information.

156. On the comments of the interested parties on tolerance limit, the Authority notes that the tolerance limit of +/-6% is considered appropriate.
157. On the comments of the interested parties that all ready to use embroidery thread classifiable under HS code 5401 may be excluded from the scope of product under consideration, it is noted that if embroidery thread is classifiable under 5403, it is included within the scope of the product under consideration. The Authority notes that the product classifiable under 5401 and 5403 are different and therefore, exclusion has been granted only to products falling under 5401. The domestic industry has supplied like article to the product falling under 5403 and therefore if the product is classifiable under 5403, it would be inappropriate to exclude the same.

## **K. CONCLUSION**

158. Having regard to the contentions raised, information provided, submissions made and the facts available before the Authority as recorded above and on the basis of the above analysis of the dumping of the subject goods and injury to the domestic industry, the Authority concludes that: -
  - a. Product under consideration and like article.
    - i. The product under consideration is Viscose Filament Rayon Yarn (VFY) above 75 deniers.
    - ii. Yarn produced through SSY technology is not imported from China. SSY primarily caters to deniers below 75, which fall outside the scope of this investigation.
    - iii. Significant technological and cost differences exist among the three production processes. The capital cost per unit for production is substantially higher in SSY than for CSY and PSY.
    - iv. Air jet machines operate at high speeds at 800–1,000 picks per minute and are optimized for finer yarns below 75 deniers. The domestic industry supplies smaller cone sizes 2.7 kg compared to imported 3.5 kg, resulting in shorter running times on downstream plants.
    - v. 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.

- vi. Viscose filament yarn is traded and classified based on the declared denier rather than tolerance ranges. However, determination of denier for imports can be considered with permissible tolerances.
- b. The application has been filed by the Association of Man-Made Fibre Industry of India and Grasim Industries Limited. The domestic industry accounts for a major proportion of total Indian production.
- c. The domestic industry satisfies the standing requirements under the Rules.
- d. The dumping margin for the participating producer Xinxiang Chemical Fibre Co. Ltd. is found to be 0–10%, for Jilin Chemical Fiber Co. Ltd. is 10–20% and for Yibin Group is 5–15%.
- e. Injury and causal link.
  - i. The import volume from the subject country has increased in both absolute and relative terms.
  - ii. Despite the increase in the cost of raw materials, the import price from the subject country declined.
  - iii. The dumped imports have prevented the domestic industry from increasing its prices in line with changes in costs. The prices of the domestic industry have declined which shows that the dumped imports have depressed the prices of the domestic industry in POI as compared to previous year.
  - iv. The production, capacity utilization, and sales of the domestic industry declined over the injury period.
  - v. The subject imports forced the domestic industry to suspend production on a large number of machines during the period of investigation.
  - vi. The accumulated inventories of the domestic industry increased by 147% over the injury period.
  - vii. The losses of the domestic industry intensified during the period of investigation compared with the base year.
  - viii. Due to subject imports, the domestic industry recorded negative growth in price parameters.
  - ix. The investigation has not revealed any other factor that could have caused injury to the domestic industry.
- f. Indian industry interest.
  - i. The demand for the product increased by 8% in 2022-23, when the import price had increased sharply from Rs 3,64,144 per MT to Rs 4,58,517 per MT. When such a steep increase in the import price by 26% did not significantly affect the demand for the product in India, the imposition of anti-dumping duty will not likely to lead to any adverse effect.
  - ii. The degree of fluctuation in the import price, along with the growing demand in India, establishes that the user industry is capable of passing on the impact in the increase in the cost.
  - iii. While there is a demand–supply gap in the country, such a gap does not bar the domestic industry from seeking redressal against dumped imports, nor does it justify exports at dumped prices.
  - iv. The imposition of anti-dumping duty does not restrict imports.

- v. Anti-dumping duty ensures that imports enter the Indian market at fair prices, thereby maintaining a level playing field between foreign exporters and the domestic industry.
- vi. The user industry has not established that imposition of ADD shall have significant adverse public impact.
- vii. The Ministry of Textiles was informed about the present investigations and were invited to offer their views. No information or views were however received from the Ministry of Textiles.

#### **L. RECOMMENDATION**

159. The Authority notes that the investigation was initiated and notified to all the possible interested parties and adequate opportunity was given to the domestic industry, exporters and other interested parties to provide positive information on the aspect of dumping, injury and causal link. Having initiated and conducted the investigation into dumping, injury and causal link in terms of the provisions laid down under the anti-dumping rules, the Authority is of the view that imposition of duty is required to offset dumping and injury. Therefore, the Authority considers it necessary and recommends the imposition of anti-dumping duty on imports of the subject goods from the subject country.

160. Having regard to the lesser duty rule followed by the Authority, the Authority recommends 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. Accordingly, the Authority recommends imposition of anti-dumping duty on the imports of the subject goods, originating in or exported from the subject country, from the date of notification to be issued in this regard by the Central Government, for a period of 5 years, equal to the amount indicated in Col. 7 of the duty table appended below.

#### **DUTY TABLE**

SN	Heading /Subheading	Description of the goods	Country of origin	Country of export	Producer	Amount	UOM	Currency
1	2	3	4	5	6	7	8	9
1	54031090, 54033100, 54033200, 54033300, 54033990, 54034110, 54034150, 54034190, 54034911, 54034912,	Viscose rayon filament yarn/thread above 75 deniers produced through PSY or CSY*	China PR	Any country including China PR	Xinxiang Chemical Fibre Co. Ltd	386	MT	USD

	54034913, 54034919 and 54034990**							
2	-do-	-do-	-do-	-do-	Jilin Chemical Fiber Co. Ltd	667	MT	USD
3	-do-	-do-	-do-	-do-	Yibin Hiest Fibre Limited Corporation, Gaoxian Changxin Thread LLC and Leibo Haiya Textile Material Technology Co., Ltd.	518	MT	USD
4	-do-	-do-	-do-	-do-	Any producer other than mentioned in S. No. 1-3	1,071	MT	USD
5	-do-	-do-	Any country other than China PR	China PR	Any producer	1,071	MT	USD

*\* The product under consideration is Viscose Rayon Filament Yarn/Thread above 75 deniers with permissible tolerance limits of +/-6%’ classifiable under customs classification 5403, excluding yarn produced through Spool Spun Technology and ready to use embroidery thread on a small bobbin that can be installed on an embroidery machine, and which is classifiable under customs classification 5401.*

*\* The scope of the product under consideration does not include 75 deniers.*

*\*\* The customs classification is indicative only and not binding on the scope of the product under consideration.*

Note - The application of the individual duty rates specified for the companies mentioned in the above shall be conditional upon presentation to customs authorities of a valid commercial invoice, on which shall appear a declaration dated and signed by an official of the entity issuing such invoice, identified by his/her name and function, drafted as follows:

“I, the undersigned, certify that the (volume) of (product concerned) sold for export to India covered by this invoice was manufactured by (company name and address)

in the (name of country). I declare that the information provided in this invoice is complete and correct.' If no such invoice is presented, the duty applicable to all other companies shall apply. This requirement is without prejudice to the verification procedures independently undertaken by the Customs authorities under the applicable customs law and regulations."

**M. FURTHER PROCEDURE**

161. 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/Rules.



**Amitabh Kumar**  
**Designated Authority**