

(2010) 04 GUJ CK 0006
In the Gujarat High Court

Case No : Special Civil Application No's. 22419 to 22438, 22349 to 22444 of 2005, 1441 of 2006, 2355 of 2007, 10040 of 2009, 1049 of 2010, Civil Application No. 10332 of 2009 in Special Civil Application No. 2355 of 2007, Special Civil Application No's. 23341 to

Shree Jagadamba Textiles P. Ltd.

APPELLANT

Vs

Textiles Committee

RESPONDENT

Date of Decision : 08-04-2010

Acts Referred:

Central Excise Rules, 1944 — Rule 4, 54, 8
Textiles Committee (Cess) Rules, 1975 — Rule 2, 3, 4, 5, 6
Textiles Committee Act, 1963 — Section 2, 22, 5A, 5A(1), 5A(3)

Citation : (2010) 175 ECR 67 : (2011) 263 ELT 38 : (2010) 2 GLH 201

Hon'ble Judges : S.J. Mukhopadhaya, C.J.; Akil Kureshi, J

Bench : Division Bench

Advocate : P.S. Champaneri, Asstt. Solicitor General, Sunit S. Shah, Uday Joshi and Abhishek Metha, for Trivedi and Gupta and Dhaval K. Shah, for the Appellant; N.V. Solanki, for the Respondent

Final Decision : Dismissed

Judgement

S.J. Mukhopadhaya, C.J.—In all these cases, as a common question of law is involved, they were heard together and are being disposed of by this common judgment.

2. The petitioners are running their processing units where exclusively bleaching, dyeing, printing, finishing and other processing activities in respect of textile fabric/cloth are carried out. According to them, they do not carry on activity of spinning yarn or weaving textile fabric/cloth. They process textile fabric/cloth on ownership basis and/or job work basis. Thus, the petitioners, working on ownership basis, purchase textile fabrics/cloth and process the same and upon completion of the process, sell such finished textile fabrics/cloth into the markets raising invoices on its own name. Whereas, those processing units, working on job work basis, process fabric/cloth which is owned and supplied by the third

party and upon completing the processing job, such petitioners return the processed textile fabric/cloth to such original owner/supplier and raise invoices for job charges only. Thus, according to the petitioners, they act as a bailee.

3. The petitioners hold requisite license under the provisions of the Central Excise & Salt Act, 1944 and the Rules framed there under. They have filed monthly returns of their respective clearances under the provisions of the Central Excise Act. The respondents computed and demanded cess under the provisions of the Textiles Committee Act, 1963 on the basis of the clearances shown in the monthly returns filed under the provisions of the Central Excise Act. According to them, presently the Central Excise is levied at the option of the assessee either at the stage of manufacturing yarn or at the stage of clearance of such textile fabrics with availability of MODVAT. On the basis of the particulars of clearances, the cess has been demanded by the respondents. It has been demanded from all independent processing units as also the units who claim to be processing fabrics/cloth on job work basis.

4. Their grievance is that the respondents, for more than two decades, had not levied cess nor collected the same from the independent processing units, whether working on ownership basis and/or job work basis but without any change in the provisions of the Textiles Committee Act, the respondents decided to levy and demanded cess both from the independent processing units and the units working on job work basis sometimes since 1996. Under the circumstances, the Association of independent processing units took up the matter with the respondents and objected to the levy and demand of cess from the processing units working on job work basis. In view of the representation made by the Ahmedabad Textiles Association, the respondents, by their letter/circular dated 10.6.1997, intimated that the processing amounts to manufacturing and hence the processing units are manufacturers irrespective of the fact whether they process on powerloom or handloom fabrics or mill made cloth and accordingly the processing units are liable to pay cess. The respondents further requested to pay cess dues on the value of the material removed from their premises after processing for marketing, but clarified that if the processed material is returned back to the owner of the raw material, then the cess was payable on processing charges for the product. The Association was requested to direct its members to submit their required returns in the prescribed Form "A". Technical opinion was also obtained from the technical exports of their office.

5. The respondents had demanded cess u/s 5A of the Textiles Committee Act, 1963 on total value of textiles fabric/cloth processed by them irrespective of the fact whether the same were processed on ownership basis or job work basis. Under the circumstances, the Association of processing units filed Special Civil Application No. 680 of 2002 before this Court challenging the demand of cess from independent processing units. A Division Bench of this Court, by order dated 26.2.2002 allowed the Association to prefer appeal. The petitioners of the said case preferred an appeal before the Appellate Tribunal constituted u/s 5B,

which was registered as Appeal No. 87 of 2002. The Appellate Tribunal, after hearing the parties, giving a reference to the order passed in another case of M/s Chandok Textile Exporters Pvt. Ltd., by order dated 28.3.2005, rejected the appeal.

6. The learned Counsel appearing on behalf of the petitioner(s) submitted that the Textiles Committee Act, 1963 was introduced to provide for establishment of a Committee for ensuring quality of textiles and textile machinery and for matters connected therewith. In exercise of the powers conferred by Section 22 of the said Act, the Central Government made the Rules known as "Textiles Committee (Cess) Rules, 1975". Section 5A(1) of the said Act empowers levy and collection of cess on all textiles and on all textile machinery manufactured in India at such rate not exceeding one per cent ad valorem as may be fixed by the Central Government. However, as per the proviso to the said Section 5A(1) of the said Act, cess cannot be levied on textiles manufactured from out of handloom or powerloom industry. As per Section 5A(3) of the said Act, cess is to be collected by the respondents in accordance with the Rules made in this behalf from every manufacturer of textiles or textile machinery. The Central Government in exercise of powers conferred by Sub-section (1) of Section 5A of the said Act fixed duty of excise (cess) at 0.025% ad valorem with effect from 1.4.1975 which was enhanced to 0.050% ad valorem with effect from 1.6.1977. The respondents neither collected nor demanded any cess u/s 5A of the said Act from any independent textile processing unit for almost two decades and without any change in law, the respondents for the first time demanded cess from 1996 from independent processing units, including the petitioners.

7. It was contended that the provisions of the Textiles Committee Act do not empower the respondents to levy cess on textiles manufactured from out of handloom or powerloom industry. The substantial portion of its clearance is from textile fabric/cloth processed from out of powerloom industry and, therefore, the demand raised by the respondents in respect of textile fabric/cloth processed from out of powerloom industry is contrary to Section 5A(1) read with Section 5B of the said Act. The view of the Appellate Tribunal that cess can be levied at every stage of manufacturing and, therefore, independent processing units are liable to pay cess is incorrect and is liable to be set aside. If the intention of the legislature was to exempt textile fabric/cloth manufactured by powerloom industry only and not to the subsequent manufacturer of different kinds of textile fabric/cloth out of such product, in that event, the sentence "from out of" would be redundant. The sentence "from out of" indicates covering manufacturing of textiles in the subsequent stage also. The word "out of" goes with the manufacturing of textile fabric/cloth by powerloom industry and the word "from" refers to subsequent manufacturing of different textiles from the products of powerloom industry. Therefore, taking a view that subsequent manufacturing of different textiles by powerloom is over simplification of the sentence "from out of" and cannot be read as "by" even if it is read in the context of other provisions of the Act and every subsequent stage amounts to independent

manufacturing.

8. It was also contended that in view of definition of "textiles" u/s 2(g) of the said Act, the word "or" appearing in the definition meaning thereby that cess is to be levied at any one of such stages, if cess is levied on yarn, the same cannot be levied at a stage of weaving grey fabric/cloth or processing such woven grey fabric/cloth. The word "or" appearing in the definition has to be assigned same meaning in consonance with the object of the said Act. Further contention made on behalf of the petitioner(s) is that no cess can be levied on textile fabric/cloth processed by the petitioner(s), if cess was earlier collected either on yarn or grey fabric/cloth as neither the Act nor the Rules contemplate collection of cess at every stage of manufacturing textiles, otherwise it would result into discriminatory treatment to the petitioner(s) qua composite textile mills where cess is levied and collected at one stage only i.e. either at the stage of sale of yarn or grey fabric/cloth or processed fabric, but not at all the three stages. In composite textile mills, yarn is manufactured/spun and thereafter it is weaved into grey cloth and then the process is carried out to make it finished textile fabric/cloth. In other words, all the three activities viz. spinning, weaving and processing are carried out by one unit. The cess is levied only at one stage at the time of removal/sale/dispose of either yarn or grey cloth finished or textile fabric, but not at all stages. The composite textile mills do not pay cess at the state of spinning yarn nor do they pay at the stage of weaving, but pay at the stage of removal/disposal of finished textile fabric/cloth after the processing. As the grey clothes are manufactured by powerloom industry and powerloom industry purchases yarn from spinning mills, according to the petitioners, they are also entitled to exemption under the proviso to Section 5A(1) of the Act.

9. The learned Counsel appearing on behalf of the petitioner(s) submitted that if cess is levied at every stage of manufacturing, in that event, as compared to composite textile mills, the textile fabric/cloth manufactured by small independent units will have to bear a large amount of cess not only resulting into discriminatory treatment, but would render counter to encouragement given by the Government to small industries. If cess is levied at every stage, it will amount to levy and collection of cess on cess and also collection of cess twice on the same value which would not be legal and would not be contemplated by the Act or the Rules framed there under. Therefore, it may be open to the respondents to levy cess either at the stage of manufacturing of yarn or fabric or cloth or garment or any other product, but cess cannot be levied at every stage i.e. at the stage of spinning yarn or fabric, thereafter at the stage of weaving and thereafter at the stage of processing.

10. Reliance was also placed on the letter dated 15.10.1997 whereby the experts' opinion was communicated, which reads as follows:

Processed factories exclusively doing work of bleaching, dyeing, printing and finishing etc. are liable to pay cess on the products, for the raw material of which, no cess has been paid jointly or severally by either the processor or the

supplier of the raw material. However, if cess has already been paid for which purpose proof will have to be given by the processor, then cess need not be paid on such material processed by them.

11. The case of the petitioner(s) is that the grey fabrics are received for processing from two sources i.e. either (a) from powerloom weaver or (b) from the composite textile mills. In case of the first category i.e. powerloom fabric, powerloom weaver purchases yarn upon payment of cess because manufacturing of yarn is not exempted from payment of textile committee cess and as such mandatory cess is paid on the yarn. In case of the second category i.e. composite textile mills, they are also not exempted from payment of textile committee cess and, therefore, they make payment of textile committee cess on grey fabric supplied by them. Therefore, in case of powerloom weaver, textile committee cess is paid on yarn and in case of composite textile mills, textile committee cess is paid on grey fabric. Thus, it is absolutely clear that all goods coming to independent processing units had suffered payment of textile committee cess either at the yarn stage or at the grey fabric stage and, therefore, there is no need for asking proof of payment from the processor as payment of cess by yarn supplier or grey fabric was mandatory.

12. With regard to the units processing grey fabric/cloth on job work basis, it is contended that no cess can be levied and collected from such petitioner(s) on the value of the fabric/cloth. Such petitioners do not purchase grey fabric/cloth and after job work is done, they return textile fabric/cloth, so processed, to the original owner/supplier. Such petitioners claim job charges only. The demand of cess in such case on total value of finished textile fabric/cloth is arbitrary. This is the reason by letter/circular dated 10.6.1997, the respondents themselves had taken a clear stand that if the processed material is returned back to the owner of the raw material, then cess is payable on the processing charge of the product. In spite of such clarification made by the circular dated 10.6.1997, the authorities are demanding cess on the total value of such finished fabric/cloth processed on job work basis is unlawful. If the cess is charged on the total value of such finished textile fabric/cloth process on job work basis and is not confined to amount of job charges, it results into levy of cess twice on the same value which is not permissible. The decision of the Appellate Tribunal holding that the dealers/merchants/job workers are jointly and severally liable is not supported by any valid reason. Such finding is against the objects of the Act and the Rules framed there under. The respondents have failed to show as to how the liability of the merchants/dealers/job workers can be regarded as joint and several liability either before the Tribunal or before this Court.

13. The learned Counsel for the petitioner(s) submitted that the petitioners are not liable to pay any cess under the Act for the following reasons:

(i) The petitioners are not manufacturers within the meaning of Sub-section (3) of Section 5A of the Act since the term "textile" as defined in Section 2(g) of the Act does not include dyeing, bleaching and processing of fabrics.

(ii) The petitioners cannot be brought within the ambit of Section 5A of the Act since they are not manufacturing textile for the purpose of sales. Majority of them are performing job work at the instance of other manufacturers.

(iii) As 95% of the fabrics sent to the petitioners for processing belonged to powerloom/handloom industries which is specifically exempted from cess and, therefore, by raising the impugned demand, the respondents are acting contrary to the mandate of the Act.

(iv) Once cess is levied on fabrics, it cannot be levied on the same fabric twice i.e. one at the stage of manufacturing of grey fabrics and other at the stage of processing of the same grey fabric.

14. According to the respondent, the petitioners are manufacturers and, therefore, they are also liable to pay cess u/s 5A of the Act. Any change in the product amounts to manufacturing and in the present case as bleaching, dyeing and processing of grey fabrics amount to change in the product, such process of grey fabrics amounts to manufacturing. The petitioners being independent processing unit(s) concentrating in the activity of processing of textiles are thus covered under the assessment and collection of cess under the Act and the Rules.

15. It was also contended by the learned Counsel for the respondents that in view of Rules 3 to 8 of the Textiles Committee (Cess) Rules, the word "manufacturer" as defined in the Central Excise Act, 1944 to be relied for the purpose of the Textiles Committee Act, 1963. Reliance was also placed on different decisions of the High Court and the Supreme Court in support of such claim. They will be discussed at an appropriate stage.

16. The following questions arise for determination in the present case:

(i) Whether bleaching, dyeing and processing of grey fabrics amounts to manufacture under the Textiles Committee Act, 1963 ?

(ii) Whether the word "manufacture" as defined u/s 2(f) of the Central Excise Act, is also applicable for drawing the meaning of manufacture under the Textiles Committee Act, 1963 ? and

(iii) Whether the job workers are liable to pay cess under the Act ?

17. We have noticed the rival contentions, gone through the provisions of the Act and the decisions rendered by the High Court and the Supreme Court.

18. The word "manufacture" is not defined under the Textiles Committee Act, 1963. Under Rule 2(e) of the Textiles Committee (Cess) Rules, "manufacturer" means the manufacturer referred to in Sub-section (1) of Section 5A. Under Sub-section (3) of Section 5A, the duty of excise levied under Sub-section (1) shall be collected by the Committee, in accordance with the Rules made in this behalf, from every manufacturer of textiles or textile machinery.

19. The word "manufacturer" fell for consideration before the Supreme Court

from time to time. In the case of Union of India (UOI) Vs. Delhi Cloth and General Mills, the Supreme Court observed as follows:

According to the learned Counsel, "manufacture" is complete as soon as by the application of one or more processes, the raw material undergoes some change. To say this is to equate "processing" to "manufacture" and for this we can find no warrant in law. The word "manufacture" used as a verb is generally understood to mean as "bringing into existence a new substance" and does not mean merely "to produce some change in a substance", however minor in consequence the change may be.

20. The Supreme Court in the case of State of Uttar Pradesh and Another Vs. Dr. M.J. Siddiqui and Others, held that "at some point processing and manufacturing will merge. But where the commodity retains a continuing substantial identity through the processing stage we cannot say that it has been "manufactured".. In the aforesaid Pio Food Packers case, the Supreme Court further observed as follows:

... manufacture is the end result of one or more processes through which the original commodity is made to pass.... Where there is no essential difference in identity between the original commodity and the processed article it is not possible to say that one commodity has been consumed in the manufacture of another. Although it has undergone a degree of processing, it must be regarded as still retaining its original identity.

21. In Union of India (UOI) Vs. Delhi Cloth and General Mills, the Supreme Court observed as follows:

"Manufacture" implies a change, but every change is not manufacture and yet every change of an article is the result of treatment, labour and manipulation. But something more is necessary and there must be transformation; a new and different article must emerge having a distinctive name, character or use.

22. All the aforesaid cases were noticed by the Supreme Court in Ujagar Prints Vs. Union of India (UOI), In the said case, other Supreme Court cases were also noticed and following observations were made by the Supreme Court:

38. We have carefully considered these submissions. In the Empire Industries Limited and Others Vs. Union of India and Others, this Court considered similar submissions in an almost identical context and situation. Learned Judges referred to the observations of this Court in CST v. Harbilas Rai & Sons 21 STC 17 (SC), in which the view expressed by the Division Bench of the Madhya Pradesh High Court in Hiralal Jitmal v. CST 8 STC 325, 326 (MP HC) was held supportable on the reasoning that : (quoted at SCC p. 330, para 27)

The decision of the Madhya Pradesh High Court might perhaps be justified on the ground that a printed or dyed cloth is commercially a different article from the cloth which is purchased and printed or dyed.

39. The Division Bench also referred to, with approval, the decision of the Bombay High Court in *Kores (India) Limited Vs. Union of India and others*, The Division Bench noticed the question arising for decision : (SCC p. 331, para 30)

Fabric itself means woven materials. It was contended that processing the manufactured fabric does not bring into existence any new woven material but the question is : does new and different goods emerge having distinctive name, use and character ?

40. Answering, the bench said : (SCC p. 334, para 37)

It appears in the light of the several decisions and on the construction of the expression that the process of bleaching, dyeing and printing etymologically also means manufacturing processes.

In the said case, the Supreme Court further held as follows:

43. On a consideration of the matter, we are persuaded to think that the view taken in the *Empire Industries* case that "grey farbic" after they undergo the various processes of bleaching, dyeing, sizing, printing, finishing, etc. emerges as a commercially different commodity with its own price structure, custom and other commercial incidents and that there was in that sense a "manufacture" within the meaning of Section 2(f), even as unamended, is an eminently plausible view and is not shown to suffer from any fallacy. Indeed, on this point the Referring Bench did not disagree or have any reservations either. It is to be noticed that if the amending law is valid, this aspect becomes academic.

23. The word "manufacture" also fell for consideration in the Supreme Court in *M/s. Aspinwall and Co. Ltd Vs. The Commissioner of Income Tax, Ernakulam*, In the said case, the Supreme Court noticed that the word "manufacture" has not been defined in the Act. In absence of any statutory definition of the word "manufacture", common parlance meaning was applied by the Supreme Court and held as follows:

13. The word "manufacture" has not been defined in the Act. In the absence of a definition of the word "manufacture" it has to be given a meaning as is understood in common parlance. It is to be understood as meaning the production of articles for use from raw or prepared materials by giving such materials new forms, qualities or combinations whether by hand labour or machines. If the change made in the article results in a new and different article then it would amount to a manufacturing activity.

14. This Court while determining as to what would amount to a manufacturing activity, held in *State of Uttar Pradesh and Another Vs. Dr. M.J. Siddiqui and Others*, that the test for determination whether manufacture can be said to have taken place is whether the commodity which is subjected to the process of manufacture can no longer be regarded as the original commodity, but is recognized in the trade as a new and distinct commodity. It was observed : (SCC p. 176, para 5)

"Commonly manufacture is the end result of one or more processes through which the original commodity is made to pass. The nature and extent of processing may vary from one case to another, and indeed there may be several stages of processing and perhaps a different kind of processing at each stage. With each process suffered, the original commodity experiences a change. But it is only when the change, or a series of changes, take the commodity to the point where commercially it can no longer be regarded as the original commodity but instead is recognized as a new and distinct article that a manufacture can be said to take place."

24. Section 5A of the Textiles Committee Act, 1963 fell for consideration before the Delhi High Court in the case of Nath Bros Exim. International Ltd. Vs. Union of India and Others, In the said case, the Court observed that the incidence of levy of cess is on the "manufacture" of textiles and textile machinery and who "manufactures" the textiles or textile machinery is immaterial. Having noticed that Sub-section (2) of Section 5A itself provides for levy of cess or duty which may be leviable on the same textiles or textile machinery under any other law for the time being in force, the Delhi High Court held that there was no double taxation as was alleged by the petitioners of the said case. The expression "manufacturer" having not defined under the Textiles Committee Act, 1963, the definition of other statute, namely Excise and Salt Act, 1944, was taken into consideration. The Court finally held as follows:

24. From the above definition, it is clear that the expression manufacture includes any process incidental or ancillary to the completion of the manufactured product and the word manufacturer includes not only a person who employs hired labour in the production or manufacture of goods but also anyone, who engages in the production or manufacture on his own account, if those goods are intended for sale. It is thus clear that the word manufacturer does not merely include those persons who in common parlance are themselves engaged in the manufacturing of textiles but also includes those persons who engage themselves in getting the textiles, intended for export, produced or manufactured on their own account. In other words a person who brings into existence an article or a product even through the instrumentality of an agent or a servant has to be regarded as a manufacturer. An actual physical act of manufacturing cannot be said to be the essence of the definition of the word manufacturer. For instance, a person who supplies yarn to a handloom or power loom owner for weaving cloth according to his specifications/design/pattern on payment of labour charges is a "manufacturer".

25. Averting to the facts of the present case, we find that the petitioner units are processing grey fabrics which is the raw material. In the case of Empire Industries Limited and Others Vs. Union of India and Others, the Supreme Court dealt with what is grey fabric. The Court noticed that the processing units are carrying on job activities of dyeing, printing and finishing of cotton fabrics and man made fabrics, in unprocessed condition called grey fabrics which they

purchase or receive from various customers for processing. The fabrics are then boiled in water mixed with various chemicals, washed and dyed. The next stage is printing process i.e. putting the required designs on the said fabrics by way of screen printing on hot tables. The final stage is the finishing process, that is to give a final touch for better appearance. They do not carry on any spinning or weaving of the fabrics. Many of them do not sell the processed fabrics, but they merely collect from their customers charges only for the job work of processing done by them.

From the aforesaid facts, it will be evident that by processing such grey fabrics by bleaching, dyeing, printing, finishing, etc. the petitioner unit(s) not only improves the quality of fabric, but also changes the basic characters of a grey fabric to a finished product and by such transformation, a new and different article emerges having a distinctive name, character and use, which is irreversible. For the aforesaid reasons, we have no other option but to hold that the grey fabrics after undergoing such process is a different commodity with its own price structure, and other commercial incidents and there is in that sense a "manufacture" within the meaning of Sub-section (3) of Section 5A of the Textiles Committee Act, 1963.

26. Even if we look into the provisions of the Textiles Committee Act, 1963 and the Rules framed there under, the following fact emerges.

Rule 3, which relates to maintenance of registers, stipulates entry of different facts including the quantity removed on payment of duty under the Central Excise and Salt Act, 1944, which reads as follows:

3. Maintenance of registers. - Every manufacturer shall maintain a register of production indicating therein the total quantity of textiles or textile machinery manufactured by him during a month, the quantity (if any) used by him for the manufacture of another commodity, the quantity removed on payment of duty under the Central Excise and Salt Act, 1944 (1 of 1944), the quantity removed for export without payment of such duty, the total value ad-valorem and the cess payable thereon at the rate for the time being in force.

Submission of month returns is also dependent on the Central Excise authorities under Rule 54 of the Central Excise Rules, 1944 for the relevant month is apparent from Rule 4 as quoted hereunder:

4. Submission of month returns -

1. Every manufacturer shall furnish to the Committee in duplicate, a return in Form A or in Form B, as the case may be, for each month duly signed by him or any other person authorized by him in this behalf so as to reach the Committee not later than fifteen days after the expiry of the month to which the return relates, along with a certified copy of the returns submitted to the central excise authorities under Rule 54 of the Central Excise Rules, 1944 for the relevant month.

2. A return referred to in Sub-rule (1) shall be sent by registered post with acknowledgment due.

The assessment when return is not furnished or furnished incorrectly, as stipulated under Rule 8 is also dependent on Rule 4, which relates to submission of return submitted to the Central Excise authorities under Rule 54 of the Central Excise Rules, 1944, as quoted hereunder:

8. Assessment when return is not furnished or furnished incorrectly etc. - If any manufacturer fails to furnish the return referred to in Rule 4 within the period specified therein, or furnishes a return which the Committee has reason to believe is incorrect or defective, the Assessing Officer may, after giving the manufacturer an opportunity of being heard, assess the amount of cess on the basis of figures obtained from the Central Excise Department or on the basis of the average of the cess levied during the previous two quarters immediately proceeding the quarters for which assessment is being made.

27. From the aforesaid Rules, it will be evident that for the purpose of Textiles Committee (Cess) Rules, which defines "manufacturer", as defined in Sub-section (3) of Section 5A of the Textiles Committee Act, for maintenance of registers, submission of month returns and assessment when return is not furnished or furnished incorrectly, the duty paid under the Central Excise & Salt Act, 1944 and the return submitted under the Central Excise Rules, 1944 has been made applicable. Such being the intention of the legislature, we hold that the word "manufacturer" used in Sub-section (3) of Section 5A has the same meaning as that is defined in the Central Excise & Salt Act, 1944.

28. So far as the exemption under the proviso to Sub-section (1) of Section 5A is concerned, the same is available to handloom and powerloom industries. The petitioners who are manufacturing finished product and not grey fabrics (raw material) being not handloom or powerloom industries, cannot derive advantage of exemption on the basis of the raw material manufactured by other manufacturers.

29. The questions thus answered in favour of the revenue and against the assessee. the interference with the impugned orders passed by the authorities is uncalled for. In absence of any merit, no relief can be granted to the petitioners. The writ petitions are dismissed with the observations aforesaid. There will be no order as to costs.