

**DIRECTORATE GENERAL OF SAFEGUARDS  
CUSTOMS AND CENTRAL EXCISE  
2ND FLOOR, BHAI VIR SINGH SAHITYA SADAN,  
BHAI VIR SINGH MARG, GOLE MARKET  
NEW DELHI-110001  
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**NOTICE OF INITIATION OF A SAFEGUARD INVESTIGATION**

[Under Rule 6 of the Customs Tariff (Identification and Assessment of Safeguard Duty) Rules, 1997]

New Delhi, 21st January, 2009  
No. D-22011/ 07/2009

**Sub: Initiation of safeguard investigation concerning imports of Dimethoate Technical into India**

**G.S.R** An application has been filed before me under Rule 5 of the Customs Tariff (Identification and Assessment of Safeguard Duty) Rules, 1997 by M/s. Shivalik Rasayan Limited, 1506, Chiranjiv Tower, 43, Nehru place, New Delhi 110019 for imposition of Safeguard Duty on imports of Dimethoate Technical into India to protect the domestic producers of Dimethoate Technical against serious injury caused by the increased imports of Dimethoate Technical into India.

**2. Domestic Industry :**The application has been filed by M/s. Shivalik Rasayan Limited, who is sole surviving manufacturer of Dimethoate Technical in India and thus accounts for 100% of the total production.

**3. Product Involved :** The applicants have alleged serious injury caused to the domestic producer by the increased imports of Dimethoate Technical into India. Dimethoate Technical is classified under sub-heading No. 38089123 of Schedule I of the Customs Tariff Act 1975. It is commonly known as Dimethoate in international literatures as per the guidelines of International Organization for Standardization. Dimethoate is a widely used organophosphate insecticide used to kill insects on contact. It is an anticholinesterase which disables cholinesterase, an enzyme essential for central nervous system function. Its primary use is as Insecticide after various degree of dilution by formulators.

**4. Increased Imports:** Dimethoate Technical is imported into India primarily from People’s Republic of China and Hongkong. The imports of Dimethoate Technical have shown an increasing trend in absolute terms as well as compared to the domestic production. The imports and domestic production of Dimethoate Technical during 2005-06 to 2008-09 (first six months) remained as under:

	Quantity (MT)	Share of Imports in Total domestic market
2005-06	76	8%
2006-07	68	7%
2007-08	270	24%
2008-09 (first Six months)	389	51%

**5. Injury:** The increased imports of Dimethoate Technical have caused and are threatening to cause serious injury to the domestic producers of Dimethoate Technical as indicated by the following factors:

**a) Production and sales :** The domestic production which increased from 829 MT in 2005-06 to 906 MT in 2006-07 but fell down to 860 MT in 2007-2008 which has further fallen to 367 MT in 2008-2009 (First six months). The average monthly production in 2007-08 was 71.67 MT which went down to 61.17 MT during first half of 2008-09.. The production facility of the domestic producer has been closed down on 23.9.2008 and thereafter it has run intermittently for mere 40 days. The plant is completely closed since 13.1.2009. The average domestic sales per month has fallen down to 54.11MT during the period 2008-09 (April 2008-December 2008) from 68.25MT in 2007-08 indicating 20.7% of fall in sales.

**b) Capacity Utilization:** The capacity utilization of the applicant has gone down to Zero at present. Further, the capacity utilization has been on decline and significant decline has been noticed during the period 2008-09 (upto December, 2008) as apparent from the table below:

Figures  
in MT

	2005-06	2006-07	2007-08	2008-09 (Apr-Dec)	2008-09 (Oct-Dec.)
<b>Installed</b>	1000	1000	1000	750	250

<b>Capacity(MT)</b>					
<b>Actual Production(MT)</b>	829	906	860	442	45
<b>Capacity Utilization (%)</b>	83	91	86	59	18

**c) Share of domestic producers in domestic consumption:** Market share of domestic producers has fallen significantly during 2008-09 to 51% from 75% in 2007-08 and 93% in 2006-07, as apparent from the table below:

	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09 (First half)</b>
Share of domestic production	92%	93%	75%	51%

**d) Other parameters:** The data available with the Directorate General indicates loss incurred by the applicant during the period April – December, 2008 as against the profit shown during 2007-08. Further, all employees of the applicant have been rendered idle on account of closure of the production facility.

**6.** The domestic producers have requested for imposition of Safeguard Duty on imports of Dimethoate Technical for a period of three years. They have also requested for an immediate imposition of provisional Safeguard Duty in light of critical circumstances, leading to irreparable damage.

**7.** The application has been examined and it is found that prima facie increased imports of Dimethoate Technical have caused and are threatening to cause serious injury to the domestic producers of Dimethoate Technical and accordingly it has been decided to initiate an investigation through this notice.

**8. All interested parties may make their views known within a period of 30 days from the date of this notice to:**

The Director General (Safeguards)  
 Bhai Vir Singh Marg,  
 Bhai Vir Singh Sahitya Sadan: 2nd Floor,  
 Gole Market,  
 New Delhi-110 001  
 INDIA.  
 Telefax: 23741542/ 23741537  
 E-mail: dgsafeguards@nic.in

9. All known interested parties are also being addressed separately.

**10. Any other party to the investigation who wishes to be considered as an interested party may submit its request so as to reach the Director General (Safeguards) within 21 days from the date of this notice.**

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(S. S. RANA)  
Director General

(Safeguards)