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Fortnightly

E-REVIEW

Vol. XIX | No.21 | January 1-15, 2025

NEWS HIGHLIGHTS

- CHAIRMAN MEETS UNION TEXTILE MINISTER & TEXTILE SECRETARY
- CITI ADVOCATES FOR LOW IMPORT DUTIES ON TEXTILES
- GOVT EXTENDS IMPORT RESTRICTIONS ON SYNTHETIC FABRICS UNTIL MARCH 2025
- INDIA MAINTAINS 3.9% SHARE IN GLOBAL TEXTILE & APPAREL MARKET
- INDIA'S COTTON ARRIVAL AT 12.38 MN BALES IN OCT-DEC 2024

REPRESENTATIONS

- Vide a representation dated 4.1.2025 sent to Shri.Piyush Goyal, Hon’ble Minister of Commerce & Industry, Chairman of the Association, Dr.S.K.Sundararaman has appealed to restore or extend the benefit of RoDTEP Scheme to the holders of Advance Authorization License.

- Vide a representation dated 6.1.2025 submitted to Smt.Neelam Shami Rao, IAS., Secretary, Ministry of Textiles, the Association has requested to release the subsidies under TUFS based on available records and close the scheme in a short span of time.

- Vide a representation dated 6.1.2025 submitted to Smt.Neelam Shami Rao, IAS., Secretary, Ministry of Textiles, the Association has requested to consider announcing dyed cone yarn supply scheme through the NHDC to protect the financial viability of the handloom sector and achieve a sustainable growth rate, meet the ESG goals, a mandatory requirement for exports from 2027 from key markets like EU, augment the revenue of handloom weavers’ community, modify the existing 15% hank yarn price subsidy scheme suitably and extend the same for the dyed cone yarn.

- Vide a representation dated 6.1.2025 submitted to Smt.Neelam Shami Rao, IAS., Secretary, Ministry of Textiles, the Association has requested to recommend to the Ministry of Commerce & Industry to restore/extend the benefit of RoDTEP Scheme to the holders of Advance Authorization License.

- Vide a representation dated 6.1.2025 submitted to Smt.Neelam Shami Rao, IAS., Secretary, Ministry of Textiles, the Association has requested to recommend to the Ministry of Finance to advise/direct Customs Officials of Tuticorin Port/ ICD / CFS to permit transporting export goods using container trucks delivering imported goods (return leg) and facilitate competitive logistics cost.

- In a representation dated 9.1.2025 sent to the Textile Commissioner, Smt.Roop Rashi, IA & AS, it was requested to her to recommend to MoT to release the subsidies based on available records and close the scheme and suggestions for the agenda points of the preliminary meeting of the standing committee.

MEETINGS

SIMA Chairman meets Textile Minister and Textile Secretary

- SIMA Chairman, Dr.S.K.Sundararaman along with CITI Chairman, Mr.Rakesh Mehra, former CITI Chairman, Mr.T.Rajkumarm CITI Secretary General, Mrs.Chandrima Chatterjee and SIMA Secretary General, Dr. K Selvaraju met Mr.Giriraj Singh, Hon'ble Union Minister of Textiles on 7th January 2025 at New Delhi and submitted detailed memorandum on the issues confronted by the textile industry.

Chairman hands over bouquet to Smt.Neelam Shami Rao, Secretary, MoT

SIMA & CITI delegation meet the Textile Minister, Shri.Giriraj Singh

- SIMA Chairman, Dr.S.K.Sundararaman met Smt.Neelam Shami Rao, Secretary, Ministry of Textiles on 7th January 2025 at New Delhi and submitted representations on release of pending subsidies under TUFS, modification of the existing 15% hank yarn price subsidy scheme, restoration /extension of the benefit of RoDTEP Scheme to the holders of Advance Authorization License, Tuticorin port issue.

- District Industries Centre, Coimbatore convened a meeting on 9th January 2025 headed by the Coimbatore District Collector at Collectorate seeking inputs from the industry for developing Coimbatore as Export Hub. On behalf of the Association, SIMA Secretary, Mrs.Hema Mohankumar and Deputy Secretary, Mr.N.Esakkimuthu attended the meeting and put forth the views of the Association.

TEXTILE SCENE

India Budget 2025: CITI advocates for low import duties on textiles

- Ahead of India's Budget 2025, the textile industry has raised alarms with policymakers about losing its global market share due to severe impacts on cost competitiveness. The Confederation of Textile Industry of India (CITI) has stated in its memorandum to the government before the budget that the prices of raw materials are significantly higher than the global market. Polyester staple fibre (PSF) is 26.64 per cent and viscose staple fibre (VSF) 11.98 per cent more expensive for the domestic industry. CITI has presented its case with facts and figures, noting that PSF was priced at ₹76.82 ($0.915) in the global market in October 2024. Meanwhile, the domestic price of the product was noted at ₹97.3 per kg, which was 26.64 per cent higher than the global price. The price difference was noted to be between 26.64 per cent and 36.31 per cent over the last seven months. VSF was priced at ₹141.10 (~$1.680) per kg in the global market and ₹158 per kg in the domestic market, making local prices 11.98 per cent higher than the global market rate. The price difference varied between 11.98 per cent and 18.42 per cent in the last seven months.

  CITI has stated that Indian domestic raw material prices are significantly higher than international prices, while competitors like Bangladesh and Vietnam have free access to such raw materials. India has imposed quality control orders (QCO) on man-made fibre (MMF) and yarn, which act as a non-tariff barrier on the imports of such raw materials, thus affecting their free flow. This has resulted in a shortage of some specialised fibres and yarns and also impacted domestic prices. The industry organisation stated that the expensive raw materials are severely affecting the cost competitiveness of downstream textile products. Since the downstream segment has the highest employment elasticity in the entire value chain, it is endangering the livelihoods of the millions of people employed in the sector. The government must consider liberalising import policies and reducing the basic customs duty (BCD) on all MMF fibres, filaments, and essential chemicals like PTA and MEG, which are critical in the production of these raw materials. CITI has renewed its demand to remove the import duty on cotton to ensure the availability of cotton at internationally competitive prices. The government could remove the BCD from all cotton varieties.

  The government has already excluded cotton of staple length exceeding 32.0 mm from the scope of import duty. However, this accounts for only about 37 per cent of the total cotton imports by India, and the import duty still affects about 63 per cent of the imported cotton. It argued that the duty, which was imposed to safeguard the interests of farmers, is not serving its intended purpose, rather hurting the domestic cotton textile value chain. It noted that the Indian cotton industry is importing specialised varieties of cotton such as contamination-free, organic cotton, and sustainable cotton, which are not available domestically. These are being imported under nominated businesses to meet the quality requirements of foreign clients. In India, cotton is predominantly grown by small and marginal farmers who sell their cotton during the peak season. Due to working capital constraints, the industry can only keep limited inventory and must rely on traders for the supply of cotton during the off-season. These traders, during the off-season, often supply cotton based on import price parity, thus making domestic cotton more expensive than international cotton. During the year, Indian cotton fibre prices were typically 15-20 per cent more expensive than international cotton prices, affecting the cost competitiveness of downstream value-added cotton-based textile products.

India extends import restrictions on synthetic fabrics until Mar 2025

- India has extended the minimum import price (MIP) on synthetic knitted fabrics for three months. The MIP, a tool to restrict the influx of cheaper imported products, will be effective until March 31, 2025. Initially, India's Director General of Foreign Trade (DGFT) under the Ministry of Commerce and Industry had imposed MIP on five specified HS codes of synthetic knitted fabric for six months. Later, eight more HS codes of the product were covered, extending the period until December 31, 2024. According to the latest notification issued by the DGFT on January 4, 2025, imported products under the specified HS codes will continue to attract an MIP of $3.5 per kg based on the CIF value. However, the MIP condition will not be applicable to imports by Advance Authorisation holders, export-oriented units (EOUs), and units in the Special Economic Zones (SEZ), provided that the imported inputs are not sold into the Domestic Tariff Area (DTA).

  It should be noted that the Indian government had previously imposed MIP on five HSN codes under Chapter 60 of knitted fabric on March 15 of the previous year. The DGFT had set an MIP on five specific HS codes of synthetic knitted fabrics, namely 60063100, 60063200, 60063300, 60063400, and 60069000, effective until September 15, 2024. The government had not only extended the MIP on these codes but also broadened the restrictions to include eight additional HSN codes, namely 60019200, 60041000, 60049000, 60053600, 60053790, 60053900, 60062200, and 60064200, until December 31, 2024.

India Budget 2025: CITI calls for DBT scheme in cotton procurement

- The Cotton Corporation of India (CCI) is expected to acquire approximately 25–35 per cent of the cotton produced this season, as it purchases between 50–70 per cent of the daily cotton arrivals. This surge in procurement is attributed to open market prices falling below the minimum support price (MSP). The Confederation of Indian Textile Industry (CITI), the country's leading industry body, has urged the government to replace the current procurement system with a Direct Benefit Transfer (DBT) scheme. This demand features prominently in CITI's recommendations for the Union Budget for the 2025–26 fiscal. Union Finance Minister Nirmala Sitharaman will present the budget on February 1, 2025. CITI noted that the government annually announces an MSP for cotton. When market prices drop below the MSP, the CCI intervenes to purchase cotton directly from farmers at the MSP rate. After procurement, CCI stores the cotton in warehouses and sells it in the open market or through auctions. However, CITI has proposed a DBT scheme where farmers can sell their cotton at prevailing market prices. If the selling price falls below the MSP, the difference would be directly transferred to the farmer’s bank account.

This scheme would provide more liquidity to cotton farmers, enabling them to sell their produce without waiting for government procurement. Additionally, it would reduce the financial burden and storage costs for CCI, benefitting all stakeholders. CCI has already purchased around 55 lakh bales of cotton this season, with total procurement expected to reach 100 lakh bales. This would account for over 35 per cent of the estimated output of 302 lakh bales (170 kg each). Mills are facing challenges in sourcing cotton from the open market due to CCI’s aggressive buying and may encounter greater difficulties as arrivals decline, leaving CCI as the largest stockholder. CITI also requested that the government, through CCI, ensure sufficient availability of cotton at globally competitive prices. Currently, domestic cotton prices are higher than international prices. If CCI incurs losses, the government should compensate it through subsidies, similar to those provided for other commodities.

CITI has also called for support through a Price Stabilisation Fund Scheme to ensure the industry has access to raw materials at reasonable prices. Currently, textile mills can secure working capital from banks for only three months. Consequently, mills typically procure three months’ worth of cotton stock at the start of the season when prices are generally lower. For the remaining months, mills rely on traders and CCI, whose prices fluctuate based on market conditions. This uncertainty makes it challenging for mills to plan their production schedules effectively. To address the issue of price volatility, the government could consider implementing a Cotton Price Stabilisation Fund Scheme. Under this scheme, mills should receive a 5 per cent interest subvention or loans at NABARD rates, recognising cotton as an agricultural commodity. Additionally, banks should extend the credit limit period for cotton procurement from three months to eight months, with a reduced margin money requirement from 25 per cent to 10 per cent. This scheme would enable the industry to procure raw materials at competitive market rates at the beginning of the season and shield mills from price fluctuations during the off-season, facilitating better production planning and stability.

GLOBAL TEXTILE SCENE

Textile Minster addresses global investors at Heimtextil 2025

- Minister of Textiles, Giriraj Singh, inaugurated the India Pavilion at Heimtextil 2025, held at Frankfurt, showcasing India’s growing strength in the textile industry. The minister addressed global home textile exporters, importers, and manufacturers, highlighting India’s growing competitiveness and the need for collaboration to achieve sustainable growth. With the largest country participation at this prestigious global home textiles fair, India demonstrated its commitment to innovation, sustainability, and global partnerships. The minister invited all participating countries to attend ‘Bharat Tex 2025’ and explore investment opportunities in India’s thriving textile ecosystem, the Ministry of Textiles said in a press release.

  During the Investors' Meet with textile and machinery manufacturers, the minister highlighted India's remarkable growth over the past decade and the significant rise in foreign direct investment (FDI). He emphasised the success of the 'Make in India' initiative in establishing India as a competitive manufacturing hub. Urging investors to capitalise on emerging opportunities, he cautioned against missing out on India's expanding market. Inviting global investors, he encouraged them to "come and invest in India – Make in India, Make for the World."

On the sidelines of Heimtextil, Singh also met with the Machinery and Equipment Manufacturers Association and IVGT, Germany. He urged them to strengthen their engagement with India's textile sector, emphasising that India is one of the largest textile machinery buyers. The Union Minister noted that it would be a win-win situation for both sides if German manufacturers invest and produce machinery in India. Citing the success of a German sewing thread manufacturer already thriving in India, he encouraged other machinery manufacturers to explore and expand their investments in the Indian market. During his visit, Singh toured various stalls at the exhibition, engaging with exhibitors to understand their latest offerings and innovations in home textiles. The craftsmanship of Indian exporters reaffirmed the government's commitment to supporting the sector's global aspirations.

US textiles & apparel exports dip 2.5% to $21.3 bn in Jan-Nov 2024

- The United States' textile and apparel exports decreased by 2.50 per cent to $21.300 billion in the first eleven months of 2024, compared to $21.846 billion in the same period of 2023, according to data from the Office of Textiles and Apparel (OTEXA), a division of the US Department of Commerce. Among the top ten export markets, shipments to Mexico increased by 1.88 per cent, reaching $6.522 billion between January and November 2024. In contrast, exports to Guatemala, the Dominican Republic, China, Nicaragua, Canada, Honduras, the United Kingdom, the Netherlands, and Japan recorded declines of up to 16.54 per cent. During this period, the US exported $4.906 billion worth of textiles and apparel to Canada, $1,114.695 million to Honduras, $656.984 million to China, and $585.150 million to the Dominican Republic.

  By category, apparel exports experienced a modest decline of 3.00 per cent year-on-year, totalling $6.571 billion. Fabric exports fell by 2.75 per cent to $7.485 billion, while yarn exports dropped by 2.31 per cent to $3.736 billion. Exports of made-up articles and miscellaneous items saw a slight decrease of 1.17 per cent, amounting to $3.508 billion. In 2023, US textile and apparel exports dropped by 5.02 per cent to $23.617 billion, following a 9.77 per cent increase in 2022, which had reached $24.866 billion compared to $22.652 billion in 2021. Over the past decade, annual exports have generally ranged between $22 billion and $25 billion, with significant figures including $24.418 billion in 2014, $23.622 billion in 2015, $22.124 billion in 2016, $22.671 billion in 2017, $23.467 billion in 2018, $22.905 billion in 2019, and $19.330 billion in 2020.

India maintains 3.9% share in global textile & apparel market

- India has maintained a solid 3.9 per cent share of the global textile and apparel market, securing its position as the sixth largest exporter worldwide in 2023. The sector contributed 8.21 per cent to the country's total export value. Despite challenges in global trade, the US and the EU (European Union) continue to be India's primary export destinations, accounting for 47 per cent of its textile exports. The sector witnessed a 7 per cent growth during the April-October period of FY 2024-25, reaching $21.36 billion compared to $20.01 billion in the same period last year. The ready-made garments (RMG) category led the export surge with a share of 41 per cent, amounting to $8.73 billion. Cotton textiles followed with $7.08 billion, while man-made textiles made up 15 per cent, valued at $3.11 billion. However, the global export of textiles faced challenges in early 2024, notably due to geopolitical tensions such as the Red Sea Crisis and the Bangladesh crisis. These issues impacted export activities significantly from January to March 2024. Exports of wool and handloom saw declines of 19 per cent and 6 per cent respectively, while other categories experienced growth, Ministry of Textiles said in a press release.

On the import side, India saw a 1 per cent decline in textile and apparel imports during the April-October period of FY 2024-25, registering $5.43 billion compared to $5.46 billion in the same period of FY 2023-24. The man-made textiles sector accounted for 34 per cent of India's total textile imports during the period, valued at $1.86 billion, with growth primarily driven by a demand-supply gap. The import of cotton textiles increased due to the need for long staple cotton fibre, indicating efforts to increase domestic production capacity and meet rising consumption in India. This strategic trend supports the country's path to self-reliance and expanding its textile industry.

ECONOMY

India's real GDP to grow 6.4% in FY25: NSO's 1st advance estimates

- India's real gross domestic product (GDP) will grow by 6.4 per cent in fiscal 2024-25 (FY25), according to the first advance estimates by the National Statistics Office (NSO). This compares with 8.2 per cent GDP growth projected in the provisional estimate for FY24. Nominal GDP will see a growth rate of 9.7 per cent in FY25 over 9.6 per cent projected for FY24. Real gross value added (GVA) will grow by an estimated 6.4 per cent in FY25 compared to 7.2 per cent in FY24. Nominal GVA will grow by an estimated 9.3 per cent in FY25 compared to 8.5 per cent in FY24. Private final consumption expenditure at constant prices will see a growth rate of 7.3 per cent during FY25 compared to 4 per cent in the last fiscal. Government final consumption expenditure at constant prices has rebounded to a growth rate of 4.1 per cent compared to 2.5 per cent in last fiscal.

RAW MATERIAL

China's cotton production soars to 6.164 mn tonnes in 2024

- ICE cotton futures further weakened on Wednesday due to a stronger dollar and declining crude oil. Sluggish demand, ahead of the upcoming US cotton export sales report, also dampened market sentiments. Investors refrained from heavy buying ahead of the USDA's WASDE report. On 8.1.2025, the ICE cotton March 2025 contract settled at 68.23 cents per pound (0.453 kg), down by 0.28 cents. The contract has shed 57 points in the last two sessions after gaining 102 points on 6.1.2025. Other contracts declined by 17 to 35 points during the last session. The US dollar index rose for the second consecutive session due to rising Treasury yields, making cotton purchases more expensive for overseas buyers. Crude oil prices eased by more than 1 per cent on Wednesday due to a stronger dollar and a sharp rise in US fuel inventories. Cheaper crude oil reduced the cost of the polyester value chain, a man-made alternative fibre to cotton. The trading volume was reported at 35,598 contracts, the highest in the first five sessions of 2025. The lowest volume recorded was 32,478 contracts on January 3. Data from the Intercontinental Exchange (ICE) as of January

7 showed that deliverable stocks of No. 2 cotton futures contracts remained unchanged at 20,113 packages.

Market analysts noted that the market fell early in the session before stabilising, reflecting anticipation of the USDA report. Cotton demand remained sluggish, with prices projected to range between 65 and 72 cents per pound in the near term. In related markets, CBOT (Chicago Board of Trade) corn and wheat futures declined slightly, while soybean futures gained on hopes for rain in Argentina's dry crop areas. Currently, ICE cotton for March 2025 is trading at 68.16 cents per pound (down 0.07 cent). Cash cotton is trading at 65.73 cents (down 0.28 cent), the May 2024 contract at 69.35 cents per pound (down 0.02 cent), the July 2025 contract at 70.40 cents (unchanged), the October 2025 contract at 69.30 cents (down 0.18 cent), and the December 2025 contract at 69.44 cents (down 0.13 cent). A few contracts remain at the level of the last closing, with no trading noted on 9.1.2025.

India Budget 2025: Launch technology mission to boost cotton supply

- The Government of India has envisaged a target of achieving $350 billion textile market size including exports of $100 billion by 2030. In order to achieve the target, the country would need more cotton and other types of fibres. However, over the last decade, the country's cotton production has declined by 18 per cent. In this scenario, the industry has urged the government to launch second version of Technology Mission on Cotton (TMC II) and announce it in the upcoming Union Budget for fiscal 2025-26. The Confederation of Indian Textile Industry (CITI) has proposed certain measures to be taken to increase domestic cotton production. In its memorandum to the government, CITI has said that India would need to increase its cotton production base from the present level of 5.5 billion kg (32.3 million bales of 170 kg) to about 7.5 billion kg (44.1 million bales). The first Technology Mission on Cotton (TMC I) announced by the government during 2000-01 played an instrumental role in increasing cotton cultivation. However, TMC I was closed a few years back citing that necessary benefits would be made available through different schemes of the Ministry of Agriculture. Moreover, after the expiry of BT hybrid cotton technology 12 years ago, no new technology has been developed. As a result, India's cotton productivity is estimated to drop to 32.5 million bales in 2023-24 from the highest output of 39.8 million bales in 2013-14. Likewise, cotton yield is expected to drop to 436 kg lint per hectare from the highest yield of 566 kg lint per hectare. These figures may drop further in the absence of suitable policy intervention.

  To meet the rising demand for cotton, CITI has urged the government to announce TMC II with a special focus on seed technology. Advanced seed technology is essential to produce cotton with high yield and fibre quality that meets international standards. Additionally, the new seed should be herbicide-tolerant, suitable for high-density planting, similar to ELS cotton, and resistant to drought and sucking pests. Furthermore, global best practices should be promoted for seed sowing, agronomy, harvesting, handling, ginning, and pressing. A mission-mode approach is required, with a substantial budget allocation for seed and agronomy technology as well as technology transfer. The country also needs a mission-mode initiative for clean cotton with minimal trash, low short fibre content, and contamination-free production. Promoting the branding of Kasturi cotton should also be prioritised.

India's cotton arrival at 12.38 mn bales in Oct-Dec 2024

- India has received 123.80 lakh (or 12.38 million) bales of 170 kg cotton during the first three months of the current season 2024-25 (October-September). The Cotton Association of India (CAI), the country's apex industry body, estimated cotton arrivals. The organisation has projected a total output of 302 lakh bales for the current season. According to CAI estimates, India recorded 69.22 lakh bales of cotton during October and November, the first two months of the current season. Approximately 52.52 lakh bales of cotton arrived in mandis during December 2024. State-wise arrival data showed that north India, comprising Punjab, Haryana, upper Rajasthan, and lower Rajasthan, received 9 lakh bales in October and November and 5.03 lakh bales in December, totalling 14.16 lakh bales for the current season.

  Gujarat and Maharashtra have recorded 21.63 lakh bales and 22.93 lakh bales, respectively, this season. Similarly, Madhya Pradesh received 9.52 lakh bales; Telangana, 31.95 lakh bales; Andhra Pradesh, 6.73 lakh bales; Karnataka, 15.18 lakh bales; Tamil Nadu, 53,400 bales; Odisha, 82,500 bales; and others, 30,000 bales of cotton this season. The CAI has projected cotton production at 302.25 lakh bales. Production is expected to decrease by around 7 per cent from 325.22 lakh bales in the previous season. Th

CHAT BOX

Labour

1. When the EPF Authority passed an Order under Section 14B (imposing damages for delayed remittance of EPF contribution) & 7Q (charging interest) of the EPF Act, an employer requested to waive the damages. However, the EPF Authority passed an Order confirming the imposition of damages, which was challenged before the Tribunal. In such case, can the Tribunal insist for pre-deposit to grant the stay?

   Settled law is that there is **no condition to remit certain percentage of the demand/amount (by way of pre-deposit) in relation to the damage imposed** as determined u/s 14B of the Act. Hence, the grant of conditional stay is erroneous and unsustainable in law.

   Pre-deposit will arise only where the demand is raised in relation to EPF **contribution** under Section 7A of the Act.

   Ref: M/s English Blazer vs The Regional Provident Fund Commissioner
   Karnataka HC 2024 LLR 1346

2. **Can the members on the POSH Internal Committee serve indefinitely?**

   Rule 5 of the POSH Act stipulates a fixed tenure of **3 years** for the Presiding Officer and other members of the Internal Committee, including the External Member. Upon completion of the 3-year term, the committee should be dissolved and reconstituted with a new Committee.

Existing members of the Internal Committee are eligible for membership in the newly constituted Committee.

3. **Under the EPF Act if the authority passed on order of attachment and freezing the account as per provisions of Sec 8F (3) of EPF Act whether the banker can debit their due in the said account.**

   The Madras High Court held that the banker of an employer is not entitled to operate an account by way of debiting their due from the employer account. If the bank act without complying order of EPF authority and appropriated amount for the dues it would construe as erratic and illegal and the banker would be treated as defaulting employer and EPF authority is at liberty to attach the property of the bank and take all other action for recovery.

   Ref: Parveen Travels Pvt Ltd Vs Regional Provident Fund Commissioner -I and Recovery officer and another 2024 LLR 1348 Maras High Court.

GST

a) **Can a Writ Petition be filed against a Show Cause Notice or an Order, when remedy is available before the GST Appellate Authorities?**

The existence of appellate remedy is not an absolute bar, but the **provision to approach the High Court through Writ Petition (under Article 226 of the Constitution of India) can be exercised only in exceptional circumstances**, which may be as follows:

1. Breach of **fundamental rights** (Right to carry on business/trade subject to reasonable restrictions imposed by the State).
2. Violation of **principles of natural justice** (Order passed without **hearing** the assessee/Notice or Order not served as mandated/seek condonation of delay if the appeal could not be filed within the prescribed time limit due to reasonable cause/if Order passed by the GST authorities without considering the points or justification submitted in the reply/reissue of notice for already concluded issue/Decision making authority was biased and did not act in good faith/Denial of facility or benefit granted under the GST Act to the assessee without issuing a Notice etc).
3. Authority exercising power beyond the permitted **jurisdiction**.
4. Provision of the GST Act not in alignment with the provisions of the Constitution of India or **abuse of the power** delegated to the Authorities.
5. The error being pointed out by the assessee relates to **question of law** and not purely of fact.
6. If the appellate authorities are **not functional** (GST Tribunal is to be operational from 2025)

Ref: Mahendra Sponge & Power Limited vs Assistant Commissioner State Tax (Chhattisgarh High Court)

b) What is the new Rule for generation and extension of validity of e-way bills?

Till 31.12.2024

- No time limit prescribed for generating e-way bills. However, validity period has been prescribed for e-way bills (For a distance of less than 100 Kms the e-way bill will be valid for a day from the relevant date. For every 100 Kms thereafter, the validity will be additional one day from the relevant date).

With effect from 1.01.2025

- **180 days Rule**
  The generation of E-Way Bill permissible only if the base documents (tax invoice or bill of sale or delivery challan) are dated within 180 days from the date of generation. For instance, documents dated earlier than 5.07.2024 will not be eligible for E-Way Bill generation.

- **360 days Rule**
  The extension of E-Way Bills will be limited to 360 days from their original date of generation. For example, an E-Way Bill generated on 1.01.2025 can only be extended up to 25.12. 2025.

- **The new system introduces error codes and alerts for validation purposes:**

Error Codes:

a. 820: E-Way Bill cannot be generated for documents dated older than 180 days.
b. 821: E-Way Bill extensions are limited to 360 days.
c. 4043: E-Way Bill cannot be generated via E-Invoice API for document dated older than 180 days.

c) The business transactions of my company are carried out on the land and building obtained by way of lease. Should GST be paid on the lease amount (one time upfront lump sum/premium for using the property over a long lease period) paid to the lessor? **Does the recent GST exemption granted by the Gujarat High Court apply to all lease transactions?**

- The GST exemption granted by the Gujarat High Court applies only to lease transactions (99-year lease agreements) involving transfer of leasehold rights to a third party relating to **industrial land leased out by Industrial Development Corporations**, which are State owned government corporations, on the ground that it constitutes a transfer of immovable property.
- GST is already exempt on the original upfront amount payable for long term lease (thirty years or more) of industrial plots under Entry No. 41 of Exemption Notification 12/2017 dated 28.16.2017.

Thus, the original assignment of leasehold rights of State owned Industrial Corporations and the further assignment to a third party-assignee by the original lessee are not subject to GST

GST @ 18% is leviable on the lease transactions involving parties other than Industrial Development Corporations.

Ref: Schedule III of GST Act

ARTICLE

Short-Term and Long-Term Business Benefits of Circular Fashion

The fashion industry is undergoing a transformation. As the environmental impact of traditional, linear models becomes undeniable, brands are increasingly turning to circular fashion—a system that minimises waste, maximises resource efficiency, and keeps materials in use for as long as possible. Far from being just an ethical or environmental imperative, circular fashion presents compelling business benefits, both in the short term and long term. This article explores these benefits, illustrating why transitioning to circular practices is not only sustainable but also profitable.

What is Circular Fashion?

Circular fashion involves designing, producing, and consuming apparel in ways that prioritise longevity, reusability, and minimal environmental harm. It contrasts sharply with the linear 'take-make-dispose' model by integrating principles of recycling, reuse, and durability at every stage of the product lifecycle.

For businesses, embracing circular fashion offers a competitive edge in an era where consumers, regulators, and investors increasingly prioritise sustainability.

Short-Term Benefits of Circular Fashion

1. Cost Savings Through Resource Efficiency

Circular practices reduce dependency on raw materials, which can be expensive and subject to volatile market conditions. By incorporating recycled materials or designing for modularity, brands save money while mitigating supply chain risks.

• *Example*: Adidas' use of recycled ocean plastic in its Parley collection[1] demonstrates how repurposing waste materials can lower costs while enhancing product appeal.

• Businesses can also save on landfill fees and waste disposal costs by redirecting waste into productive use.

2. Enhanced Brand Reputation and Customer Loyalty

Modern consumers demand more from the brands they support. A commitment to sustainability fosters trust, attracts eco-conscious customers, and strengthens brand loyalty.

• *Data Point*: According to a November 2023 Financial Times report[2], 64 per cent of consumers globally are worried about sustainability and would change their consumption habits to reduce their environmental impact.

• Circular initiatives such as take-back programmes, repair services, and transparency in sourcing resonate deeply with these values.

3. Increased Revenue from Resale and Recycling Models

The rise of second-hand and resale markets offers new revenue streams for brands willing to adapt. Platforms like The RealReal[3] and Depop[4] have proven that consumers are willing to pay for pre-loved items, particularly when they come from trusted brands.

• Many brands are now launching their own resale platforms, such as Patagonia's Worn Wear[5] and Levi's SecondHand[6], to capture value from this growing trend.
Long-Term Benefits of Circular Fashion

1. Competitive Advantage and Market Differentiation

As circular practices become more mainstream, early adopters will gain a significant competitive edge. Brands that position themselves as sustainability leaders can build stronger relationships with investors, attract top-tier talent, and secure partnerships with like-minded organisations.

• Circularity not only appeals to eco-conscious consumers but also positions businesses as innovative leaders in their industry.

2. Future-Proofing Against Regulatory Changes

Governments worldwide are introducing stricter regulations to tackle environmental challenges. From extended producer responsibility (EPR) laws to bans on textile waste, businesses operating within a circular framework are better equipped to comply with these regulations.

• *Example*: The European Union's Green Deal includes measures to promote circularity, such as mandatory recycling targets and eco-design requirements.
Proactively adopting circular practices today ensures brands are ahead of the curve when such regulations take effect.

3. Contribution to Global Sustainability Goals

Circular fashion aligns with global initiatives like the United Nations' Sustainable Development Goals (SDGs), particularly SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action).

• Brands that commit to these goals not only drive positive environmental change but also strengthen their corporate social responsibility (CSR) profile, which is increasingly valued by stakeholders.

4. Longevity in Business Models

Circular fashion encourages durable product design and alternative ownership models, such as rentals and subscriptions. These models create recurring revenue streams while extending the lifespan of garments.

• *Example*: Rent the Runway and Hurr Collective have demonstrated the viability of subscription-based fashion, appealing to consumers who prioritise access over ownership.
Case Studies: Circular Fashion in Action

H&M's Garment Collecting Programme

Since 2013, H&M has implemented a global garment collecting initiative, encouraging customers to return old clothes for recycling. To date, the programme has collected over 172,000 tons[7] of textiles, which are either recycled into new garments or repurposed for other industries.

• *Impact*: H&M not only reduced waste but also engaged customers in a shared commitment to sustainability.

Stella McCartney's Pioneering Efforts

Luxury brand Stella McCartney has long championed circularity through the use of sustainable materials, partnerships with innovators like Bolt Threads, and her circular design manifesto.

• *Impact*: Stella McCartney's brand[8] is widely recognised as a leader in sustainable fashion, earning her loyalty from environmentally conscious consumers and partnerships with other forward-thinking organisations.

How to Transition: Key Steps for Brands

• *Invest in Innovation*: Technologies such as AI and blockchain can optimise inventory management, enhance transparency, and track materials throughout the product lifecycle.

• *Foster Collaborations*: Circular fashion requires partnerships across industries, including recyclers, logistics providers, and sustainability organisations. Collaboration unlocks resources and expertise that individual brands might lack.

• *Educate Consumers*: Brands must actively educate their audience about the benefits of circularity. Providing information on how products are made, maintained, and recycled encourages informed purchasing decisions.

Conclusion: Circular Fashion as a Strategic Investment

Circular fashion is no longer a future concept—it is a present-day necessity. For businesses, the transition offers tangible benefits in the short term, including cost savings and enhanced reputation, while setting the stage for long-term success through competitive advantage, regulatory readiness, and contribution to global sustainability goals.

By investing in circularity, brands can create a more sustainable and profitable future for themselves and the planet. The time to act is now—because the future of fashion belongs to those who embrace the principles of circularity today.

JUDGEMENTS

GST

- Coercive measures for recovery of outstanding demand - Petitioner willing to deposit more than the pre-deposit amount required for filing appeal before Tribunal - Hold on Bank account to be lifted thereafter: HIGH COURT

- Solar Power Generating System would not answer the description of immoveable property - Supply of the Solar generating Power Station is a 'composite supply' and it would not amount to a 'works contract': HIGH COURT

- Amended formula for computing unutilised ITC - Notification No.14/2022-CT is applicable retrospectively as the amendment brought in Rule 89(5) is curative and clarificatory in nature - Rectification application for differential refund to be honoured : HIGH COURT

- There is no provision in Section 130 which prohibits the interim release of goods seized, pending adjudication of SCN: HIGH COURT

- Survey in business premises - If excess stock is found, proceedings u/s 73 or 74 of the Act will come into play rather than u/s 130 of the Act r/w Rule 122 of the Rules, 2017: HIGH COURT

- There is no bar in law in issuing two show cause notices for the same period with a different/distinct subject matter: HIGH COURT

- Timelines stipulated in s.129(3) not followed - Proceedings liable to be set aside - Vehicle to be released forthwith: HIGH COURT

- Petitioner challenges order on ground that notices and orders were uploaded under 'View additional notices and orders' tab on the GST Portal and, therefore, they were unaware of the same - Petitioner to deposit 25% of disputed taxes and matter to be re-adjudicated: HIGH COURT

- COVID-19 - Period between 15.03.2020 to 28.02.2022 stood excluded for limitation as per SC order - Issuance of notifications 13/2022-CT, 9/2023-CT, 56/2023-CT may be an exercise in abundant caution - Petitioners may avail statutory remedy of appeal: HIGH COURT

- Land allotted by GIDC - When the lessee/assignor transfers the land having leasehold rights and building to the assignee, same cannot be considered as supply of service as it would be a transfer of immovable property: HIGH COURT

- Assessment order invalid where passed in cryptic, templated manner, giving no reasons for rejecting assessee's reply to Show Cause Notice: HIGH COURT

- No discussion on the reply filed, except making a reference in the discussion and findings portion - Order not tenable - Matter remanded: HIGH COURT

Customs

- No coercive measures can be taken against Appellant during the period when the limitation for filing of appeal has not expired - Encashment of the bank guarantee deserves to be restrained: HIGH COURT

- Commissioner of Customs not vested with authority to modify EPCG licence issued by DGFT or read additional conditions into it, such as imposing a restriction on year of manufacture: CESTAT

- As is trite law, demurrage charges should not be included in transaction value of imported goods: CESTAT

Labour

- Unauthorized absence and not replying to managements letter warrants termination – SC

- Waiver of 50% of damages levied under ESI Act is justified when the establishment was suffering from financial stringency- Mad HC.

- Appeal against Internal Committee report cannot be made directly to the High Court – Bom HC.

- Interest on delayed payment of gratuity can only be waived off if the delay is due to a fault on part of the employee and the employer has obtained permission in writing from the controlling authority for the delayed payment on the said ground. – Guj HC

- Prosecution under Sec 304A of IPC while prosecution under Sec 92 of the Factories Act is initiated, is not permissible, as there cannot be a parallel or simultaneous prosecution in respect of the very same incident, in view of the punishment provided under Sec 92 of the Factories Act. – Kar HC

- Children's education related difficulties cannot be ground to avoid compliance of transfer order. – Del HC

- EPF Act does not direct the employer to pay any contribution over and above his contribution payable under Act, i.e. 10% or 12% of the basic wages even if employee pays more contribution than ceiling limit. – Guj HC

- Damages cannot be imposed when an employer is unable to make payments due to circumstances beyond their control, such as preventing business closure or protecting the establishment from legal action. – Mad HC

COTTON AND COTTON YARN PRICES

Cotton – Spot* (Rs/Candy)

- Given below are the cotton and cotton yarn prices prevailed at various dates for thebenefit of the members:

S. No	Growth	Staple	Mic	Strength/ GPT	Dec 31 2024	Jan 7 2025	Jan 14 2025
1	P/H/R	Below 22mm	5.0 – 7.0	15	51,300	51,500	51,400
2	P/H/R	Below 22mm	5.0 – 7.0	15	51,900	52,100	52,000
3	GUJ	22mm	4.0 – 6.0	20	Na	Na	Na
4	KAR	23mm	4.0 – 5.5	21	Na	Na	Na
5	M/M(P)	24mm	4.0 – 5.5	23	50,700	50,800	50,900
6	P/H/R(U)	27mm	3.5 – 4.9	26	52,100	52,600	52,600
7	M/M(P)/SA/TL	26mm	3.0 – 3.4	25	Na	Na	Na
8	P / H / R(U)	27mm	3.5 – 4.9	26	52,600	53,100	53,100
9	M/M(P) /SA/TL/G	27mm	3.0 – 3.4	25	Na	Na	Na
10	M/M(P)/SA/TL	27mm	3.5 – 4.9	26	Na	Na	Na
11	P/ H/R(U)	28mm	3.5 – 4.9	27	53,000	53,500	53,500
12	M/M(P)	28mm	3.7 - 4.5	27	52,600	53,100	52,700
13	SA/TL/K	28mm	3.7 - 4.5	27	52,400	52,900	52,500
14	GUJ	28mm	3.7 - 4.5	27	52,600	53,300	52,900
15	R(L)	29mm	3.7 - 4.5	28	53,400	53,900	53,800
16	M/M(P)	29mm	3.7 - 4.5	28	53,500	54,100	53,700
17	SA/TL/K	29mm	3.7 - 4.5	28	53,300	53,900	53,500
18	GUJ	29mm	3.7 - 4.5	28	53,700	54,300	53,900
19	M/M(P)	30mm	3.7 - 4.5	29	54,000	54,900	54,300
20	SA/TL/K/O	30mm	3.7 - 4.5	29	54,000	54,900	54,300
21	M/M(P)	31mm	3.7 - 4.5	30	55,000	56,000	55,300
22	SA/TL/K/TN/O	31mm	3.7 - 4.5	30	55,000	56,000	55,300
23	SA/TL/K/TN/O	32mm	3.5 - 4.2	31	Na	Na	Na
24	M/M(P)	34mm	2.8 - 3.7	33	77,500	76,500	75,500
25	K/TN	34mm	2.8 - 3.7	34	82,000	83,000	82,000
26	M/M(P)	35mm	2.8 - 3.7	35	78,500	78,000	76,700
27	K/TN	35mm	2.8 - 3.7	35	84,000	85,000	84,000

Source: Cotton Association of India | Na-Not Available

Hosiery Yarn Price (Rs/Kg) – Including GST

For the Month of January 2025

Count	VL	GL	RL
10	256	-	-
16	260	249	-
20	260	249	267
25	269	258	276
30	281	270	288
32	287	-	-
34	288	277	295
36	295	-	302
40	309	298	316

Prices are only indicative subject to reconfirmation.

CIRCULARS ISSUED DURING THE FORTNIGHT

Sl. No	Cir.No	Date	To	Subject
1)	1/2025	2.1.2025	All Member Mills	India – Australia Trade Agreement – Import of raw cotton (ELS) at NIL rate of Duty – Notification for imports from 1.01.2025 – Reg.
2)	2/2025	3.1.2025	All Member Mills	Minutes of the 40th meeting of TAMC under ATUFS held on 23.12.2024 – reg
3)	3/2025	3.1.2025	All Member Mills	Applicability of GST on Vouchers (gift vouchers and cards) – Reg
4)	4/2025	4.1.2025	All Member Mills	BIS - Comments sought on draft Indian Standards on knitted leggings and shorts – reg
5)	4-A/2025	6.1.2025	Member Mills in Tamil Nadu	Sustainability – Postponement of Two-day training session on GHG and ESG Compliance from January 2025 to February 2025 at SIMA Conference Hall, Coimbatore-reg
6)	5/2025	6.1.2025	All Member Mills	DGFT – Measures to prevent import of undervalued synthetic knitted fabric – Imposition of Minimum Import Price (MIP) extended upto 31.03.2025 – reg
7)	6/2025	7.1.2025	All Member Mills	Kasturi Cotton – Inclusion of new Staple Lengths to meet market demand – reg
8)	6-A/2025	9.1.2025	Member Mills in Tamil Nadu	Amendment to the Tamil Nadu Hostel and Homes for Women and Children (Regulation) Act, 2014-reg
9)	6-B/2025	10.1.2025	Member Mills in Kerala	Revision of Factories License fees and others under Kerala Factories Rules, 1957-reg
10)	6-C/2025	11.1.2025	Member Mills in Tamil Nadu	Consumer Price Index Number - Chennai City – November 2024
11)	6-D/2025	11.1.2025	Member Mills in Andhra Pradesh & Karnataka	Consumer Price Index Number - All India – November 2024
12)	6-E/2025	11.1.2025	Member Mills in Kerala	Consumer Price Index Numbers for the month of October 2024
13)	7/2025	11.1.2025	All Member Mills	One day workshop on “Leverage Business Growth through New Labour Codes” at SIMA premises on February 8, 2025 (Saturday) -reg