sima

Fortnightly

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NEWS HIGHLIGHTS

- **INDIA EASES EXPORT OBLIGATION UNDER EPCG, TEXTILES TO GET RELIEF**
- **CAI INCREASES INDIA'S COTTON PRODUCTION ESTIMATE TO 304 LAKH BALES**
- **INDIA CRACKS DOWN ON MISDECLARED CHINESE FABRIC IMPORTS**
- **CHINA'S RENEWABLE ENERGY HITS RECORD 56% CAPACITY, 86% OF NEW POWER**

REPRESENTATIONS

- Vide a representation dated 30.1.2025 sent to Mr.K.Veera Raghava Rao, IAS., Secretary to Government, Labour Welfare and Skill Development Department, the Association requested to extent time limit for payment of Tamil Nadu Labour Welfare Board contribution by 15 days, as most of the members are facing portal issue while making payment.

MEETINGS

SIMA delegation visits R&D facility of M/s.Rasi Seeds Pvt. Ltd

- A delegation comprising of the Dr. S. K. Sundararaman, Chairman, SIMA, Shri. S. Dinakaran, Former Chairman, SIMA and JMD, Sambandam Spinning Mills Ltd, Shri. K. Sivaraj, Managing Director, Sri Lalithambighai Textiles (P) Ltd., Shri. N. Satheesh Kumar, Managing Director, KKP Fine Linen Pvt. Ltd., visited the R&D facility of M/s. Rasi Seeds Pvt. Ltd., Attur on 27.01.2025. Dr. M. Ramasami, Founder, Rasi Seeds Pvt. Ltd. and his team members explained their recent research projects viz., high strength ELS cotton varieties, HDPS plantation trials and development of seed varieties against pink boll worm attacks and their outcomes and also about their production capabilities. The purpose of the delegation visit is to understand as to how the research could be useful to the user industry and the need to work jointly with seed industry for the benefit of the farmers and the cotton textile value chain.

SIMA Secretary attends GRC meeting

- The Grievance Redressal Committee meeting of GST was held on 28th January 2025 at Chennai. On behalf of the Association, SIMA Secretary, Mrs.Hema Mohankumar attended the meeting and raised the following queries:-

  - Textile manufacturing units are mandatorily bound to renew the factory licence and pollution control certificate periodically. In this regard, the licence / renewal fee being statutory payments, is GST payable on the same?

  - The intermittent (though rarely) non-functioning of the e-way Bill portal has been creating difficulties in movement of the goods. In such scenario, where the movement of goods particularly to the port for export purpose and time bound deliveries to prevent line stoppage of manufacturing activity, members have been seeking advisory regarding the mechanism to deliver the goods. Kindly advise the temporary modalities / documents to permit the movement of the goods (to avoid penal provisions, the transactions being genuine)

SIMA Secretary meets Additional Commissioner of Labour.

- SIMA Secretary, Mrs.Hema Mohankumar, met Ms.Senthilkumari, Additional Commissioner of Labour and Labour Secretary on 29th January 2025 at Chennai. During the discussion she raised the issue on the difficulties in payment of labour welfare contribution due to portal issue as the deadline for payment falls on 31st January 2025. Though the Commissioner of Labour claims to have resolved the portal issues, it is learned still many members face the problems. Therefore, members are advised to take Demand Draft and submit the fees physically. In case of encountering difficulties, members may contact Help Desk No.8939782783.

SIMA Secretary meets Director of TNGECL

- SIMA Secretary, Mrs.Hema Mohankumar, met the Director, Tamil Nadu Green Energy Corporation Limited on 30th January 2025 at Chennai. During the meeting the industry scenario with regard to renewable energy was discussed. She has requested the Director to conduct a grievance redressal meeting involving the stakeholders including industry Association, for which he assured to do so.

SIMA Secretary meets Chairman, TNERC

- On 31st January 2025, SIMA Secretary, Mrs.Hema Mohankumar met the Chairman and two members of Tamil Nadu Electricity Regulatory Commission at Chennai, which was a courtesy call, and she has briefed the power situation in the State to them.

TEXTILE SCENE

India Budget 2025: Will demands of textile industry be addressed?

- India's garment and textile industry is grappling with complex challenges that Finance Minister Nirmala Sitharaman will need to address in her Budget speech on February 1. While Sitharaman will be presenting her eighth consecutive Budget, the million-dollar question remains—will she accept the numerous demands and recommendations from industry leaders? Industry organisations continue to stress the urgency of these challenges, urging the minister to consider their proposals. Rajeev Gupta, CEO, RSWM Limited expected, "There are several recommendations to improve the industry's viability and cost competitiveness. To begin with, raw materials prices in India are much higher than global rates since Indian companies deal with QCOs (quality control orders) on MMF (man-made fibres) and yarn. These non-tariff barriers restrict the free flow of raw materials, resulting in a shortage of specialised yarns and fibres, which in turn affects local prices. Therefore, the Centre should liberalise import policies to ensure a more competitive market for raw materials and lower or eliminate customs duty on MMF fibres and essential chemicals that are crucial in raw material production. Since specialised cotton (like organic and contamination-free varieties) is currently imported due to domestic unavailability, import duties to safeguard local farmers are hurting the textile value chains. Another anomaly is the PLI (production-linked incentive) scheme applying only to synthetic fibre. To support textile and garment firms, the PLI must be applicable to the entire industry, which will incentivise greater investments. The government must reinstate the Technology Upgradation Fund Scheme (TUFS), which offered subsidies for new machinery but was discontinued later, Gupta said.

  "The cotton procurement scheme under MSP (minimum support price) should be replaced with a DBT (direct benefit transfer) programme. This will benefit cotton farmers with more liquidity as they can sell produce without awaiting official procurement. Price volatility also needs to be addressed by creating a Cotton Price Stabilisation Fund, which will ensure the competitive availability of raw materials. An extended credit limit period of eight months (instead of three months) for cotton procurement and an interest subvention scheme could also curb price volatility. The industry finally seeks the deferment of Section 43B(h) of the Income Tax Act, 1961," Gupta added. Siddharth Dungarwal, founder of clothing brand Snitch, said, "The apparel and retail industry is a vital contributor to India's economy, and we are optimistic that the upcoming Union Budget will address some of the critical challenges faced by the sector. We anticipate measures that simplify operations, encourage sustainable manufacturing, and support local brands and retailers in scaling globally. Policies such as tax rationalisation, investment in technology upgrades, and incentives for developing a future-ready workforce can empower businesses like ours to drive innovation, create jobs, enhance customer experiences, and solidify India's position as a global fashion and retail hub."

Anand Nichani, Managing Director, Magniflex India, said, "We remain optimistic about the possibility of measures that promote consumer-centric growth and assist sectors devoted to health and wellness. Improving accessibility for customers looking for high-quality solutions requires lowering GST rates and reducing import taxes on certified, premium, and specialised products. Maintaining current customs rates is also essential to prevent additional expenses that can hinder company operations. We can establish a dynamic market environment by stabilising operating costs and boosting economic expansion." He said that Budget 2025-26 would be an opportunity to balance between retail expansion spurred by sustainability and innovation and economic prosperity. "We look forward to strengthening India's standing as a major consumer of high-end products and promote a culture of conscious, high-quality living."

Vinay Thadani, CEO, Vishal Fabric Limited, said, "India's textile sector is likely to focus primarily on the domestic market. It also looks to achieve strong export growth driven by increasing consumer interest in key markets such as the United States, Europe, and the Middle East. The government should levy a reasonable import tax on certain essential commodities. In addition to which there is a possibility that they work towards devising and implementing a cotton price stabilisation fund scheme to stabilise domestic cotton prices." He added that "We are looking to the government to set up PPP model that foster for research and innovation in earth-friendly textile manufacturing."

Pallav Bihani, CEO & Founder, Boldfit said, "India's fitness and activewear market is growing at an incredible pace and as wellness becomes a lifestyle priority for millions, this Budget is a chance to give the textile industry a real boost. Activewear has become a core part of fitness culture, but there is still so much untapped potential in terms of domestic manufacturing and sustainable innovation. We need policies that make it easier for Indian brands to create high-performance and eco-friendly fabrics. Reconsidering GST rates on fitness apparel could also go a long way in making high-quality, affordable activewear more accessible, especially in tier 2 and tier 3 cities where fitness adoption is rising rapidly." He said that India can position itself as a global hub for activewear exports, with the right support for textile parks and production capabilities. The combination of innovation, sustainability and affordability could truly redefine what the Indian textile and fitness industries can achieve together.

Anand Aiyer, CEO of retail brand Arrow said, "We are optimistic about the government's continued commitment to fostering economic resilience and growth. This is a pivotal moment to prioritise policies that drive innovation, enhance ease of doing business, and strengthen consumer confidence. At Arrow, we remain committed to honouring our legacy while evolving to meet the ever-changing needs of today's consumers. We eagerly anticipate the opportunities this Budget could create for our business and the industry. We are hopeful the upcoming Budget will introduce initiatives that foster retail growth and simplify business operations."

Cotton yarn faces slow demand in south India, steadiness in prices

- South India's cotton yarn market has noticed slow demand from the consumer industry, as buyers have exercised caution ahead of the Union Budget. Weakness in cotton prices and concerns over a tariff hike have also dented market sentiment. Traders said that cotton yarn prices remained stable in the Mumbai and Tiruppur markets. There is increased pressure on spinning mills and stockists to find potential buyers. The cotton yarn market is likely to remain weak over the next one to two weeks. Cotton yarn prices remained stable in the Mumbai market, which saw limited buying from the weaving industry. Price disparity is discouraging cotton yarn exports in the global market. A trader from the Mumbai market told Fibre2Fashion, "India's budget for the next fiscal year, 2025-26, will be presented on February 1. Buyers are cautious as they prefer to wait for market direction from potential policy changes in the textile sector. Limited demand from the downstream industry has also caused slow buying by spinning mills."

  In Mumbai, 60-carded yarn of warp and weft varieties was traded at ₹1,440-1,480 (approximately $16.64-$17.11) and ₹1,390-1,440 per 5 kg (approximately $16.07-$16.64) (excluding GST), respectively. Other prices include 60-combed warp at ₹338-344 (approximately $3.91-$3.98) per kg, 80-carded weft at ₹1,420-1,480 (approximately $16.41-$17.11) per 4.5 kg, 44/46-carded warp at ₹262-272 (approximately $3.03-$3.14) per kg, 40/41-carded warp at ₹256-266 (approximately $2.96-$3.07) per kg, and 40/41-combed warp at ₹288-294 (approximately $3.33-$3.40) per kg, according to trade sources.

  The Tiruppur market also experienced weaker sentiments in cotton yarn trade, with prices remaining at previous levels. According to market sources, buyers are taking a cautious approach not only due to the upcoming Union Budget but also because of potential tariff-related policy changes from the Trump administration. Traders stated that a wait and watch policy is considered more prudent in the current situation. The Trump administration is taking bold steps on multiple fronts, which may also impact price dynamics in the textile value chain. In Tiruppur, knitting cotton yarn prices were noted as follows: 30-count combed cotton yarn at ₹255-263 (approximately $2.95-$3.04) per kg (excluding GST), 34-count combed cotton yarn at ₹264-271 (approximately $3.05-$3.14) per kg, 40-count combed cotton yarn at ₹276-288 (approximately $3.19-$3.33) per kg, 30-count carded cotton yarn at ₹235-240 (approximately $2.72-$2.77) per kg, 34-count carded cotton yarn at ₹240-245 (approximately $2.77-$2.83) per kg, and 40-count carded cotton yarn at ₹248-253 (approximately $2.87-$2.92) per kg.

In Gujarat, cotton prices have been slightly lower since late last week, easing by ₹300-500 per candy of 356 kg. Traders reported that the decline in cotton prices is due to slow demand. The Cotton Corporation of India (CCI) will stop buying seed cotton as it is facing a shortage of warehousing facilities for cotton storage. CCI has procured a significant amount of cotton, estimated to be around 68 lakh bales of 170 kg each. Ginners are cautiously buying seed cotton as cotton seed prices have shown a downward trend, eroding the margins of the ginning process. Cotton arrivals were estimated at 28,000-30,000 bales of 170 kg in Gujarat and 155,000-160,000 bales across the country. The benchmark Shankar-6 cotton was quoted between ₹53,300-53,800 (approximately $616.03-$621.81) per candy of 356 kg, while southern mills were looking to buy cotton at ₹54,000-54,500 (approximately $624.12-$629.90) per candy. Seed cotton (Kapas) was traded at around ₹7,400-7,550 (approximately $85.53-$87.26) per quintal.

India Budget 2025-26: CMAI urges policy support for garment sector

- In view of the upcoming Union Budget 2025-26 to be presented by Finance Minister Nirmala Sitharaman on Saturday, February 1, The Clothing Manufacturers Association of India (CMAI) has submitted key recommendations, seeking crucial policy interventions to support the domestic garment sector. Given its role in employment generation—especially for women and marginalised communities—CMAI has emphasised the need for financial relief, extended payment cycles, and trade policy revisions to ensure industry sustainability.

  Key Recommendations

  Interest subvention for MSMEs

  CMAI has called for a government-backed interest subvention scheme to ease the financial burden on garment manufacturers. The association proposes a reduced interest rate of 7 per cent per annum, further reduced to 4 per cent for prompt repayment, similar to the agriculture sector's Priority Sector Lending (PSL) scheme.

MSMEs as secured creditors in NCLT cases

MSMEs often face severe financial losses during corporate insolvency proceedings. CMAI urges their recognition as secured creditors under the National Company Law Tribunal (NCLT) to ensure equitable treatment and financial security.

PLI scheme expansion for garments

While the existing Production Linked Incentive (PLI) Scheme has supported textiles, its focus on synthetic products has limited its impact on the garment industry. CMAI has recommended its expansion to cover all apparel categories, helping India increase its global market share from the current 3 per cent to nearly 6 per cent in the next 4-5 years. The association also suggests lowering the minimum investment threshold from ₹100 crore to ₹12-15 crore to encourage wider participation.

Gradual implementation of Section 43B(H)

The amendment to Section 43B(H) of the Income Tax Act mandates a 45-day payment cycle for MSMEs. However, CMAI argues that a one-size-fits-all approach is impractical, as apparel sector payment cycles typically range from 90 to 180 days. The association proposes a phased implementation—90 days in year 1, 60 days in year 2, and 45 days in year 3—to prevent disruptions.

FTA review with Bangladesh

Duty-free garment imports from Bangladesh currently account for 43 per cent of India's total apparel imports and are growing at over 40 per cent annually. CMAI has highlighted concerns over the influx of Chinese fabrics entering through backdoor channels under the free trade agreement (FTA). The association has urged the government to review the FTA and restrict duty-free imports to garments made from Indian fabrics, ensuring fair competition for domestic manufacturers.

With India's apparel market poised to grow from $102 billion to $180 billion by 2030, CMAI asserts that these policy changes are critical for industry growth, employment generation, and sustainability.

India eases export obligation under EPCG, textiles to get relief

- The Government of India has relaxed and provided relief in the average export obligation (EO) under the Export Promotion Capital Goods (EPCG) scheme for those sectors where total exports in that sector/product group has declined by more than 5 per cent in compared to the previous year. In the textile-apparel sector, several products under chapters 60, 61 and 62 have recorded decline of more than 5 per cent in 2023-24 over the previous year. EPCG scheme is a programme that allows exporters to import capital goods at a reduced customs duty rate. The scheme's goal is to help India’s manufacturing industry become more competitive by making it easier to import capital goods for production. Under the scheme, exporters have export obligations to meet out in the following years.

According to the circular issued by the Director General of Foreign Trade (DGFT) on January 21, 2025, all regional authorities have to re-fix annual average export obligations for EPCG authorisations for the year 2023-24 accordingly. The circular has been sent to DGFT’s regional offices and customs authorities. Regional offices, while considering requests of reduction in the obligation, will ensure that in case of shortfall in EO fulfilment, policy circulars issued earlier should also be considered before issuance of demand notice. Textile fibre, fabric and garments under the certain chapters had witnessed fall up to 93 per cent in fiscal 2023-24 over the fiscal 2022-23. Therefore, textile exporters will also get relief by the decision.

Bharat Tex 2025 to showcase India's textile industry globally

- India's textile industry is set for transformative growth, with projections suggesting the sector could reach a valuation of $350 billion by 2030 and create 35 million new jobs. Bharat Tex 2025, scheduled from 12 to 17 February 2025, will showcase India’s capabilities on a global scale, highlighting innovation, sustainability, and economic significance. The textile sector accounts for 2.3 per cent of India’s GDP, directly employing over 45 million individuals and indirectly supporting another 55 million. Its diverse product range, from handcrafted khadi and silk to advanced technical textiles, underscores its pivotal role in the economy and global markets. Aligned with the 5F vision—Farm, Fibre, Fabric, Fashion, and Foreign Exports—the industry integrates traditional heritage with modern production. With a diverse range of products, including traditional handloom, handicrafts, wool, silk, and organised textile industry segments, the Indian textile industry thrives across its entire value chain, from fibre to apparel. The organised sector is characterised by mass production, spinning, weaving, processing, and apparel manufacturing, distinguishing itself as highly segmented and capital-intensive.

  Indian textile manufacturers attract global brands with competitive pricing and diverse offerings. To meet evolving fashion trends and global demands, the industry is enhancing its design capabilities and expanding into high-value technical textiles for healthcare, automotive, and agriculture sectors. A notable pivot involves reducing reliance on cotton by boosting synthetic fibre production, a strategy supported by the National Technical Textiles Mission. While cotton remains the dominant fibre, accounting for nearly three-quarters of the country’s total fibre consumption, the industry has faced stiff competition from global players like China, Bangladesh, Pakistan, and Vietnam. The government is driving growth through initiatives promoting renewable energy, ethical practices, and waste management. Skill development in rural areas and adoption of technologies such as CAD and automation are transforming the workforce. Bharat Tex 2025 will occupy 2.2 million square feet of exhibition space, accommodating over 5,000 exhibitors and presenting more than 20,000 exhibits. Anticipated to attract over 6,000 international buyers and 12,000 domestic business visitors from 110 countries, Bharat Tex 2025 has gained the support of global and domestic brands such as Aditya Birla, Reliance Industries, Trident Group, and Welspun, alongside participation from companies like Mafatlal Industries, EM Crafts, and Supreme Nonwoven Industries Private.

Bharat Tex 2025 is backed by the Ministry of Textiles and organised collaboratively with 11 Export Promotion Councils. Sustainability remains at the forefront, with global entities such as the Better Cotton Initiative, UNEP, and Laudes Foundation joining corporations like Aditya Birla Group and Arvind to share expertise on scalable solutions. Attendees can expect over 70 knowledge sessions led by renowned partners, including KPMG, Gherzi, and NIFT, offering critical insights into trade dynamics, investment opportunities, and technological advancements. The event will not only foster international collaborations and trade but also feature vibrant cultural displays that position India’s rich textile heritage and innovative future as a global benchmark.

The exhibition will feature specialised pavilions that address industry trends, such as the Sustainability Pavilion, showcasing eco-conscious practices, and the Start-Up Innovation Pavilion, highlighting emerging enterprise solutions. The Craft Museum – Indi Bhaat will honour India’s traditional arts and crafts heritage. Interactive Fabric Zones will allow attendees to explore diverse textiles and sustainable fabrics, offering hands-on inspiration for innovations in the textile industry. Upcycled and eco-friendly textile installations will add artistic flair to the expo, while spectacular cultural performances and fashion shows will celebrate India’s cultural legacy on a global stage. The event will delve into key themes, including sustainable innovations like water-efficient dyeing and organic cotton farming, circular economy practices such as recycling and closed-loop manufacturing, and ethical sourcing promoting fair wages and safe working conditions. Events like the International Silk Conference, Better Cotton Annual Meeting, and Innovation Hackathon will provide opportunities for collaboration and knowledge sharing. Master craftsmen will also display inherited artistry alongside trend forecasts, product launches, and master classes to highlight India’s deep heritage and forward-thinking industry approach.

This transformative event has garnered support from UN agencies such as UNEP, UNDP, UNESCO, and UNIDO, along with government bodies like Niti Aayog, cementing Bharat Tex 2025’s status as a pivotal platform for India’s textile industry on the global stage. Bharat Tex 2025 is poised to lead India’s textile sector into a new era, reinforcing its position as a pioneer in sustainable textile manufacturing while strengthening its global standing across the entire value chain.

GLOBAL TEXTILE SCENE

Philippines textile imports from Vietnam face challenges despite gains

- The Philippines' apparel imports from Vietnam have noticed a steep fall of 66.44 per cent during January-October 2024. However, its imports of home textiles from the partner country improved during the same period. The inbound shipment of fabric saw a mild easing in the first three quarters of the previous year. It is important to note that Vietnam's trade with the Philippines has reached an impressive milestone, with turnover exceeding $8.6 billion in 2024. The bilateral trade was up by 11 per cent year-on-year, according to the country's Ministry of Industry and Trade's Agency of Foreign Trade. According to Fibre2Fashion's market insight tool TexPro, the Philippines imported apparel worth $24.535 million in the first ten months of 2024. This was 66.44 per cent lower than the imports of $73.108 million during the corresponding period of 2023. The imports totalled $96.991 million in 2023. Vietnam was the second-largest supplier of apparel imports to the Philippines, with a share of 12.49 per cent of the Philippines' total imports of $196.435 million during January-October 2024.

  The country's imports of home textiles from Vietnam were valued at $22.496 million in the first ten months of 2024. This was 16.96 per cent higher than the imports of $19.233 million during the same period of 2023. The Philippines' imports of home textiles from Vietnam totalled $23.100 million in 2023. Vietnam was ranked as the second-largest supplier of home textile imports to the country. Vietnam's share was 11.81 per cent of the total imports of home textiles, amounting to $190.626 million in January-October 2024. Fabric imports by the Philippines totalled $335.581 million in the first three quarters of 2024. Of this, imports from Vietnam were noted at $13.512 million, which accounted for 3.80 per cent of the total fabric imports during the period. Vietnam was the fourth-largest supplier for the trade, according to TexPro. The Philippines' fabric imports from Vietnam eased by 3.29 per cent in January-September 2024 compared to imports of $13.973 million during the same period in 2023. The country's imports from Vietnam were noted at $18.870 million in 2023

India cracks down on misdeclared Chinese fabric imports

- India has intensified efforts to curb the unchecked import of Chinese fabrics, particularly synthetic knitted fabric, following persistent demands from the domestic textile industry. Despite the government's imposition of a Minimum Import Price (MIP) on 13 HSN codes to control the surge in imports, the measure has proven ineffective as imports have continued to rise under non-MIP codes. In a significant crackdown, the Directorate of Revenue Intelligence (DRI) recently seized 100 containers of Chinese fabric at Mundra Port, estimating their total value at ₹200 crore. The containers, which were falsely declared as carrying low-cost fabric, were found to contain high-quality textiles—an apparent attempt to evade import duties. The operation was launched after authorities received intelligence regarding the large-scale misdeclaration of imported goods.

Investigation uncovers large-scale tax evasion

Preliminary investigations suggest that the actual value of the seized fabric far exceeds the declared ₹25 crore. Similar shipments have also been intercepted at other major ports, including Mumbai's Nhava Sheva Port (Jawaharlal Nehru Port), raising concerns over the scale of the fraudulent operation.

Following the seizure, the DRI has initiated a nationwide investigation to identify those responsible for the illegal imports and to trace the goods to their final destinations across India. Authorities are also working to expose the network of importers involved and to determine whether similar fraudulent practices are taking place at other ports.

Industry associations raise alarm over systemic misdeclaration

The Federation of Surat Textile Traders Association (FOSTTA) had previously lodged a complaint with the DRI, warning of systematic misdeclaration in textile imports. The association alleged that thousands of containers were being imported each month under incorrect classifications to evade the MIP. It further estimated that this widespread malpractice has resulted in a staggering revenue loss of ₹85,000 crore.

According to the trade body, importers have been exploiting loopholes by shifting imports from Chapter 60—where the MIP is imposed—to Chapter 59, which currently lacks such safeguards. The association specifically identified Mundra Port, Mundra SEZ, and Nandiambakkam SEZ (Chennai) as key entry points for these abusive imports, also naming importers allegedly engaged in these practices.

Calls for stronger government intervention

In response to the crisis, the Indian textile industry is now demanding that the government impose MIP across the entire Chapter 60 to curb imports effectively. The Northern India Textile Mills' Association (NITMA) had previously appealed to Prime Minister Narendra Modi for urgent intervention, citing the severe impact of unchecked fabric imports on the domestic industry and the resulting financial losses to the government.

Ahead of the Union Budget 2025-26, NITMA has urged the government to introduce policy adjustments to restrict uncontrolled fabric imports. The association has specifically called for action against the under-invoicing of synthetic knitted fabrics under Chapter 60 and the misdeclaration of HS codes at Indian ports.

NITMA President Sidharth Khanna highlighted that several importers are circumventing regulations by declaring fabric at approximately $1 per kg, whereas the actual global price ranges between $4–6 per kg. He emphasised the urgent need for stricter regulatory measures to protect the Indian textile industry from further damage.

Outlook

With the DRI's crackdown uncovering large-scale tax evasion and the textile industry pushing for policy reforms, the Indian government faces mounting pressure to address loopholes in import regulations. The coming months will be crucial in determining the effectiveness of these measures in protecting domestic manufacturers from unfair trade practices.

ECONOMY

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

- Projecting India's gross domestic product (GDP) growth at 6.8 per cent in this fiscal (FY25) and 7.7 per cent in FY26, the PHD Chambers of Commerce and Industry (PHDCCI) recently said the country is expected to become the fourth largest economy in the world by 2026, surpassing Japan. Ahead of the union budget, the industry chamber said it expects the central bank to cut the benchmark interest rate by 25 basis points in its policy review next month, with the consumer price index (CPI)-based inflation expected to significantly reduce. "We are expecting that in the coming quarters, CPI inflation should come down significantly to the level of somewhere between 4 to 2.5 per cent," PHDCCI deputy secretary general S P Sharma told a press conference in New Delhi.

  PHDCCI suggested that the tax rate on entities under proprietorship or partnership and LLP—33 per cent now—should be 25 per cent. India should focus on promising sectors like agriculture and food processing, fintech, semi-conductor, renewable energy, health and insurance, and a commitment to sustainable development, it said. "Last but not least, we suggest a five-pronged comprehensive strategy, including increased capital expenditure, enhanced ease of doing business, reduction in the cost of doing business, focus on labour-intensive manufacturing and greater integration in global value chains, to lead India's growth trajectory to higher growth in the coming years," the industry body added.

RAW MATERIAL

CAI increases India's cotton production estimate to 304 lakh bales

- The Cotton Association of India (CAI) has increased cotton production estimates by 2 lakh bales to 304.25 lakh bales of 170 kg in its December 2024 report. In its previous report, the industry organisation had estimated production at 302 lakh bales for the current 2024-25 season, which began in October 2024. CAI had finally estimated production at 327.45 lakh bales in the last season, 2023-24. According to the latest report of December

2024 issued by CAI, the total cotton supply by the end of December 2024 is estimated at 176.04 lakh bales, which consists of production of 133.85 lakh bales, imports of 12 lakh bales, and an opening stock of 30.19 lakh bales.

The industry organisation also estimated cotton consumption at 84 lakh bales by December 2024, while export shipments were estimated at 7 lakh bales. At the end of December 2024, cotton stock was estimated at 85.04 lakh bales. Of this, 25 lakh bales were stocked with textile mills, and the remaining 60.04 lakh bales were with the Cotton Corporation of India (CCI), Maharashtra Federation, and others (MNCs, traders, ginners, etc.). The CAI has stated that the total cotton supply estimate was increased by 2 lakh bales to 359.44 lakh bales by the end of the current marketing season 2024-25 (October-September). The total cotton supply consists of the opening stock of 30.19 lakh bales, cotton production for the season at 304.25 lakh bales, and imports of 25 lakh bales. Cotton import estimates are higher by 9.80 lakh bales compared to the last season.

India's domestic consumption estimate was increased by 2 lakh bales to 315 lakh bales from the previous estimate. The export estimate was kept unchanged at 18 lakh bales for the current season. However, outbound shipments are likely to decrease by 10.36 lakh bales compared to the last season. The closing stock at the end of the cotton season 2024-25 on 30th September 2025 is estimated at 26.44 lakh bales.

Global cotton faces challenges amid supply-demand gap in 2025

- The global cotton sector may face notable challenges in 2025, as production continues to rise faster than demand. Economic forecasts suggest growth will match last year's pace, while oil prices are trading lower, and cotton futures indicate stability for the year ahead, as per the Centre for Advanced Studies on Applied Economics (CEPEA). Brazil concluded 2024 as the world's major cotton exporter, shipping 2.77 million tons, overtaking the United States, which exported 2.37 million tons. A significant factor behind Brazil's record exports was China, which imported 924.7 thousand tons.

  Cotton prices in Brazil are likely to face downward pressure due to high ending stocks, limited global demand, and marginal global economic growth. However, the Brazilian real's devaluation against the US dollar could enhance export competitiveness, potentially stabilizing prices. Conab estimates that Brazil's 2024/25 cotton crop planted area may grow by 3 per cent, reaching 2 million hectares. Productivity is projected to decline by 3.1 per cent compared to the previous season, to 1,845 kilos per hectare. Total production for the 2024/25 crop is anticipated at 3.695 million tons, a slight decrease of 0.2 per cent from the prior season. Globally, USDA data indicates a 3.9 per cent rise in supply for the 2024/25 season, totalling 25.558 million tons. World cotton consumption is projected to increase by 1.3 per cent in the same period, reaching 25.211 million tons.

POWER

China's renewable energy hits record 56% capacity, 86% of new power

- The renewable energy accounted for 86 per cent of China's newly installed power capacity in 2024, while its total installed capacity hit a record high, accounting for 56 per cent of the country's overall capacity, according to the National Energy Administration (NEA). China's renewable energy sector added 373 million kilowatts of new installed capacity in 2024, an increase of 23 per cent year-on-year (YoY). Hydropower and wind power contributed 13.78 million kilowatts and 79.82 million kilowatts, respectively, while solar power grew by 278 million kilowatts, and biomass power by 1.85 million kilowatts, as per NEA's data reported by Chinese media.

  Renewable energy generation reached 3.46 trillion kilowatt-hours in 2024, an increase of 19 per cent year-on-year, contributing approximately 35 per cent of the total electricity output. Wind and solar power combined generated 1.83 trillion kilowatt-hours, a rise of 27 per cent from 2023, surpassing residential electricity consumption (1.49 trillion kilowatt-hours) and aligning with the tertiary industry's energy usage. The country's total renewable energy capacity reached 1.889 billion kilowatts by the end of 2024, marking a 25 per cent rise from the previous year. This included 436 million kilowatts from hydropower, 521 million kilowatts from wind power, 887 million kilowatts from solar power, and 46 million kilowatts from biomass power.

CHAT BOX

Labour

1. **Can the Enquiry Officer compel the witness to appear for an enquiry, as requested by the employer or delinquent employee?**

   The Enquiry Officer has no power to summon the witness (does not possess the authority of a court to secure the attendance of witness). However, the Enquiry Officer can send a request letter to the witness, at the behest of either the management or employee, to appear for the enquiry.

   Therefore, it is **not obligatory** for the Enquiry Officer to summon witnesses. Instead, the parties interested in presenting witnesses must arrange for their attendance.

2. **When the employees are habitually absent from work on the plea of not being well, what is the remedy available to the employer?**

   The right of the employer to get the employee examined by the medical practitioner of their choice is established under labour enactment and the employer has to bear the expenditure for the examination.

In the case of **employees covered under the ESI Act**, the employer can refer the employee concerned to the medical referee for medical check-up to assess the health condition, which has been preventing them from attending the work.

It has been held by the High Court that the **failure of the employee to get himself examined by the medical officer of the Government Hospital would amount to disobedience and the absence would thereby be treated as unauthorized**.

Ref: Sushil Kumar vs Presiding Officer, Labour Court, Ambala & other 2007 LLR page No.45 Punjab and Haryana HC.

3. **Can the employer provide two different sets of "Leave Standards", one for the staff and another for the operator?**

   An employer can provide different "Leave Standards" for different groups of employees. The supreme Court has long back held that it is perfectly justified.

   Ref: Indian Iron and Steel Company vs Workmen 1958 I LLJ p.no.260

4. **When the management provides transport facilities to its workers, can the facility be withdrawn citing escalating cost (increase in price of diesel)?**

   It is a well-settled law that any privilege extended to employees, whether through settlement, award, custom, or usage, the same **cannot be withdrawn** unless notice is given under Section 9A of the Industrial Disputes Act.

   The Bombay High Court has held that the withdrawal of bus facilities provided to workers, which was extended as part of a settlement, was not permissible.

   Ref: Jaysynth Dyechem Ltd. vs Dyes & Chemical Workers Union and other 1999 LLR 988 Bom HC. I LLJ 210 BOM.

5. In an enquiry the delinquent **employee admitted his misconduct but pleaded for lenient view, seeking not to impose capital punishment**. The management after due process of enquiry dismissed him from service. When the matter was referred to Labour Court, the court took a lenient view and **modified the capital punishment** on the ground that the employee himself admitted the guilt and is also a poor workman. Is this Order of the Labour Court justified?

   Capital punishment under the labour law means immediate dismissal or termination of employment, for very serious misconduct.

The Supreme Court held that the view taken by the Labour Court on the basis of leniency and poor condition of the employee was wrong and that such leniency amounted to misplaced sympathy.

Ref: Union of India and others vs Narain Singh 2002 III LLN p.no.22 SC.

GST

1. Factory owners are also into commercial construction activities (not linked with textile manufacturing). What is the **impact of GST on joint development of land (JDA) of commercial property**?

   Joint Development Agreement (area sharing or revenue sharing) is an arrangement between a developer (building contractor) and a landowner, where the landowner transfers the development rights of the land to the developer, while the developer undertakes the responsibility of developing the property.

   The implications of GST on JDA are as follows:

   Supply and Consideration: The transfer of development rights by landowners to the developers is considered as supply of Service, attracting GST.

   GST on Development Rights: Developers are liable to pay GST on the value of development rights at the time of completion or first occupancy, whichever is earlier – 18%.

   Reverse Charge Mechanism (RCM): Developer has to discharge the tax liability on or before transferring the property or first occupation whichever is earlier - 18% for ongoing project.

   Construction Services: The activity of construction of property by developers, subsequently handed over to landowners is a supply of Service, liable to GST.

   Input Tax Credit (ITC): Developers can claim ITC on inputs and input services used for construction, reducing the overall tax liability.

   Valuation: The valuation of development rights and constructed property must comply with GST valuation Rules (i.e) GST is to be paid on the transaction value. **Value of land shall be deemed to be one-third of the total amount charged and deducted from the consideration**.

   Ref: Schedule II & III of GST Act/ Notification No. 3/2019-CT (R) dated 29.03.2019
2. What is the status of the Tax amount paid by the assessee without demand being raised through a Show Cause Notice or Demand Notice **on the date of inspection/investigation/enquiry**?

- Considering the principles of natural justice, **refund can be obtained**, subject to approaching the High Court by way of Writ Petition.

- Show Cause Notice issued thereafter would be adjudicated to assess the violation, if any.

  Ref: Shiva Structures Pvt. Ltd Vs Union of India (Bombay)

3. When the **job-worked goods are detained by the Enforcement wing of GST department,** during transport of the processed goods to the factory from the premises of the job worker, for the reason that the **premises of the job worker is not registered as an "Additional place of Business",** can the proposal to impose a **penalty of 200% of tax payable** by the department be challenged?

- The Madras High Court has taken a view that "**Unless there was a variance between quantity in the invoice & the E-way bill and the actual seizure made**, the question of imposing penalty under Section 129(3) of CGST Act would be harsh under the given facts and circumstances of the case".

- **Non-registration as an "Additional place of Business" is considered to be a procedural irregularity**.

- The **Commissioner of Commercial Taxes, Tamil Nadu** has clarified as follows:

"9. **Circumstances where no penalty shall be levied by the Roving Squad:**

i. Where the amount involved in the offence is less than Rupees Five Thousand.

ii. **Where a mistake or omission in documentation is easily rectifiable and has been committed without fraudulent intent of gross negligence or is not backed up with any sort of malicious intent to evade taxes.**

iii. Where the issue relates to rate of tax, classification of goods, place of supply disputes, valuation of goods etc., instead of levying tax and penalty on the spot, these types of cases shall be referred to the assessment circle concerned for further action, without detaining the goods and conveyance. However, in respect of newly registered taxpayers where the roving squad officers are able to establish that the taxpayer had failed to file returns for two or more tax periods, this instruction would not apply and the vehicles of such taxpayers may be detained for further action, wherever appropriate."

Ref: Section 129 of GST Act / Circular No.10/2019, Q1/17253/2019 dated 31.05.2019 / M/s.Creamline Dairy Products Ltd Versus State Tax Officer (Mad).

4. The Supreme Court of India Suo Moto (on its own motion) directed **exclusion of the COVID period for the purpose of calculating limitation** in relation to all statutory filings (Returns/Refund Applications/Appeals/Recovery Proceedings) under any law including GST. What was the said period?

   Directions of Supreme Court given during Covid period for computing period of limitation by excluding the COVID period was **15.3.2020 to 28.2.2022**.

   Ref: Articles 141/142 of the Constitution of India/ Supreme Court Order dated 23.03.2020/ CBIC Circular No. 157/13/2021-GST dated 20.7.2021/Notification No. 13/2022 dated 5.7.2022/ Notification No. 9/2023 dated 31.3.2023/ Notification No. 56/2023 dated 28.12.2023/Notification No. 118/2023 dated 25.8.2023/ Notification No. 170/2023 dated 17.12.2023/ Notification No. 35/2020 dated 3.4.2020/ Notification No. 14/2021 dated 1.5.2021 and CBIC Instruction No. 2/2021, dated 22.9.2021.

5. If the landlord is unregistered and the tenant is registered, GST is liable to be paid by the tenant under reverse charge mechanism, with regard to **renting of commercial property.** Does the status continue as such even today?

   The liability to pay GST under RCM with regard to **renting of commercial property** is effective **from 10.10.2024.**

   To support Composition taxpayers (**majority of textile jobworkers fall under this category**), the RCM provision has been **amended as follows**:

   For Composition Taxpayers (turnover upto Rs. 1.5 crores per annum)

   - **Exclusion from RCM:** Composition taxpayers are no longer liable to pay GST under RCM for renting of immovable property services.

   For Registered Recipients (Non-Composition Taxpayers):

   - Registered taxpayers (not under composition) remain liable to pay GST under RCM for such transactions (renting) with unregistered supplier/landlord.

   Ref: Notification No. 07/2025-Central Tax (Rate) dated 16.01.2025

ARTICLE

Sustainability and Environmental Developments with Key Certifications in Textile Industries

By E.Gurumoorthi

Key Takeaways

The textile industry, a cornerstone of global trade and commerce, has long been a double-edged sword. While it drives economies and provides employment for millions, its environmental impact raises significant concerns. Addressing these challenges requires a shift towards sustainability—a journey demanding innovation, collaboration, and commitment.
The textile industry is one of the largest contributors to pollution and resource depletion globally. Key environmental challenges include:

1. Water Consumption and Pollution:

- The production of textiles, particularly cotton, consumes vast quantities of water. For instance, producing one kilogram of cotton requires approximately 20,000 litres of water.

- Textile dyeing and finishing processes contribute to water pollution, releasing harmful chemicals into rivers and streams.

- Washing synthetic textiles releases microplastics into water systems, which eventually enter waterways and oceans, harming aquatic life.

2. Carbon Emissions:

- The industry is a significant contributor to greenhouse gas emissions due to energy-intensive manufacturing processes and transportation.

3. Waste Generation:

- Fast fashion trends have exacerbated textile waste, with millions of tons of garments ending up in landfills annually.

4. Microplastics:

- Synthetic fibres such as polyester and nylon shed microplastics during washing, which eventually enter waterways and oceans, harming aquatic life.

Pathways to Sustainability

Transitioning towards a sustainable textile industry is not merely an option—it is a necessity. Here are key strategies:

1. Sustainable Raw Materials:

- Embrace organic and regenerative farming for natural fibres like cotton.
- Utilise recycled fibres and innovative materials such as bamboo, hemp, and bioengineered textiles.

2. Efficient Manufacturing Processes:

- Invest in waterless dyeing technologies and closed-loop systems to minimise waste.
- Transition to renewable energy sources to reduce carbon footprints.

3. Circular Economy Practices:

- Promote recycling and upcycling of garments to extend their lifecycle.
- Implement take-back programmes and design for durability and recyclability.

4. Certifications to Maintain Quality and Sustainability:

- Global Organic Textile Standard (GOTS): Ensures organic status and environmentally responsible manufacturing of textiles.
- OEKO-TEX Standard 100: Certifies products free from harmful substances.
- Bluesign Certification: Focuses on reducing environmental impact and ensuring safe chemical use.
- Fair Trade Certification: Promotes ethical labour practices and sustainable production.
- Cradle to Cradle Certified: Recognises safe, circular, and sustainable product design.
- ISO 14001: Provides guidelines for effective environmental management systems.

5. Policy and Regulation:

- Governments and international bodies must enforce stricter environmental regulations and incentivise sustainable practices.

6. Consumer Awareness:

- Educate consumers about the environmental impact of their purchasing choices and encourage them to support sustainable brands.

Table 1: Key Textile and Sustainability Certifications with Focus and Relevant Areas

The Role of Collaboration

Achieving sustainability in the textile industry requires collaboration across the value chain:

- Manufacturers must adopt cleaner technologies and ethical practices.
- Brands and retailers should prioritise transparency and sustainability in their supply chains.
- Consumers have the power to drive change by demanding eco-friendly products.
- Governments and NGOs can provide the necessary framework and support for sustainable initiatives.

Conclusion

The path to sustainability in the textile industry is challenging but attainable. By integrating environmentally conscious practices, fostering innovation, and engaging stakeholders, the industry can transform into a model of sustainability. This transformation is not just about preserving the planet for future generations but also about creating a resilient and equitable industry for all.

JUDGEMENTS

Labour

- As per Sec 12 of the POSH Act there is a provision to transfer the aggrieved woman or the respondent of the complaint to any other place upon recommendation of the internal committee or local committee. – MP HC
- The special incentive paid temporarily for bearing additional expenses during pandemic is not 'wages' under ESI Act- Del.HC
- No parallel prosecution when proceedings relating to an offence under the Factories Act are pending. -Karn.HC.
- When all the witnesses reside in one state and the complaint was also filed in the same state, the POSH enquiry cannot be conducted in another state. – Mad.HC.
- Retaining allowance is 'basic wages' under the EPF Act. - Bom HC.

- Interest imposed under Section 7-Q of the EPF Act cannot be waived of or reduced.-Ker.HC.

- No Interest on delayed gratuity if it was owing to employee's fault and authority's permission was taken. – Guj.HC.

- No relief when workman abandoned services and joined someone else during pendency of enquiry. - Supreme Court.

- The principle of 'first come - last go' is not applicable when employees were not similarly situated. -MP HC

CIRCULARS ISSUED DURING THE FORTNIGHT

Sl. No.	Circular No.	Date	To	Subject
1)	8/2025	17.1.2025	All Member Mills	DGFT allows the submission of Supplementary Claims under the incremental Exports Incentivization Scheme (IEIS) for FY 2013-14 – reg
2)	8-A/2025	18.1.2025	Member Mills in Tamil Nadu	Amendment to Tamil Nadu Panchayat Act, 1994 - Tamil Nadu Panchayat (Procedure for granting permission for establishment of factories/industries and installation of machineries) Rules 2024-reg
3)	9/2025	21.1.2025	All Member Mills	EPFO simplifies transfer of PF account – reg
4)	9-A/2025	22.1.2025	Member Mills in Tamil Nadu	Sustainability – fresh dates for Two-day training session on GHG and ESG Compliance – February 25-26, 2025 at SIMA Conference Hall, Coimbatore-reg
5)	9-B/2025	23.1.2025	Member Mills in Erode District	Poll day – Declaring public holiday on 05.02.2025 (Wednesday) – For the bye-election to Erode (East) Assembly Constituency– reg
6)	10/2025	23.1.2025	All Member Mills	Virtual Session on GST Amnesty Scheme (Waiver of interest & penalty) on 5th February 2025 – reg
7)	11/2025	23.1.2025	All Member Mills	EPFO - De-linking of erroneously linked Member IDs from UAN – reg
8)	12/2025	23.1.2025	All Member Mills	EPFO - Simplification of Joint Declaration Process – reg
9)	13/2025	24.1.2025	All Member Mills	Refixation of Annual Average Export Obligation for EPCG Authorisations for the year 2023-24 – Reg
10)	13-A/2025	28.1.2025	Member Mills in Tamil Nadu	Rationalization of the Building Plan Approval fees into a single head fee for various categories of development – fixation of charges – reg