sima

Fortnightly

E-REVIEW

Vol. XIX | No.23 | February 1-15, 2025

NEWS HIGHLIGHTS

- INDIA BUDGET 2025-26: TAX RELIEF MAY BECOME BOON FOR APPAREL RETAILERS
- INDIA'S TEXTILE EXPORTS TO GAIN MOMENTUM IN FY26: IND-RA
- RAJASTHAN AIMS TO ATTRACT TEXTILE INDUSTRY, SHOWERS INCENTIVES
- GLOBAL TEXTILE INDUSTRY SHOWS SIGNS OF RECOVERY AMID CHALLENGES

MEETINGS

SIMA Secretary General meets TN Govt officials

- SIMA Secretary General, Dr.K.Selvaraju met Mrs.R.Lalitha, IAS., Director of Textiles, Government of Tamil Nadu and Mrs. R. Tamilarasi, Additional Director of Handlooms at Chennai on 6th February 2025 and discussed about the proposed new Tamil Nadu Textile Policy.

Workshop on Leverage Business growth through New Labour Codes held – Preparation for adopting new Labour Legislation

- The Employers Federation of Southern India (EFSI), Chennai, in association with The Southern India Mills Association, conducted a one-day workshop on 08.02.2025 on the four new labour codes at the SIMA premises. Around 80 participants from 52 organizations attended the workshop. The session was handled by industry experts, including Mr. A. Aravamudhan, CHRO (Retd), Lucas TVS & Associates; Mr. Srinageshwar, Senior Vice President - Group Industrial Relations, Simpson & Group Companies; Ms. Swathika Rathnachalam, Senior Associate, Agam Legal; and Dr. P. Willington Jebaraj, Consultant.

Speakers on the Dais

Dr K Selvaraju delivering Welcome Address


Dr Willington Jebaraj addressing the session


Mr. A. Aravamudhan, CHRO (Retd), Lucas TVS & Associates addressing the session


Ms. Swathika Rathnachalam, Senior Associate, Agam Legal addressing the session


Srinageshwar, Senior Vice President - Group Industrial Relations addressing the session


Group photo of organizers, speakers & participants

The workshop was inaugurated/felicitated by Dr. K. Selvaraju, Secretary General, SIMA; Mr. K. Manickam, Secretary General, EFSI; and Mr. B. Lakshminarayana, Managing Director, M/s Van Tex Private Limited. The speakers stressed the importance of preparedness for the new labour codes, highlighting the need for compliance, as well as the advantages and disadvantages that will arise once the codes are implemented. The participants provided excellent feedback and requested a detailed session once the codes are launched. SIMA is taking all necessary steps to educate the members from time to time, more specifically since there is an expectation that the Codes will be implemented from the next fiscal.

SIMA Secretary General meets Govt officials

- SIMA Secretary General, Dr.K.Selvaraju met Mr Arvind Subramanian, the former Chief Economic Advisor to the Govt of India, who is now associated with the Industries Department of Government of Tamil Nadu. Dr Selvaraju also met the Chairman and Managing Director of Guidance Bureau and Mrs.R.Lalitha, IAS, Director of Textiles, Government of Tamil Nadu on 12th February 2025 and discussed the challenges faced by the Tamil Nadu textile industry, especially on QCO.

Bharat Tex 2025

- SIMA office-bearers, former Chairmen and Committee members along with Secretary General were present at the inaugural function of Bharat Tex 2025 held on 14th February 2025 at New Delhi. During the course of the event, they have met the officials of the Ministry of Textiles and discussed the issues confronting the textile industry.

TEXTILE SCENE

India Budget 2025-26: Tax relief may become boon for apparel retailers

- When India's Finance Minister, Nirmala Sitharaman, announced significant income tax relief in her Union Budget 2025-26 speech, she was undoubtedly aware of its potential to boost various economic sectors and the overall economy. Garment retailers share this view, expecting that increased disposable income among the middle and lower classes will drive consumer spending on apparel, benefiting the entire textile value chain. Gautam Singhania, Chairman & Managing Director, Raymond Group stated, "The decision to exempt income tax up to ₹12 lakh is a game-changing reform that boosts India's middle class by increasing disposable income. This is expected to drive household spending—an essential growth engine for sectors like retail and real estate. Higher discretionary spending signals economic vitality, fuelling consumption-led growth and strengthening market dynamics. The Budget builds on this reform with targeted measures to fortify manufacturing, MSMEs, and domestic consumption. Enhanced credit access, sector-specific incentives for textiles and apparel, and streamlined compliance are set to boost industrial output. With the middle class now driving nearly 60 per cent of domestic consumption, rising purchasing power is likely to accelerate demand for aspirational and premium products. This holistic strategy positions the economy for sustained expansion by creating a strong synergy between consumer spending, industrial growth, and workforce empowerment."

Sumit Arora, President (Apparel), at garment retailer Fab India Ltd said, "We welcome the government of India's initiatives towards textile and cotton manufacturing. The Mission for Cotton Productivity will empower cotton farmers to improve production, sustainably. Further, special emphasis on boosting domestic production of textiles through different initiatives is a significant step towards strengthening 'Make in India' mission. We are confident that these new initiatives from the budget coupled with existing programmes like the Pradhan Mantri Vishwakarma Scheme will empower both the artisans and the textile industry at large." Ramesh Kapoor, Chief Financial Officer of garment retailer Numero Uno Clothing Ltd commented, "The budget presents a forward-looking approach to economic growth, with a clear emphasis on sectors like agriculture, rural economy, and renewable energy. From a retail sector perspective, the budget's focus on boosting consumption through higher personal income tax exemptions and greater relief for senior citizens is a welcome move. This will undoubtedly increase disposable income and drive retail demand. Overall, the budget's balanced approach to fiscal consolidation and consumption growth sets a positive tone for the retail sector and the broader economy, laying the foundation for sustainable growth in the years ahead."

Amar Nagaram, Co-founder & CEO, VIRGIO, said, "The budget's focus on fostering innovation, empowering MSMEs, and strengthening India's digital economy is a step in the right direction. The five-year Mission for Cotton Productivity will strengthen raw material supply chain. Incentives for sustainable manufacturing and circular economy initiatives validate the growing shift towards responsible fashion. The significant enhancement of credit availability with guarantee cover for start-ups will provide crucial support for emerging businesses, while also generating employment opportunities. A progressive policy framework that supports startups will accelerate India's journey to becoming a global hub for innovation and conscious consumption." Sanjay Vakharia, Founder and CEO, Spykar commented, "The budget leaves more money in the hands of the salaried person, boosting spends on discretionary items. Textiles, being one of the biggest discretionary areas, will benefit from added spends. Domestic industry will also benefit from flat duty structure on knitting fabric imports. Under invoicing will be under check in this environment." Achint Setia, CEO of online marketplace Snapdeal stated, "This budget is welcome news for crores of Indians in the middle- and lower-income brackets. By leaving more money in their hands and encouraging savings and investments, the budget is likely to add a strong push to retail consumption and economic growth."

KV Srinivasan, Executive Director and CEO, Profectus Capital Private Limited said, “The budget has provided a significant boost to the MSME sector by significantly raising the thresholds for capital investment and turnover criteria for classification as Micro, Small, or Medium enterprises. Combined with the enhanced credit guarantee scheme, this move is expected to drive increased capital investment. This would help MSMEs to modernise and expand their operations. Improved credit flow for startups is also a very welcome move. With the personal tax burden also coming down sharply, the increased consumption power should help increase the overall demand for goods and services from MSMEs.” Dhiresh Bansal, Chief Financial Officer at Meesho said, “We welcome the Budget 2025-26 for its strong push for MSME growth, digital commerce, and boosting consumption for mass Indians. Increasing the investment and turnover limits for MSME classification is a game-changer that will drive scale, innovation, and job creation. The big boost for sectors such as toys, footwear and many others will lead to improved domestic capabilities in manufacturing and exports. We also wholeheartedly welcome the paradigm shift in income tax, which will allow many more mass Indians to fulfil their aspirations. We at Meesho, remain committed to empowering millions of small entrepreneurs and look forward to the long-term impact of these reforms."

Textile industry looks for transformation ahead

- India’s Union Budget 2025-26 has encouraged the textile industry, especially yarn and fabric manufacturers, through multiple provisions. Textile companies expect a transformative course for the country’s textile industry, stating that the key initiatives will not only enhance quality and sustainability but also boost competitiveness in the global market. Vinay Thadani, CEO, Vishal Fabrics Limited commented, “The Union Budget sets a transformative course for India’s textile industry, highlighting a commitment to strengthening manufacturing and boosting exports. Key initiatives, such as the Mission for Cotton Productivity, promise to revolutionise cotton farming, enhancing quality and sustainability, will have a direct positive impact on the textile sector, ensuring a steady supply of raw materials for domestic manufacturers. Additionally, the introduction of ‘BharatTradeNet’ (BTN) provides a unified platform to streamline trade documentation and financing, ensuring smoother integration with global supply chains.

  He said that with increased investment limits for MSMEs and a simplified tax regime, the budget paves the way for growth and competitiveness. The support for textile exports through export credit, cross-border factoring, and regulatory enhancements will foster international market penetration. As domestic consumption also gets a boost with tax relief for middle-income groups, the overall ecosystem for growth and sustainability in the textile sector is well-supported. Kulin Lalbhai, Chairman, CII National Committee on Textile & Apparel; and Vice Chairman, Arvind Ltd commented, “The revision of Basic Customs Duty (BCD) rates on knitted fabrics is a decisive step that will enhance domestic manufacturing competitiveness, attract greater investments, and drive export expansion. Additionally, the launch of the Cotton Productivity Mission, aligned with the 5F vision, will significantly boost extra-long staple fibre production, improve cotton quality, and strengthen India's position as a global leader in textiles and apparel.

Rajeev Gupta, CEO of prominent yarn and knitting fabric manufacturing company RSWM Ltd stated, "The Budget introduced key reforms to promote domestic production of technical textile products such as agrotextiles, geotextiles and medical textiles at competitive prices. The inclusion of two more shuttle-less looms in the list of fully exempted textile machinery is a progressive step towards expanding production capacity in textile manufacturing. The government's emphasis on Atmanirbharta through increased indigenous textile production aligns well with the proposed revision of the BCD rate on knitted fabrics across nine tariff lines. The government's commitment to providing technical and R&D support for cotton farmers under the 5-year mission is a welcome move. This initiative is expected to improve cotton farming efficiency and promote diverse cotton varieties."

Ankit Jaipuria Co-founder of clothing manufacturing company ZYOD said, "This year's budget takes meaningful steps towards strengthening India's manufacturing and export ecosystem, with a clear focus on productivity, innovation, and global reach. The focus on boosting cotton productivity, setting up a digital public infrastructure for international trade, and launching an Export Promotion Mission with sector-specific targets is a transformative step for India's manufacturing and export ecosystem. The deep tech fund and extended incorporation benefits for startups will further fuel innovation across diverse sectors. We are particularly optimistic about the National Manufacturing Mission and the voluntary scheme for exporters and importers, which will strengthen India's position in global supply chains and boost domestic manufacturing. Collectively, these initiatives will drive economic growth and create a robust ecosystem for MSMEs and startups to thrive." Ritesh Khandelwal, Co-founder, ZYOD commented, "The budget brings a much-needed boost for MSMEs, making it easier for small businesses to access credit and scale up. Expanding the credit guarantee cover for MSMEs, increasing investment and turnover limits, while introducing customised credit cards for micro-enterprises will provide vital financial support."

Mixed trend in south Indian cotton yarn market, prices ease in Mumbai

- The cotton yarn trade in South India has shown mixed trends. The Tiruppur market has experienced a slightly higher demand for cotton yarn, although its prices have remained stable. In contrast, the Mumbai market has seen weaker demand, and cotton yarn prices have decreased by ₹2-3 per kg in the last few days. Market sources have indicated that payment issues are likely to persist until the end of the current fiscal in March. The slow payment flow is impacting the purchasing capacity of cotton yarn consumer industries. Reduced demand for fabric and garments has also discouraged cotton yarn purchases. However, traders expect that cotton yarn prices might rise in April when the new fiscal 2025-26 begins. The Tiruppur market has seen better yarn demand following recent increases in cotton prices. However, increased buying has not led to higher cotton yarn prices. A trader from the Mumbai market told Fibre2Fashion, “Higher cotton prices have given spinning mills a reason to increase yarn prices. Mills may raise their selling prices when market conditions are favourable, but payment conditions are still challenging and may not improve until the end of the current fiscal.”

In Tiruppur, knitting cotton yarn prices were noted as 30 count combed cotton yarn at ₹255-263 (approximately $2.94-3.03) per kg (excluding GST), 34 count combed cotton yarn at ₹264-271 (approximately $3.04-3.12) per kg, 40 count combed cotton yarn at ₹276-288 (approximately $3.18-3.32) per kg, 30 count carded cotton yarn at ₹235-240 (approximately $2.71-2.76) per kg, 34 count carded cotton yarn at ₹240-245 (approximately $2.76-2.82) per kg and 40 count carded cotton yarn at ₹248-253 (approximately $2.86-2.91) per kg.

The Mumbai market has experienced weak demand for cotton yarn as buyers face payment constraints due to SME payment rules. Prices have decreased by ₹2-3 per kg as buyers seek more attractive prices. According to market sources, mills and stockists are offering higher discounts to sell cotton yarn. Finding potential buyers has become an uphill task for mills and stockists. In Mumbai, 60 carded yarn of warp and weft varieties were traded at ₹1,430-1,470 (approximately $16.47-$16.93) and ₹1,320-1,360 per 5 kg (approximately $15.20-$15.66) (excluding GST), respectively. Other prices include 60 combed warp at ₹325-330 (approximately $3.74-$3.80) per kg, 80 carded weft at ₹1,440-1,500 (approximately $16.59-$17.28) per 4.5 kg, 44/46 carded warp at ₹262-272 (approximately $3.02-$3.13) per kg, 40/41 carded warp at ₹271-274 (approximately $3.12-$3.16) per kg and 40/41 combed warp at ₹278-284 (approximately $3.20-3.27) per kg, according to trade sources.

In Gujarat, cotton prices have slightly decreased by ₹200-300 per candy of 356 kg. Slow purchasing by spinning mills and a weakening trend in ICE cotton prices have contributed to this decline. The Cotton Corporation of India (CCI) has stopped purchasing seed cotton from farmers due to a technical issue in its purchasing system. However, its purchases have nearly reached around 90 lakh bales and may reach 100 lakh bales this season. Traders have noted that cotton prices were almost stable amid limited buying, but they may increase in the coming months as CCI has already secured a large quantity of cotton this season. It will be available at approximately 10 per cent higher prices only during the off-peak season.

Cotton arrival was estimated to 22,000-28,000 bales of 170 kg in Gujarat and 130,000-135,000 bales in the country. The benchmark Shankar-6 cotton was quoted between ₹52,800-53,300 (approximately $608.16-$613.92) per candy of 356 kg, while southern mills were looking to buy cotton at ₹53,700-54,000 (approximately $618.53-$621.98) per candy. Seed cotton (Kapas) was traded at around ₹7,500-7,625 (approximately

$86.39-$87.83) per quintal. Cotton arrivals were estimated at 22,000-28,000 bales of 170 kg in Gujarat and 130,000-135,000 bales nationwide. The benchmark Shankar-6 cotton was quoted between ₹52,800-53,300 (approximately $608.16-$613.92) per candy of 356 kg, while southern mills were looking to purchase cotton at ₹53,700-54,000 (approximately $618.53-$621.98) per candy. Seed cotton (Kapas) was traded at around ₹7,500-7,625 (approximately $86.39-$87.83) per quintal.

India's textile exports to gain momentum in FY26: Ind-Ra

❖ India Ratings and Research (Ind-Ra) has maintained a neutral outlook on the overall textile sector for fiscal 2026 (FY26), expecting continued year-on-year (YoY) improvement in export volumes. The export demand growth, particularly from quarter three of fiscal 2025 (Q3 FY25) onwards, is set to be driven by restocking in key importing nations and a shift towards India under the China-Plus-One sourcing strategy. Ind-Ra anticipates India's textile exports to gain momentum over FY26, benefitting from growing demand in major markets such as the European Union, the United States, and the United Kingdom. Additionally, geopolitical issues in Bangladesh and increasing US tariffs on other exporting countries are expected to bolster India's market share in the global textile space, the domestic rating agency noted. Cotton prices are expected to remain firm amid an anticipated domestic supply deficit in 2024-25, driven by lower production and sustained consumption. The Indian government has raised the minimum support price (MSP) for cotton by 7 per cent to 8 per cent in June 2024.

The Cotton Corporation of India (CCI) has been actively procuring large volumes to stabilise prices and may offload inventory later in the season to prevent sharp domestic price hikes. Despite an 11 per cent import duty on raw cotton, imports could increase due to softening global cotton prices amid a surplus international crop. Ind-Ra forecasts a decline in India's cotton yarn export volumes in fiscal 2025 (FY25) and FY26 due to domestic supply constraints and steady local demand. Meanwhile, yarn imports may rise to bridge the supply gap. The ongoing political instability in Bangladesh may also impact India's cotton yarn exports, as Bangladeshi importers seek to diversify their supplier base and prioritise domestic consumption if export orders rise. India's domestic textile demand is expected to grow at 9 per cent to 10 per cent YoY in FY26, driven by an estimated 7 per cent rise in private final consumption expenditure. However, elevated spreads between cotton and man-made fibres (MMF) are likely to encourage partial demand substitution towards MMF textiles.

While the first half of FY25 may see subdued export demand and lower margins, Ind-Ra expects an overall improvement in EBITDA margins in FY26, supported by stable raw material prices, better gross margins, and increased capacity utilisation. The liquidity profile of key industry players remains strong, bolstered by healthy operating cash flows. Ind-Ra highlights the need for enhanced government support to drive investments in infrastructure and downstream capacities to maintain India's global textile competitiveness. Integrated downstream players are positioned better than upstream counterparts in securing incremental orders. Ind-Ra has maintained a stable rating outlook for FY26, with the expectation that increasing export volumes from Q3 FY25, along with strong domestic demand, will support industry growth. Credit metrics are projected to improve marginally in FY26, as absolute EBITDA rises despite high capital expenditures by most players.

Rajasthan aims to attract textile industry, showers incentives

❖ Indian states are aggressively competing to attract more investment in the textile and apparel sector. The country's western state, Rajasthan, has also joined the race by announcing multiple incentives and rebates in its new textile policy. For the first time, the state has incorporated garment manufacturing into its textile policy. The aim is to attract an investment of ₹40,000 crore (~$4.57 billion) over the next five years. It is to be noted that Tamil Nadu, Telangana, Andhra Pradesh, Maharashtra, Gujarat, Bihar, Uttar Pradesh, and several other states have announced increasingly lucrative policies to attract investment in the textile and apparel sectors. Last week, the Rajasthan Cabinet approved a new textile and apparel policy. The cabinet meeting, chaired by Chief Minister Bhajan Lal Sharma, marked the first time garment manufacturing was incorporated into the policy. It is expected to attract an investment of ₹10,000 crore (~$1.14 billion) in garment manufacturing.

The state government has announced it will provide investment subsidies, capital subsidies, turnover-linked incentives, and other asset creation incentives as top-ups like employment boosters, anchor boosts, and regional anchor boosters. Additionally, the government will provide a flexible land payment facility, tax reimbursement, a mother ancillary ecosystem incentive, subsidies for electricity, green solutions, freight, and intellectual property rights (IPR). It will also encourage industries to engage in skill and training, support private textile and apparel park developers, and specifically target micro, small, and medium enterprises (MSMEs). The state is already known for its traditional handloom and textile handicrafts. Now, it has prioritised large-scale technological textiles production. Research and development incentives have been provided to produce high-performance technical textiles.

The scheme aims to support the development of greenfield private industrial parks for the production and processing of clothing and textiles. Incentives under the Rajasthan Private Industrial Park Scheme 2025 will be available to the parks for textile and apparel. Earlier, members and office bearers of the Garment Exporters Association of Rajasthan (GEAR) met with Rajasthan Industries Minister Rajyavardhan Singh Rathore to discuss the proposed policy. They asked for the inclusion of Jaipur garment manufacturers within the umbrella of the One District One Product (ODOP) programme as well as in the new policy.

GLOBAL TEXTILE SCENE

Global textile industry shows signs of recovery amid challenges

- The ITMF's 30th Global Textile Industry Survey conducted in January 2025 reveals a cautiously optimistic outlook amid ongoing challenges in the textile value chain. While the overall global business balance remains negative at -15 percentage points (pp), the trend has been on an upswing since November 2024, especially in South America, which shows a positive balance of +21pp. Notably, garment manufacturers have also turned positive, registering a balance of +3pp. Looking ahead, optimism is growing with 43% of survey participants expecting improved conditions in the next six months, lifting the global outlook to a positive balance of +29 percentage points. Regions like South America and producer groups such as spinners, which report a balance of +46pp and +45pp, respectively, are leading this sentiment.

  Order intake continues its steady recovery with January 2025 figures showing a balance of –6pp after 14 months of progress. South Asia and South America post strong positive performances, but home textile is the only segment with a positive balance. Meanwhile, the global order backlog has risen to 2.5 months, with North & Central America at 2.9 months, indicating increased demand despite persistent concerns. Challenges persist as global capacity utilization rate slips to 72%, even though it remains above previous lows. The survey also highlights ongoing worries over weak demand and geopolitical risks, with high energy and raw material prices adding to industry pressures. However, order cancellations have stayed low and stable, and overall inventory levels have remained relatively unchanged.

Sri Lanka's garment exports up 4.9% to $4.6 bn in 2024

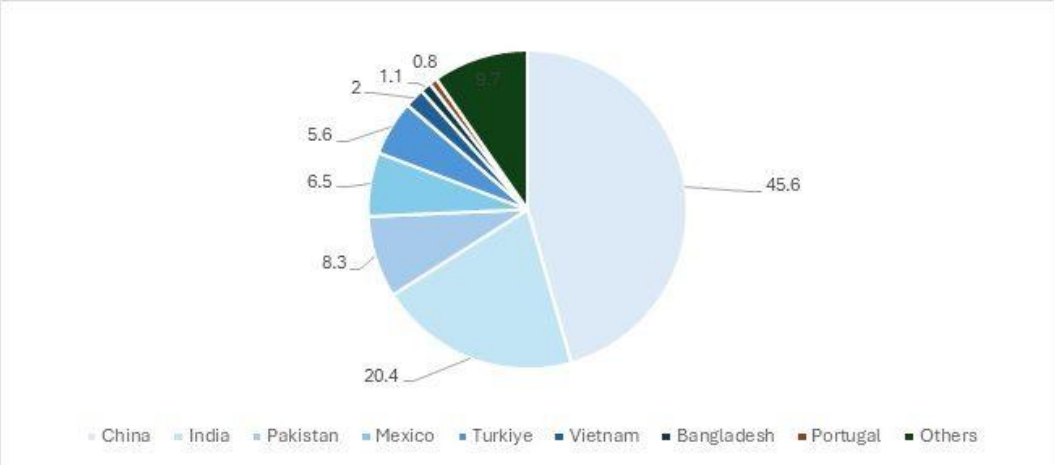
- Garment exports from Sri Lanka reached $4,660.1 million last year (2024), reflecting a 4.9 per cent increase compared to the $4,440.6 million exported in 2023, according to statistics released by the Central Bank of Sri Lanka. During 2024, textile exports from Sri Lanka declined by 12.9 per cent, totalling $294.5 million. During the same period, exports of other manufactured textile articles rose by 6.3 per cent, amounting to $106.4 million, as reported in the Central Bank's publication titled 'External Sector Performance – December 2024'. The combined exports of textiles, garments, and other manufactured textile articles accounted for 50.88 per cent of all industrial exports from Sri Lanka during this period. Total textile product exports amounted to $5,061.0 million in 2024, while Sri Lanka's overall industrial exports were valued at $9,946.9 million for the same period.

  In December 2024, textile and garment exports rose by 1.7 per cent year-on-year, reaching $447.6 million. By category, garment exports saw an increase of 2.0 per cent, totalling $415.8 million, while textile exports declined by 3.6 per cent to $23.0 million. Exports of other manufactured textile articles increased by 4.6 per cent, reaching $8.8 million. Regarding imports, textiles and textile articles saw a 20.1 per cent rise, totalling $2,847.1 million, while imports of clothing and accessories increased by 32.9 per cent, amounting to $225.8 million in 2024. In December 2024 alone, imports of textiles and textile articles rose by 37.9 per cent to $252.6 million, while imports of clothing and accessories surged by 66.0 per cent year-on-year, reaching $25.0 million. In 2023, Sri Lanka's garment exports were valued at $4,440.6 million, a 19 per cent decrease from the $5,483.1 million exported in 2022. Meanwhile, imports of textiles and textile articles dropped by 22.6 per cent to $2,371.2 million, and imports of clothing and accessories declined by 21.1 per cent, totalling $170.0 million in 2023.

Opportunities & strategies for India in US home textiles market

- Currently, India stands second in the suppliers of home textiles to the US. India's home textiles have been applauded for being of superior quality as well as durability. India has a diverse product profile within home textiles, with bedsheets and terry towels being the most sought after. The US accounts for one-third of India's total exports of home textiles and Trump's new tariffs would likely bring India into the forefront beating the current leader, China. However, the US might also concentrate on its domestic home textiles sector, eating up a significant portion that could have gone to India's home textiles.

Exhibit 1: US's leading suppliers of home textile goods (in %)

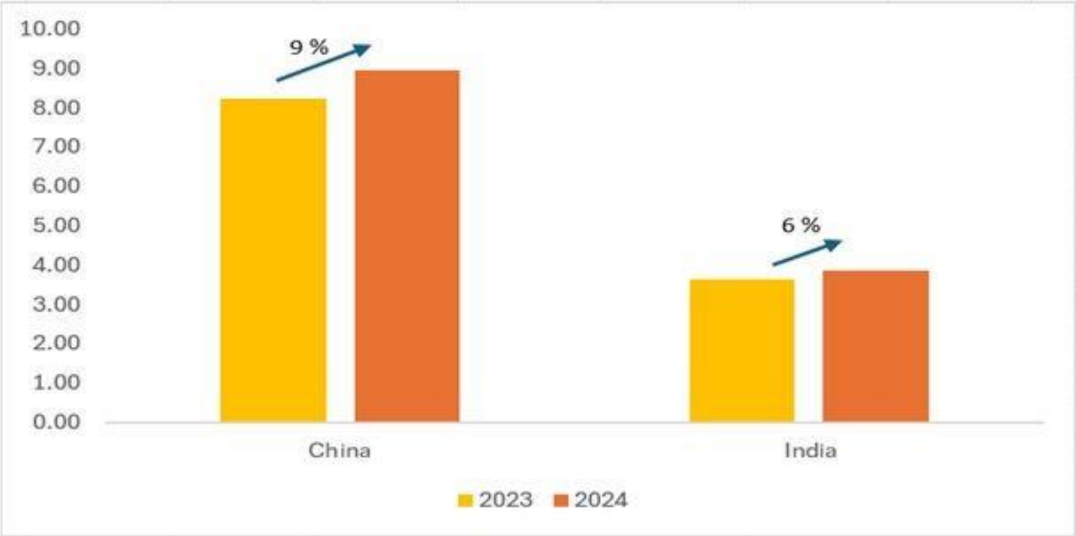


Source: ITC Trade map, F2F Analysis

Exhibit 1 shows the percentage of shares occupied by the top 10 countries exporting home textile products to the US. China particularly excels due to its high economies of scale and being a particularly high importer of both textile machinery and textile intermediate products like high-grade cotton which goes into the manufacturing of home textiles. India, on the other hand, has domestic access to high-quality cotton as well as established home companies such as Welspun and Trident which are forefront players in the home textiles industry. In addition, traditional handiwork also attracts several takers in developed markets due to their distinct quality and durability.

Current Trends

Exhibit 2: China and India's growth in CY 2024 (Jan-Nov) (in %)



Source: Trade map

Current trends for CY 2024 (Jan-Nov) suggest a growth in the exports from both China and India. However, China leads in the race not only by absolute numbers but also by growth percentage which is currently at 9 per cent for China and 6 per cent for India. Current trends are necessary to understand not only India's absolute numbers but also to understand their current growth status. Overall, the US witnessed a higher demand for home textiles, whose imports increased from $18 billion CY 2023 to $19.2 billion in CY 2024. However, China's growth in the sector might be halted due to the induction of tariffs in CY 2025.

Product Analysis- China vs India

India reigns supreme in carpet exports compared to China, however, if India wants to benefit from the tariffs (proposed) imposed on China, India will have to resort to levelling up its supply in select home textile products where China currently holds a major share. However, there are certain products in which India supposedly has had competition with China for several years based on the export similarity index.

Table 1: China and India's competing products in Home Textiles

HS Code	Product Name
630260	Toilet linen and kitchen linen, of terry fabrics (cotton)
630790	Made-up textile articles (incl. dress patterns)
630231	Cotton bedlinen (excl. printed, knitted, crocheted)
570500	Carpets and textile floor coverings
630232	Man-made fibre bedlinen (excl. printed, knitted, crocheted)

Source: F2F Analysis

Table 1 shows the probable products where India can take up a significant chunk of China's exports to the US. Both India and China highly compete in these products. India, despite its dominance in cotton production, faces steep competition from China in toilet and kitchen linen, and cotton bed linen. However, India would have the opportunity to do well in the man-made fibre bedlinen category if the US imposes high tariffs on Chinese home textiles. India has the ability to capture an additional 30 share of China's loss in home textiles sector.

Table 2: China and India's unit rates in CY 2024 (in $)

Reporting Country	Partner Country	Unit	Unit Rate ($)
United States	China	NO	1.08
United States	India	NO	2.55
United States	China	KG	3.94
United States	India	KG	2.81
United States	India	M2	13.17
United States	China	M2	5.23
United States	China	DOZ	19.92
United States	India	DOZ	115.42

Source: TexPro, F2F Analysis

India has comparatively higher unit rate numbers currently than China when exporting to the US. This could be due to China's continuous efforts to depreciate the yuan. China would continue depreciating the currency now that Trump is back in power. The Indian exports, on the other hand, suffer from high importing prices. India is not able to sell at higher prices due to its inability to produce at the economies of scale on which China currently operates.

How can India benefit from the upcoming tariff increase?

India has held a prominent position in supplying home textiles to the US. However, to utilise fully the gap that will be left by the Chinese home textile products, India will have to take the following steps to boost its exports:

- Involve China in the supply chain: India's intermediate products have higher prices compared to China, making it difficult for finished goods manufacturers of home textiles to sell at lower prices. China would now concentrate on other bigger markets, including India, where demand is abundant. India needs to make use of this by reducing its Quality Control Orders (QCOs) on certain intermediate products which might be of use in home textile production.

- Develop man-made fibre capabilities: India's dominance of cotton products can be harmful in the long-term. Given China's thriving man-made fibre-based home textile market, India has now the ability to concentrate on its MMF sector. The PLI scheme, in particular, would be beneficial for upgrading the MMF sector.

- Invest more in infrastructural projects: India's higher priced products could also be courtesy of its lack of affordable freight costs and sensitivity due to global disruptions. India saw an increase in its freight rates by 70 per cent across all its ports due to distressed geopolitical situations around the world. To reach the US faster and enhance trade routes, India should invest in direct maritime routes through the Suez Canal, strengthening port infrastructure at key hubs like Jawaharlal Nehru Port (Mumbai) and Chennai for quicker cargo handling. Establishing more direct air cargo flights between major Indian airports (Mumbai, Delhi, Bengaluru) and US destinations (like Los Angeles and New York) would cut transit time.

In conclusion, India has a significant opportunity to capture a larger share of the US home textiles market, especially with the impending tariff increases on Chinese products. By leveraging its strengths in cotton-based products, focusing on expanding its man-made fibre sector, and improving logistical infrastructure, India can position itself to benefit from China's potential loss in market share. However, it will be crucial for India to enhance its supply chain and competitive pricing strategies to fully capitalise.

Turkiye's fabric imports from Malaysia surges 20% to $128 mn in 2024

- Turkiye has shown interest in further strengthening trade relations, collaborations, and mutual investments with the countries of the Asia-Pacific region as President Recep Tayyip Erdogan visits Malaysia, Indonesia, and Pakistan. In terms of textile trade, Turkiye is a net importing country in the trade of fabric and ready-made garments with these Asia-Pacific countries. Malaysia was the largest fabric supplier among these three nations for Turkiye. Turkiye imported fabric worth $128.969 million from Malaysia in 2024, which was 20.75 per cent higher than the imports of $106.004 million in 2023. It's import from the nation valued at $106.424 million in 2022. Turkiye also imported fabric worth $96.476 million from Pakistan and $8.166 million from Indonesia in 2024. The imports from Pakistan decreased from $131.928 million in 2023 and $157.188 million in 2022. Turkiye's fabric imports from Indonesia remained negligible in the previous years. The European nation also exported fabric in limited quantities. Its fabric shipment was noted to be $20.575 million to Pakistan, $4.326 million to Malaysia, and $1.055 million to Indonesia in 2024.

  Turkiye was also a net importer with these nations for apparel trade. Its apparel imports from Pakistan were noted at $75.330 million in 2024, against the imports of $65.343 million in 2023 and $54.103 million in 2022. The country's apparel exports to Malaysia were valued at $17.500 million in 2024, $16.990 million in 2023, and $20.649 million in 2022. Its outbound shipment of apparel was negligible to Pakistan and Indonesia. In terms of home textiles trade, Turkiye is a net exporting country. Its exports of home textiles were noted to be $21.121 million to Malaysia, $7.762 million to Pakistan, and $5.839 million to Indonesia during 2024. The outbound trade to these countries in 2023 was recorded as $28.813 million, $5.554 million, and $5.554 million respectively.

ECONOMY

India likely to grow notably in 2025 with some moderation: BNP Paribas

- India is expected to continue developing at an impressive pace this year, albeit with some moderation, according to French multinational universal bank and financial services holding company BNP Paribas. The slowdown is due, in part, to weaker manufacturing activities, with new orders softening in recent months. India enjoys several structural drivers that will drive a rise in gross domestic product (GDP) over the long term. These include favourable demographics, improved governance, and high-value-added sectors contributing a larger share of economic activity, BNP Paribas said. Indian inflation is expected to edge lower in 2025, supported by adequate rainfall and a robust winter crop that will ease inflationary pressure from food prices. A trade war between the US and China could also have a disinflationary effect in India, as it could result in China redirecting cheaper exports to alternative countries, it noted.

  BNP Paribas expects most of Asia's central banks to cut rates two or three times this year. The depth of the cuts will depend on the specific circumstances of each economy, it noted. Subdued domestic demand, potential disruptions to global trade and limited room for fiscal stimulus all combine to make looser monetary policy an attractive option for policymakers in the region. But at the same time, the decision to further lower rates will be complicated by a challenging external environment. The Philippines is likely to deliver a cut of 75 basis points (bps), adding to a cumulative 75 bps reduction in the policy rate over the previous three meetings. Monetary policy in the Philippines is moving more independently from the US Federal Reserve than its regional peers, as concerns over domestic growth and inflation considerations are taking precedence for the central bank, BNP Paribas said in a note.

  It expects just a 25 bps cut in Thailand, even though the outlook for the local economy is weak. Last year's disbursement of THB145 billion ($4.3 billion) failed to boost consumption, banks are cautious to lend and the country's heavy reliance on exports makes it vulnerable to disruptions in global trade, it said. Among the economies that are expected to keep rates steady is Malaysia, where robust growth will be accompanied by modest inflationary pressures. The economy is firing on all cylinders, which means that although exports may suffer in a world of growing protectionism, domestic demand and investment flows will be able to pick up the slack. Throughout 2025, Asian economies will have to handle high levels of unpredictability in the trade outlook. Much of the uncertainty comes from US President Donald Trump's threat to impose tariffs on a number of its major trade partners.

  Even economies not directly targeted by these measures may face lower export demand due to the tariffs. The trade barriers will have a ripple effect along entire supply chains, as US demand for Chinese goods weakens and Chinese producers reduce purchases of both foreign and domestic inputs, BNP Paribas noted. The indirect exposure of Asian economies to US tariffs on Chinese goods can be assessed by looking at the value-added content of foreign inputs in Chinese exports to the US. By this measure, Taiwan, Malaysia, and Singapore are the most exposed. But if the US imposes tariffs directly on a broader range of economies, the impact will be much greater for export-dependent economies like Taiwan, Vietnam and South Korea, where exposure to US tariffs would be 9.7 per cent, 9.6 per cent and 6.2 per cent of GDP respectively. Countries like India and the Philippines that have the most domestically focused economies will be much less exposed.

RAW MATERIAL

CCI asked to select districts for cotton productivity trials

- The Cotton Corporation of India (CCI) has been tasked with identifying one district in each state for conducting cotton productivity trials, according to textile minister Giriraj Singh, who recently said in New Delhi that the government plans to expand the size of the country's textile market to $350 billion by 2030 from $176 billion now. Efforts are being intensified to boost cotton productivity by adopting global best practices, he said. While countries like Brazil, China, Australia and Russia produce 2,000 to 2,200 kg of cotton per hectare, India's average production is 450-500 kg per hectare.

  "I have told CCI to identify districts across states for cotton trial production. Now we will take Akola model to saturation mode," Singh was quoted as saying by Indian media outlets. The government aims at raising the number of textile jobs to 60 million from 45 million now, he said. He was confident that carbon fibre, a technical textile used in missiles, drones, etc., will be produced in the country by 2026.

POWER

India's power consumption up 2.7% to 137.49 BU in Jan 2025

- Power consumption in India rose by 2.7 per cent to 137.49 billion units (BU) in January this year as use of household heating appliances reduced due to above-normal temperatures. The country's mean temperature in January was 18.98 degrees Celsius, the third highest for the month since 1901, behind 1958 and 1990, the Indian Metrological Department (IMD) said. The growth of power demand as well as consumption will be subdued in February as well due to rise in temperature. Power consumption was 133.94 BU in January 2024, according to official data.

  Similarly, the highest supply in a day (peak power demand met) also rose to 237.30 GW in January this year from 222.32 GW in the same month last year, a news agency reported. The peak power demand touched an all-time high of about 250 GW in May 2024. Peak power demand is expected to touch 270 GW in summer this year, the government estimates. IMD has projected that most parts of India would experience above-normal temperatures and below-normal rainfall in February, following a warmer and drier January. The rainfall in February is likely to be below 81 per cent of the long-period average (1971-2020) of 22.7 mm as per IMD forecast.

PRESS RELEASE

Union Budget enhances global competitiveness for textile industry – SIMA

- The textile industry is the second largest employment provider of the nation, next only to agriculture that provides jobs predominantly to rural masses especially women to the tune of 110 million and the Government has set a vision of increasing the textile business size from the current level of USD 162 billion to USD 350 billion and the exports from the level of USD 35 billion to USD 100 billion by 2030. The NDA Government led by Hon'ble Prime Minister, Shri Narendra Modi having set a vision of 5Fs (Farm – Fibre – Factory – Fashion – Foreign) has been taking several pathbreaking initiatives to enhance the global competitiveness by addressing the structural issues. The Union Budget 2025-26 has again made few important announcements specific to textiles and several other announcements that would greatly benefit the textiles and clothing industry.

  In a press release issued at Coimbatore on 1st February 2025, Dr S K Sundararaman, Chairman, The Southern India Mills' Association (SIMA) that represents the entire textile value chain in South India since 1933, has welcomed the budget and stated that the various announcements made in the budget would enhance the global competitiveness of the textile industry. He has stated that cotton being the growth engine and strength of Indian textile industry accounting around 80% of the textile exports, the industry has been demanding for a Cotton Technology Mission supporting high yielding seed technology, adoption of global best agronomy practices, producing clean cotton and branding Indian cotton to benefit the farmers and the industry.

  The announcement of Rs.600 crores to improve productivity and sustainability of cotton, promote ELS cotton and best of science & technology to cotton farmer on a mission mode approach giving thrust for high yielding seeds to align with 5F Vision of Hon'ble PM is a step in right direction says SIMA Chairman. He has stated that the country was producing around 25 lakh bales of extra-long staple (ELS) cotton during 1980s when the crop was remunerative to the farmers and currently producing only around 5 lakh bales and the industry has potential to consume 30 lakh bales. He added that the industry is importing around 12 lakhs bales of ELS cotton having 32.5 mm and above and textile business size of the ELS cotton value chain is estimated at around Rs.60,000 crores per year and giving direct jobs to around 12 lakh people. He has pointed out that the value addition in the ELS cotton textile product is around ten times and has huge potential to boost export if the home-grown ELS cotton is made available.

SIMA Chief has stated that the Ministry of Agriculture and Ministry of Textiles have already been operating on a Special Project on cotton covering 15,000 hectares of land in all the leading cotton producing States focusing on High Density Planting and ELS cotton productivity improvements and the pilot projects have revealed that there is a scope to increase the productivity from 30 to 50 percent. He has added that at the initiative of Government, the Cotton Textile Export Promotion Council (TEXPROCIL) jointly with other employers organisations has already launched "Kasturi Cotton Bharat" and the high quality Indian cotton is getting branded.

SIMA Chairman has claimed that the predominantly MSME nature of textile industry would be benefited out of upward revision of MSME sales turnover criteria by two times the investment limit by 2.5 times and thereby become eligible to avail the various fiscal and non-fiscal supports extended for the MSMEs. He has added that the levy of 20% import duty or Rs.115/- per kg whichever is higher on knitted fabrics would curb the cheaper imports from China and other countries and increase the demand for fibres, yarns and fabrics produced indigenously. He has welcomed the extension of customs duty exemption on shuttlelesslooms, knitting, non-woven and garmenting machines including their parts, spares and accessories till 31.3.2027 from 31.3.2025 which would benefit the industry.

SIMA Chairman also welcomed the Export Promotion Mission facilitating easy access to export credit, cross border factoring support and support to tackle non-tariff measures such as sustainability and climate certifications, which would greatly benefit particularly the MSMEs. He has welcomed the various other announcements pertaining to credit guarantee scheme for MSMEs and the new mechanism for facilitating continuation of bank credit to MSMEs during their stress period, etc., skill development initiatives, infrastructure development schemes including maritime, non-conventional energy, power sector, etc. Dr Sundararaman has thanked the Hon'ble Prime Minister, Hon'ble Finance Minister, Hon'ble Agriculture Minister, Hon'ble Minister for Commerce and Industry and Hon'ble Minister for Textiles for the various announcements that would enhance global competitiveness.

CHAT BOX

Labour

1. **What is continuous service?**

   It is an **uninterrupted service including the service which is interrupted on account of:**

   Sickness or authorized leave or an accident or a strike which is not illegal or lockout or a cessation of work which is not due to any fault on the part of workmen.

The calculation of continuous services assumes importance both under the Industrial Disputes Act and Payment of Gratuity Act.
Ref : 25B of the Industrial Disputes Act

2. **If the workers of Simplex department of the spinning mill declare strike, can the workers of the Ring Frame/Winding departments (downstream departments) demand lay off compensation. When is the workmen not entitled to lay off compensation?**

   A workman is **not** entitled to lay-off compensation in the following circumstances:

   I. If he fails to present himself for work or report at the appointed time during normal working hours.

   II. If he refuses to accept alternative employment, either in the same establishment or in another establishment belonging to the same employer, situated within a 5-mile radius and such alternative employment does not require any special skill or previous experience.

   III. If the lay-off is due to a strike or slowing down of production on the part of workmen in another part of the establishment.

   Ref: 25E of the ID Act

3. **Are the terms "Occupier" and "Owner" the same?**

   No

   The term Occupier is defined under the Factories Act, 1948. Accordingly, **a person who has control over the day-to-day operations of the factory is considered to be the occupier** and he is responsible under the Factories Act, 1948 (could be company director or a designated manager). By virtue of the capital raised, a person in the business is considered as the owner.

   Hence, a person who has ultimate control over the factory is considered to be an occupier. The owner can be an occupier, but the occupier need not be an owner.

   The significance of the distinction lies in the fact that the Factories Act places the **primary responsibility for workers' health and safety, in addition to regulatory compliances on the "Occupier**".

4. **If an employee is paid a certain amount to do extra work on paid holiday, will that amount attract ESI contribution?**

   Yes

As per Sec 2(9)(b) of the ESI Act, 1948 payment made for the extra work done on paid holiday is to be treated as wages and this has been confirmed by the Calcutta High Court, thereby attracting ESI contribution. Ref: Kesoram Industries Ltd vs ESIC, 2015 LLR 1087 Cal HC.

GST

1. The Directorate General of GST Intelligence (DGGI), Central Board of Indirect Taxes and Customs (CBIC) has the power to summon a taxpayer for proposed GST violation. While online scams are on the rise in our country, is there chance of fraudsters issuing **fake and fraudulent summons for GST violations**? What are the precautions to be adopted by the assesses?

   Instances have been reported about fraudsters creating and sending fake summons to the taxpayers who may or may not be under investigation process of DGGI, CBIC.

   The fake summons closely resembles the original one, due to use of Department's logo and Document Identification Number (DIN).

   The government has clarified that taxpayers can easily verify the genuineness of any communication (including Summons) issued by any officer of CBIC by using the 'VERIFY CBIC-DIN' window on the CBIC's website https://esanchar.cbic.gov.in/DIN/DINSearch.

   In case of suspicion of bogus summons, taxpayers have been advised to immediately report to DGGI / CGST formations.

   Ref: Circular No. 122/41/2019-GST dated 5.11.2019 & Government Press Release dated 24.01.2025.

2. **What is the status of arrest provisions under GST Act?**

   Corporal punishments/imprisonment is imposable for high-value fraud related cases, the details are:

Tax amount involved in (Rs.)	100-200 lakhs	200-500 lakhs	Above 500 lakhs
Jail term	**Upto 1 year/Bailable**	**Upto 3 years/Bailable**	**Upto 5 years/non-Bailable**
Fine/monetary penalty	Imposable in all three cases		

Non-bailable offences include the following:

- Supplies of any goods/services without an invoice with intention to evade tax

- Issues any invoice without supplying any goods/services, thus taking input tax credit or refund by fraudulent means
- Collects GST but does not deposit it with the government treasury beyond a period of three months from the date on which such payment becomes due.

Ref: Sections 69, 76 & 132 of GST Act.

3. Can penalty be imposed on employees/Authorised Signatory/Taxation Manager for GST related violations?

No

Employees cannot be held liable for the employer's actions without clear evidence of personal involvement or benefit.

Ref: Sections 122(1A) & 137 of GST Act/ Judgement **of the Supreme Court of India in the case involving employees of M/s Maersk Line India Pvt. Ltd,** who were issued a show cause notice for a tax demand of ₹3,731 crores due to wrongful ITC claims - Union of India & Ors. Vs Shantanu Sanjay Hundekari & Anr.

4. My textile unit has filed the GST Annual Return (GSTR-9), but belatedly filed the Reconciliation Statement (GSTR-9C). Should late fee be paid? Is there any waiver for the late fee?

Every registered person whose aggregate **turnover during a financial year exceeds Rs. 5 crore rupees** must file the Reconciliation Statement (enables department to identify discrepancies and ensures the accuracy of GST declarations) along with the GST Annual Return.

Filing Annual Return without Reconciliation Statement is considered to be an incomplete / belated filing and is subject to penalty.

Penalty for belated filing is **late fee of Rs.200/- per day** during which the default continues (Rs. 100/- under CGST + Rs. 100/- under SGST), **capped to a maximum amount of .50%** (0.25% under CGST + 0.25% under the SGST) **of turnover in the State**.

CBIC has announced a waiver of late fees for filing Reconciliation Statement/ GSTR-9C for the financial years 2017-18 to 2022-23, if filed on or before 31st March 2025.

Ref: Notification No. 8/2025-CT dated 23.01.2025 & Circular No. 246/03/2025-GST dated 30.01.2025

5. On understanding that GST has to be paid for the transport of raw cotton, since the exemption that prevailed during the Service Tax regime was not extended under GST, **my unit voluntarily paid the GST on the said GTA transaction**. Consequently, a **Notice was issued demanding interest**

and/or penalty by the department. **Am I eligible for the waiver** under Section 128A of the CGST Act (waiver of interest and penalty if tax paid on or before 31.03.2025)?

Yes.

However, waiver is not applicable where interest is on account of delayed filing of Return or delayed reporting of any supply in the Return, i.e., self-assessed liability falling under Section 75(12) of the CGST Act.

ARTICLE

The Second-hand Clothing Trend: A Promising Solution to Reduce Waste?

Key Takeaways

The second-hand clothing trend is reshaping fashion by reducing waste, lowering carbon emissions, and promoting sustainability. Through thrift stores, online resale platforms, and circular economy models, it extends garment lifecycles and combats fast fashion's environmental impact. This shift reflects a growing commitment to eco-conscious consumption. In recent years, the rise of second-hand clothing has become a notable trend in the fashion industry. From vintage stores to online marketplaces, purchasing second-hand clothing has gained popularity among fashion enthusiasts. Beyond the allure of uncovering unique vintage finds, this shift reflects a deeper purpose: reducing waste and promoting sustainability.

As the fashion industry faces increasing scrutiny for its environmental impact, consumers are seeking alternatives to fast fashion. Second-hand shopping embodies a growing awareness of the need for sustainable practices. By opting for pre-loved items, individuals contribute to combating the throwaway culture that has long dominated the industry. This choice reflects a commitment to extending the lifecycle of garments, reducing demand for new production, and minimising textile waste. This trend is not solely about saving money or finding one-of-a-kind pieces; it represents a more conscious approach to consumption. Every item of clothing carries a story, from the resources second-hand in its creation to the hands that crafted it. Embracing second-hand fashion acknowledges these narratives while addressing pressing global issues like climate change and resource depletion. As a sustainable and impactful alternative, the second-hand clothing movement continues to reshape the way people approach fashion.

The Environmental Impact of Fast Fashion

Before understanding the benefits of second-hand clothing, it is essential to know why fast fashion is a problem. The fashion industry is one of the largest polluters globally. Here's how:

- Massive Resource Consumption: Producing clothes requires enormous amounts of water, energy, and raw materials. For instance, a single cotton T-shirt can use up to 2,700 litres of water1 — enough for one person to drink for 2.5 years!

- High Carbon Footprint: The manufacturing, transportation, and disposal of clothing release significant greenhouse gases, contributing to climate change.

- Textile Waste: In pursuit of the latest trends, consumers often buy more than they need. When these clothes go out of style, they are discarded, ending up in landfills where they take decades to decompose.

Microplastic Pollution: Many fast-fashion garments are made from synthetic fibres like polyester, which shed tiny plastic particles when washed. These microplastics end up in our oceans, harming marine life. Given this context, it is clear that the current fashion model is not sustainable. And it is here that the second-hand clothing trend comes in as a potential game-changer.

How the Second hand-Clothing Trend Helps Reduce Waste

The shift towards second-hand clothing is part of a broader movement called circular fashion. Circular fashion focuses on reusing, recycling, and repurposing garments instead of producing new ones. Here's how the second-hand clothing trend contributes to waste reduction:

1. Extending the Life of Garments

One of the simplest ways to reduce textile waste is to extend the lifespan of clothing. By buying second-hand, consumers give clothes a second, third, or even fourth life. This reduces the need for new garments, decreasing the demand for raw materials and lowering the environmental impact of production.

For example, a pair of jeans can take up to 7,000 litres of water2 to produce. When you buy a second-hand pair instead of a new one, you essentially save that amount of water.

2. Reducing Landfill Waste

Every year, millions of tons of clothing end up in landfills. By purchasing second-hand clothing, you are helping to reduce this staggering amount of waste. Instead of tossing unwanted clothes into the trash, consumers are now more inclined to donate, sell, or trade them. This keeps textiles out of landfills and promotes a more sustainable consumption cycle.

3. Lowering Carbon Emissions

The production of new clothing involves energy-intensive processes, including fabric manufacturing, dyeing, and transportation. By opting for second-hand clothes, you help decrease the carbon footprint associated with producing new garments. When a second-hand item is purchased, it requires no additional manufacturing or transportation, reducing the overall environmental impact.

4. Promoting Ethical Consumption

The second-hand clothing trend also addresses ethical concerns in the fashion industry. Fast fashion often relies on cheap labour in developing countries, where workers face poor working conditions and low wages. By buying second-hand, consumers are indirectly supporting a move away from exploitative practices. The focus shifts from mass production to mindful consumption, aligning with the principles of slow fashion.

The Rise of Thrift Stores and Online Marketplaces

The growing popularity of second-hand clothing has given rise to numerous thrift stores, consignment shops, and online platforms dedicated to second-hand fashion. Apps like Depop, Poshmark, and ThredUp have made it easier than ever to buy and sell second-hand clothing, reaching a wider audience and making second-hand fashion mainstream.

Thrift stores have also become treasure troves for fashion enthusiasts looking for unique, vintage pieces. The thrill of finding a one-of-a-kind item at a fraction of the original price has made thrifting an exciting experience for many.

Moreover, big brands are joining the movement by launching their own resale programmes. For example, Patagonia and Levi’s have introduced initiatives where customers can return their old clothes for store credit, which the brands then resell at discounted prices. This trend shows that even established brands recognise the demand for sustainable options.

Challenges of the Second-hand Clothing Trend

While the second-hand clothing trend is a promising step towards reducing waste, it is not without challenges:

1. Quality Concerns

Some consumers worry about the quality and durability of second-hand clothing. However, many second-hand items are in excellent condition, and some even come with tags still attached. The key is to inspect items carefully and buy from reputable sellers.

2. Stigma Around Second-hand Clothes

In some cultures, there is still a stigma attached to buying second-hand clothing. However, with the rise of influencers and celebrities promoting thrifting and vintage fashion, this perception is slowly changing. The focus is shifting from buying new to buying unique and sustainable.

3. Overconsumption in Thrifting

Ironically, the popularity of thrift shopping has led to a new form of overconsumption. Some consumers may buy second-hand clothes in excess, thinking it is a sustainable choice regardless of quantity. This mindset can lead to a similar problem of waste, even within the second-hand market.

Tips for Embracing the Second-hand Clothing Trend

If you are interested in exploring the world of second-hand clothing, here are some tips to get started:

- Shop Mindfully: Just because something is second-hand does not mean you should buy it without thinking. Choose items you genuinely need and will wear.

- Check Quality: Inspect items for any signs of wear, stains, or damage. While many pieces can be easily repaired, it is good to know what you are getting.

- Try DIY Upcycling: Get creative by transforming second-hand clothes into something new. For example, turn an old pair of jeans into shorts or a vintage T-shirt into a trendy crop top.

- Sell or Donate Unwanted Clothes: Instead of throwing away clothes you no longer wear, consider selling them online or donating to local thrift stores. This keeps the cycle going and helps others find new treasures.

The Future of the Second-hand-Clothing Trend

The second-hand clothing trend shows no signs of slowing down. In fact, the second-hand market is expected to grow exponentially in the coming years, even outpacing traditional retail. The global second-hand clothing market is expected to grow rapidly, driven by a combination of shifting consumer attitudes, increased access to online platforms, and the rising awareness of the environmental impact of fast fashion.

This shift in consumer behaviour is not just a fleeting trend; it reflects a deeper change in how people view fashion and sustainability. Today’s shoppers, especially younger generations like Millennials and Gen Z, are increasingly mindful of their purchasing decisions. They value the story behind their clothes, considering factors such as the resources used in production and the working conditions of those in the supply chain. By choosing second-hand, they are making a deliberate effort to create a positive impact and reject the wasteful practices of the fast-fashion industry.

Growth of Online Platforms and Resale Apps

The rise of online resale platforms like Depop, Poshmark, ThredUp, and even luxury sites like The RealReal has made buying and selling second-hand clothing easier and more accessible than ever before. These platforms have tapped into a massive market, offering consumers a way to find stylish, quality pieces without the environmental cost of buying new. With social media influencers and fashion bloggers promoting thrift hauls and second-hand finds, the stigma once associated with buying second-hand clothes has faded, making it a trendy and socially responsible choice.

In addition to online marketplaces, big brands are jumping on board. Retail giants like H&M and Zara have started experimenting with their own resale programmes, allowing customers to return old clothes for store credit or purchase pre-owned items directly from their stores. This move not only meets consumer demand for more sustainable options but also signals a significant shift in how major retailers view the second-hand market.

Embracing the Circular Economy

The future of the second-hand clothing trend lies in embracing a circular economy — a system where products are kept in use for as long as possible. In this model, clothing is not seen as disposable but as a resource that can be reused, repaired, or recycled. When consumers buy second-hand, they are participating in this circular system, extending the lifespan of garments and reducing the need for new production.

For instance, instead of discarding a T-shirt after a season, it could be resold to a new owner, who may then upcycle it into a trendy crop top or pass it on to another thrift enthusiast. This cycle can continue multiple times, significantly reducing waste and conserving resources that would otherwise be used to make new clothes.

Moreover, the growing popularity of upcycling — the process of transforming old or unwanted items into new, stylish products — is adding to the appeal of second-hand shopping. Many fashion-savvy individuals are taking thrifted finds and giving them a new life with a DIY twist, making unique, one-of-a-kind pieces that cannot be found in mainstream stores.

A Step Towards Reducing Fashion's Environmental Impact

As the mindset of reuse and recycling gains momentum, the second-hand clothing trend holds the potential to greatly reduce the fashion industry's environmental impact. This approach addresses the pressing issue of textile waste, with millions of tonnes of clothing discarded annually. By extending the lifespan of garments, the trend helps decrease the volume of waste sent to landfills, where textiles can take decades to decompose.

Additionally, buying second-hand reduces the demand for new production, which is one of the most resource-intensive aspects of the fashion industry. When fewer new clothes are produced, it means less water usage, fewer harmful dyes entering our waterways, and reduced greenhouse gas emissions from manufacturing. In essence, the growing second-hand market helps to slow down the fast-fashion cycle and encourages a more sustainable approach to fashion consumption.

Conclusion

The second-hand clothing trend is more than a passing fad; it is a meaningful step towards sustainable fashion. By choosing pre-loved items, consumers actively reduce textile waste, lower carbon emissions, and promote ethical consumption. As environmental awareness grows, this shift is transforming from an individual choice into a collective movement driving significant change in the fashion industry.

The future of fashion increasingly points to second-hand as a viable and stylish solution to the challenges posed by fast fashion. Online resale platforms and innovative circular economy business models are making second-hand shopping more accessible and appealing. By embracing this trend, consumers are not only making a statement against wasteful practices but also paving the way for a future where sustainability and style co-exist seamlessly. Each garment given a second life is one step closer to reshaping the industry for the better.

JUDGEMENTS

Labour

- Once the enquiry is held to be fair and proper, the Court is still required to scrutinize the material in terms of section 11-A of the Act and can come to a different finding - Jharkhand High Court.
- Employers must be heard while fixing/revising minimum wages and cannot be excluded- Karnataka High Court
- Sleeping while on duty is a gross misconduct when the employee holds a responsible position-Bom HC
- Non-supply of copy of inquiry report to any party is a violation of POSH Act. -Supreme Court
- Gratuity cannot be paid in instalments and has to be paid in a lump sum manner. – Kerala HC
- Milk Allowance, paid to a group of employees, is not 'wages' under the EPF Act. Kerala HC.
- No industrial dispute can be raised against the employer after the employee has received VRS amount. -Karnataka High Court.

- Incentive bonus that was calculated every month but used to be paid after three months would be 'wages' under the ESI Act. – Punjab and Haryana High Court.

- No liability of employer for abetment of suicide of employee merely on the ground of humiliation-Supreme Court.

GST

- No demand if IGST paid on supply from SEZ to DTA not reflected in GSTR-3B due to technical glitch – High Court

- Assessment order set aside where show cause notice uploaded only on GST portal without physical service and assessee unaware due to accountant's failure to access portal, violating principles of natural justice – High Court

- Detention of goods and conveyances in transit - Opportunity of hearing - A show cause notice was issued to assessee in GST MOV 07 and the same was pending for adjudication - Assessee challenged same vide writ petition and submitted that no opportunity of hearing was provided to assessee in show cause notice - Respondent authority was directed to complete adjudication after giving opportunity of hearing to assessee within two months – High Court

- Refund of Cenvat credit of Education Cess and Secondary Higher education Cess, which remained unutilized as on 30-6-2017 and could not be carried forward as transitional credit in GST regime, was admissible in cash in terms of Section 142(3) of Central Goods and Services Tax Act, 2017 - Tribunal

CIRCULARS ISSUED DURING THE FORTNIGHT

Sl. No	Cir.No	Date	To	Subject
1)	15/2025	1.2.2025	All Member Mills	Highlights of the Union Budget 2025-26 – reg
2)	16/2025	3.2.2025	All Member Mills	Budget announcements 2025 – reg
3)	17/2025	4.2.2025	All Member Mills	6% Interest Subvention for modernising spinning machines - Web Portal to submit online Applications is live - reg.,
4)	18/2025	4.2.2025	All Member Mills	Link for the virtual Session on GST Amnesty Scheme (Waiver of interest & penalty) to be conducted tomorrow (5th February 2025) – reg
5)	19/2025	5.2.2025	All Member Mills	Request to send Ne 20s & 40s ring spun and vortex Viscose Spun Yarn samples to SITRA to make suitable recommendations to BIS on IS 3566 - reg.,
6)	19-A/2025	13.2.2025	Member Mills in Tamil Nadu	CPCB- Retrofit of DGsets – updated list of manufacturers-reg
7)	19-B/2025	14.2.2025	Member Mills in Tamil Nadu	Delay in releasing Consumer Price Index Number for Chennai City for the month of December 2024 - reg
8)	19-C/2025	14.2.2025	Member Mills in Andhra Pradesh and Telangana	Delay in releasing Consumer Price Index Number for All India for the month of December 2024 – reg
9)	19-D/2025	15.2.2025	Member Mills in Tamil Nadu	TNERC Order - Interest on Security Deposit for the Financial Year 2024-2025 in respect of HT and LT consumers-reg