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FORTNIGHTLY E-REVIEW ENTERS 20th YEAR

NEWS HIGHLIGHTS

- ❖ INDIA SEEKS COMPETITIVE EDGE IN US MARKET, PUSHES FOR ZERO-TARIFF DEAL
- ❖ CANADA ANNOUNCES 25% TARIFFS ON \$155-BN WORTH US IMPORTS
- ❖ BANGLADESH'S RMG EXPORTS GAIN 10% TO \$26.7 BN IN JULY-FEB FY25
- ❖ CCI PROCURES 94 LAKH BALES OF COTTON, PRICES BELOW MSP
- ❖ TEXTILES TO BENEFIT AS US COTTON PRICES DIP & CHINA LOSES EDGE

REPRESENTATIONS

- ❖ Vide a representation dated 10th March 2025 submitted to the Chief Engineer / NCES, TNGECL, a request was made to direct field officials not to implement the addendum in the existing EWA for extending wheeling and banking facilities until the court Order is finalized, as the existing wheeling agreement which is valid upto 2029.
- ❖ Vide a representation dated 11th March 2025 an appeal was made to The Chairman, Tamil Nadu Control Board, to exempt the retrofit device fixation in the Diesel Generator set meant for lighting purpose as those Gensets are no longer used for manufacturing purpose.

MEETINGS / WEBINARS

Workshop on “Current Harmonics Control in Textile Mills”

- ❖ A half-day workshop on Current Harmonics Control in Textile Mills was held on March 13, 2025, at the SIMA Conference Hall, Coimbatore. The session focused on the recent amendment to the TNE Supply Code by the Hon'ble Commission, aligning it with CEA regulations to include 11/22 kV supply under harmonics control. Following this amendment, TANGEDCO has begun implementing the regulations by conducting harmonics measurement studies in accordance with IEEE 519 standards.

Based on these assessments, penalties may be imposed if the TDD values exceed the prescribed limits. Experts Mr. A.D. Thirumoorthy and Mr. K. Ravichandran led the discussions, with around 50 participants from various textile mills attending the session.

Key Highlights of the Workshop:

- ❖ TNERC regulations on current harmonics control – Inclusion of 11/22 kV supply under harmonics compliance.
- ❖ Understanding the difference between THD and TDD.
- ❖ Measurement of THD & TDD in textile mills with case studies.
- ❖ Use of detuned filters : Filters are not squarely applicable for all harmonics issues.



Ministry of Textiles Anchors Post-Budget Webinar Sub-Theme on 'Mission for Cotton Productivity'

- ❖ Strategic Initiatives for Enhancing Cotton Quality and Next-Gen Materials to be Integrated into the Mission

The Hon'ble Prime Minister Shri Narendra Modi inaugurated the Post-Budget Webinar on Agriculture and Rural Prosperity, hosted by the Department of Agriculture and Farmers Welfare in collaboration with the Ministry of Textiles on 1st March, 2025.

The event was graced by the Union Minister of Textiles, Shri Giriraj Singh, along with Smt. Neelam Shami Rao, Secretary of Textiles, and senior officials from various government departments. The session also saw the participation of key stakeholders and experts from the agriculture sector. Following the inaugural address, the webinar branched into multiple breakout sessions focused on various upcoming schemes and missions.

Smt. Neelam Shami Rao, Secretary of Textiles, highlighted the government's strong commitment to strengthening the cotton value chain. She outlined key initiatives such as expanding fibre testing infrastructure, increasing the production of Extra Long Staple (ELS) cotton seeds, and further developing the Kasturi Cotton Bharat initiative to ensure the growth and sustainability of India's cotton sector.

As part of this initiative, the Ministry of Textiles led a crucial discussion on the 'Mission for Cotton Productivity.' The session brought together senior officials from the Union Ministries of Textiles and Agriculture & Farmers Welfare, State Government representatives, industry stakeholders, and leading experts from the textile value chain, including cotton farmers and ginners.

The webinar witnessed active participation from a diverse group of panelists, including industry leaders, policymakers from both state and central levels, eminent scientists, research experts and farmers. On behalf of the Association Dr K Selvaraju, Secretary General and Mrs Hem Mohankumar, Secretary participated in the webinar. The discussions centered on advancing technology, strengthening market linkages and fostering innovation in sustainable cotton production. The government's commitment to supporting cotton farmers was underscored, with a focus on leveraging advanced technologies to enhance productivity and ensure long-term sustainability.

TEXTILE SCENE

India seeks competitive edge in US market, pushes for zero-tariff deal

- *Indian textile industry sees a significant opportunity in the US as recent tariff hikes impact key competitors like China and Mexico.*
- *CITI has urged a Zero-for-Zero trade agreement with the US to boost exports.*
- *India, the third-largest T&A supplier to the US, could see exports surge to \$16 billion in three years.*
- *A duty-free cotton trade deal could benefit both nations.*

GLOBAL TEXTILE SCENE

Canada announces 25% tariffs on \$155-bn worth US imports

- *In response to unjustified US tariffs, Canada announced 25-per cent tariffs on \$155 billion worth of imported goods from the United States, beginning immediately with a list of goods worth \$30 billion.*
- *The first phase of Canada's response includes products like appliances, apparel, footwear, motorcycles, cosmetics and certain pulp and paper products.*

Bangladesh's RMG exports gain 10% to \$26.7 bn in July-Feb FY25

- Bangladesh's RMG exports rose by 10.64 per cent to \$26.796 billion in the first eight months of fiscal 2024–25 (FY25).
- Knitwear exports grew by 11.01 per cent, while woven apparel increased by 10.22 per cent.
- Home textile exports rose by 5.23 per cent. February 2025 RMG exports reached \$3.244 billion.
- Revised data shows a 5.22 per cent decline in RMG exports to \$36.151 billion in fiscal 2023–24

RAW MATERIAL

CCI procures 94 lakh bales of cotton, prices below MSP

- ❖ The procurement of cotton by the government agency has touched 94 lakh bales till now, even as prices continue to rule below the Minimum Support Price (MSP) levels due to weak demand. Lalit Kumar Gupta, managing director, Cotton Corporation of India (CCI) said the procurement at MSP has touched 94 lakh bales. “Procurement is still going on across all States. CCI field officials will be present in all the market yards till last arrivals,” Gupta said. Further, Gupta said CCI has not yet decided on when to sell the 2024-25 season crop.

Holding back produce

Market arrivals of raw cotton have reduced as farmers, who are left with 10-15 per cent crop, are in no mood to sell and holding back their produce. Raw cotton prices are ruling between ₹6,500 and ₹7,000 per quintal, below the MSP level of ₹7,121 (medium staple). The market for raw cotton and pressed bales is not good due to the weak demand. However, the cottonseed market is better as there is some improvement of ₹200-300 prices per quintal to ₹3,300-3,400 levels,” said Pradeep Jain, President, Khandesh Ginners Association.

Atul Ganatra, President, Cotton Association of India (CAI), said daily arrivals have dropped below 90,000 bales, of which 40,000-50,000 bales is being purchased by CCI. “Ginners are hardly getting 40,000-45,000 bales, but mills need 1 lakh bales a day. So mills have started increasing their purchases slightly and want to build up inventory at these rates. However, mills are not buying at higher price and sticking to their own price” Ganatra said. Further, Ganatra said the mills don’t want to go long on inventories for more than a month. “Every mill wants to buy for one month and run the mill. They are having the confidence as CCI is having over 90 lakh bales” he said.

Pressed cotton prices

While the perception is that the prices will stabilise once the arrivals slow down, but until and unless the ICE futures go up, Indian cotton prices will not go up, Ganatra said. The pressed cotton prices are hovering between ₹53,000-54,500 per candy depending on the quality, he said.

Textiles to benefit as US Cotton Prices Dip & China Loses Edge

Falling prices of the US cotton due to China's retaliatory tariffs could boost export demand for Indian garments, textile and yarn. The industry expects increased availability of the superior quality US cotton at cheaper rates and reduced competitiveness of Chinese textile exports due to the retaliatory tariff would help India increase its share in the US and European markets, the industry expects.

According to trade estimates, India's cotton imports have increased by more than 62% in 2024-25 over the previous year due to fall in local production.

Most of India's imports of cotton from the US is in the ELS (extra-long staple) category and if US cotton prices decline due to reduced demand from China, Indian textile manufacturers might find it economically viable to increase imports of US cotton, said Siddhartha Rajagopal, executive director, the Cotton Textile Export Promotion Council (Texprocil), an autonomous body set up by the government of India.

While India is predominantly self-sufficient in cotton production, it does import certain quantities of ELS cotton and clean & contamination free Cotton to meet specific quality or buyer requirements. From April 2023 to March 2024, India imported raw cotton worth \$ 570 million from the world, of which \$ 221 million worth of imports were imported from the US; 38.7% of the imports, industry data showed.

With restricted access in the Chinese market, the US with its superior Extra Long Staple Cotton (ELS) will also seek to diversify its cotton exports and look towards India as a strong trade partner, said Rajagopal. The tariffs are likely to impact the competitiveness of Chinese textile products in international markets, offering Indian exporters an opportunity to capture a larger market share, especially in regions like the US and EU.

This shift could lead to a rise in demand for Indian cotton yarn, fabrics, and garments, increasing export volumes. As demand for Indian cotton products grows, exporters will experience better pricing options, leading to better profit margins," said Rajagopal.

How China's tariff on US cotton benefits India

- Sale of US cotton to China
- Hence, US cotton prices fall
- India imports US cotton for high-end branded garment & textile exports

Import of cotton to become cheaper for India

- China's competitiveness expected to reduce

CHAT BOX

LABOUR

1. In an industrial dispute when the Labour Court awards compensation in lieu of reinstatement and back wages, whether the said compensation would attract EPF contribution?

The Madras High Court held that **such an employee cannot be treated as being in the service of the said management and hence, no EPF contribution would be attracted.**

Ref: M/s.Universal Brakes (P) Ltd, Coimbatore vs The Presiding Officer, EPF Appellate Tribunal and others, 2012 LLR Page 133 Madras High Court.

2. When can an Internal Committee decline to hold enquiry under the POSH Act?

The internal committee may decline to hold an enquiry under the following circumstances

- The allegations are not covered in the definition or where the POSH act does not apply.
- Complaint is time-barred
- Complaint is voluntarily withdrawn through mutual settlement.
- If the IC determines that the complaint is frivolous/malicious, however reason should be recorded and the same is subject to scrutiny.

3. When an accident occurs in the factory leading to death of an employee, can the employer be prosecuted both under the Indian Penal Code (IPC) and the Factories Act, 1948?

As per Section 26 of the General Clauses Act, an offender can be prosecuted only under one enactment. Since the Factories Act, 1948 bars parallel prosecution, the prosecution under Section 304A of the IPC (causing death by negligence) is illegal.

Ref : GV Prasad Son of Shivaramkrishanayya and another Vs State and another, Karnataka High Court 2025 LLR 22

4. When the management has adopted the practice of paying exgratia to the worker at the end of each year, considerably for a longer period of time, can the same be stopped on account of precarious financial condition?

An ex-gratia payment made to an employee for a substantial period becomes an accrued right. To discontinue it, the management must issue a 21-days' Notice of the proposed change to both the impacted workmen and the Authorities of the Labour Department under Section 9A of the Industrial Disputes Act.

5. When a worker or salesman fails to achieve their target, can the management terminate their services? In some cases, management obtains a resignation letter from the employee, stating that it may be used by the management in the event of non-achievement of target. Is such a resignation letter valid in law?

As per the decision of the court, such a resignation letter is not valid. However, the management has got the right to issue a memo asking for an explanation in relation to non-achievement of the fixed target and proceed with appropriate disciplinary action.

Ref: PA Babu Jayaprakash vs MD, Karnataka Soaps and Detergents Ltd, Bangalore & Others, 2003 LLR 38

1. Financial year-end checklist for 2025 - Update

- Year-end reconciliation of Outward and Inward Supplies (Turnover per books of accounts vs turnover per GST returns/ITC closing balance per books vs ITC per the GST portal/Pending mismatched ITC with GSTR-2B and its adjustment).
- Annual ITC reversal for inputs that have been used partly in making taxable supplies and partly in making exempt supplies or used for a non-business purpose.
- Textile units exporting without payment of IGST should renew Letter of Undertaking (LUT) in Form GST RFD-11 for FY 2025-26 before 1.04. 2025, to continue availment of the benefit.
- Reset Invoice Number Series - taxpayers must start unique invoice series for the new financial year.
- Compliance for availing eligible ITC for FY 2024-25 – (Reconcile the E-Credit Ledger with books of accounts/verify tax calculations under RCM (import, GTA, director fees, security services, cab rentals, advocate fees, etc)/ensure suppliers have filed their GSTR-3B to avoid ITC mismatches in GSTR-2B/ensure goods sent on an approval basis have either been returned within six months or invoiced/adjust GST paid on advances received against supplies made or agreed upon).
- Mandatory registration of Input Service Distributors (ISD) for Companies having Presence in multiple states.
- Buyer's rejection of Credit Notes - from 1.04.2025 a supplier can reduce their tax liability only if the buyer accepts the credit note. If the buyer rejects the credit note, the supplier must pay the equivalent amount in the following month.
- Filing of pending Annual Return (if any) for the financial years 2017-18 to 2022-23 on or before 31.03.2025 (late fee waived for delayed filing till then).

Ref: Rule 46 of GST Rules/ Notification No. 08/2025 – CT dated 23.01.2025

2. When a contract is cancelled, wherein refund of the GST paid by the supplier on the advance is sought, can the department deny the refund on the ground that the credit note has not been issued by the vendor?

Refund cannot be denied on the ground that the credit note has not been issued for the following reasons:

- The duty to issue credit note arises only when the goods are delivered
- The contract was cancelled and
- The price paid in advance was retrieved by encashing the bank guarantee.

Ref: The Joint Commissioner of Commercial Taxes Vs M/s Nam Estates Private Limited (Karnataka High Court)

3. What is the procedure to be adopted if B2B invoice is inadvertently reported as B2C in GSTR-1 (resulting in non-reflection of the transaction in GSTR-2A)?

- The outcome of the wrong reporting would be difference in credit claimed in GSTR-3B and that available in GSTR-2A.
- The correction is to be carried out by filing GSTR-1A in the same month after filing of GSTR-1 and before filing of GSTR-3B.
- The GST officer shall verify the relevant invoices, with the objective of identifying as to whether the transaction reported was genuine or fake (including directing the production of a certificate from the Chartered Accountant).
- In case, the error was detected after the expiry of the time limit for filing GSTR-1A, the assessee can approach the High Court by way of a writ petition, praying for an opportunity to submit fresh GSTR-1, with a direction to the concerned GST officers to provide access to the portal.

Ref: Circular No.183/15/2022-GST 27.12.2022

4. Can the genuineness of a transaction be suspected and penalty imposed for the mentioning of SAP Document Number in the E-way bill instead of the Tax Invoice Number inadvertently?

No

- The Allahabad High Court has held that no penalty can be imposed when e-way bill contains SAP Document Number instead of Tax Invoice Number, if intention to evade tax is absent.
- Existence of intention to evade payment of tax is to be identified from the accompanying documents including tax invoice, the validity of which cannot be denied by the department if not cancelled during the period of interception by the officers, thus justifying the genuineness of the transaction.
- The objective of raising e-way bill is only to enable the department to assess the actual movement of the goods.

Advisory: Cumulative/collective cross verification and compliances of all fields in all GST related documents is required to avoid issue of show cause notices by the department (invoking penal provisions).

Ref: section 129 of the GST Act

5. Is producing Tax Invoice, E-waybill and proof of payment for the goods being transported sufficient to prove actual movement of goods?

No

- GST credit will be denied by the department if the assessee fails to prove the actual movement of goods.
- Mere production of tax invoices, e-way bills and payments through bank are not sufficient to prove the movement of goods.
- Additional evidences like freight payments, delivery acknowledgments, toll receipts, etc are required.

Ref: Supreme Court judgment in the case of State of Karnataka vs. M/s Ecom Gill Coffee Trading Pvt. Ltd. (reaffirming the fixation of burden of proof on the purchaser) and M/s Anil Rice Mill vs. State of UP & Ors (Allahabad High Court).

JUDGEMENTS

Labour Law

- Interest over arrears is a service benefit accrued to an employee and payable in terms of the settlement. Cal HC
- Workmen cannot said to have been wrongfully terminated upon attaining the age of superannuation when he had received his full and final dues. Del HC
- Employees of private companies cannot directly approach the supreme court for matters relating to wages and promotion. Supreme Court
- A hotel would come under the ambit of the definition of factory under the ESI Act. Cal HC.
- ESI court can decide the issue of disability beyond terms of the Scheduled injury as well. – Guj HC
- No employer-employee relationship when the name of the workmen is not in the attendance register
- The Internal committee cannot make the compliant stand a long and grilling cross examination in the name of fair opportunity. Mad HC
- An employee working on consolidated pay is eligible for payment of gratuity. Mad HC
- Full-fledged enquiry is not mandatory when the misconduct is admitted by the employee – Bom HC.
- No wages would be payable when workers deliberately did not enter the premises on false ground. P&H HC.
- Employer can deviate from the principal of “Last Come, First Go” by giving plausible reasons. Ori HC

GST

- Anticipatory bail can be granted even before an FIR is filed, provided there is a reasonable basis for the apprehension of arrest: SC
- Application for compounding can be made until an assessment order is passed under Section 74 of the GST Acts: SC
- ITC claims for FY 2017-18 to 2020-21 cannot be rejected as per amended provisions of Sec. 16(5): HC
- Seizure can be made even on the ground of undervaluation, if undervaluation is deliberate for the purpose of avoiding payment of tax: HC
- Order to be set aside since assessee was given only 24 hours for personal hearing and 48 hours for manual reply submission: HC

- Authority is directed to finalize the SCN by considering each year separately: HC
- Order to be set-aside due to absence of Assessing Officer signature and DIN number in Form GST DRC-01: HC
- Order levying penalty set aside as e-way bill was produced before authority after notice for detention of goods in transit: HC
- Fabrics declared as Cotton Polyester Fabrics were not Denim Fabrics; to be classified under CTH 52113190: HC
- Matter remanded as refund of accumulated TDS in cash ledger permissible after discharge of tax liability through ITC: HC
- Where benefit of ITC was denied to assessee vide impugned orders on ground that on certificates of suppliers of assessee GSTIN was not mentioned, however on perusal, it was found that GSTIN was specifically mentioned, impugned orders were to be set aside and matter was to be remanded: HC
- Time limit to avail ITC has been extended by amendment in s.16 by FA, 2024 - Coupled with notification 22/2024-CT, Petitioner is permitted to make appropriate rectification application under special procedure: HC
- Refund of amount deposited during investigation which was not voluntary, to be refunded with interest: HC
- Amount paid by petitioner through Form GST DRC-03 shall be considered as pre-deposit for filing appeal: HC
- Payment to be refunded as recovery made during investigation without adjudication was in violation of Article 265: HC
- Mere non-furnishing of information in return can not be the sole ground to deny refund of unutilized CENVAT credit: CESTAT
- Applicant will be deemed to be acting as pure agent; not liable to pay GST on reimbursement of electricity charges on actual basis: AAR

Customs

- To avoid improper service, ex-parte proceedings, and substantial delay, Customs department should serve notices, communications and orders through email and on DGFT common portal, in addition to traditional methods of speed post, registered post or courier: HC

COTTON AND COTTON YARN PRICES

Cotton – Spot* (Rs/Candy)

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

S. No	Growth	Staple	Micronaire	Strength/ GPT	Mar 1 2025	Mar 7 2025	Mar 14 2025
1	P/H/R	Below 22 mm	5.0-7.0	15	46,300	45,700	44,800
2	GUJ	22 mm	4.0-6.0	20	38,600	37,500	36,600
3	M/M(P)	23 mm	4.5-7.0	22	50,100	49,800	49,800
4	P/H/R(U)	27 mm	3.5-4.9	26	51,900	51,800	52,300
5	P/H/R(U)	27 mm	3.5-4.9	26	52,500	52,400	52,900
6	M/M(P)/SA/TL/G	27 mm	3.0-3.4	25	Na	Na	Na
7	M/M(P)/SA/TL	27 mm	3.5-4.9	26	Na	Na	Na
8	P/H/R(U)	28 mm	3.5-4.9	27	52,700	52,600	53,200
9	M/M(P)	28 mm	3.7-4.9	27	51,800	51,500	51,900
10	SA/TL/K	28 mm	3.7-4.9	27	51,900	51,600	52,000
11	GUJ	28 mm	3.7-4.9	27	52,300	52,000	52,300
12	R(L)	28 mm	3.7-4.9	27	52,400	52,200	53,300
13	R(L)	29 mm	3.7-4.9	28	53,100	52,900	53,600
14	M/M(P)	29 mm	3.7-4.9	28	52,800	52,500	52,900
15	SA/TL/K	29 mm	3.7-4.9	28	52,900	52,700	53,000
16	GUJ	29 mm	3.7-4.9	28	53,300	53,000	53,300
17	M/M(P)	30 mm	3.7-4.9	29	53,800	53,300	53,600
18	SA/TL/K/O	30 mm	3.7-4.9	29	54,000	53,600	53,800
19	M/M(P)	31 mm	3.7-4.9	30	55,000	55,000	55,500
20	SA/TL/K/TN/O	31 mm	3.7-4.9	30	55,000	55,000	55,500
21	SA/TL/K/TN/O	32 mm	3.5-4.9	31	Na	Na	Na
22	M/M(P)	34 mm	2.8-3.7	33	75,000	74,500	74,000
23	K/TN	34 mm	2.8-3.7	34	80,000	78,500	78,500
24	M/M(P)	35 mm	2.8-3.7	35	77,000	76,500	76,500
25	K/TN	35 mm	2.8-3.7	35	82,000	80,500	81,000

Source: Cotton Association of India / Na-Not Available

Hosiery Yarn Price (Rs/Kg) – Including GST For the Month of March 2025

Count	VL	GL	RL
10	249	-	-
16	253	242	-
20	253	242	260
25	262	251	269
30	274	263	281
32	280	-	-
34	281	270	288
36	288	-	295
40	302	291	309

Prices are only indicative subject to reconfirmation.

CIRCULARS ISSUED DURING THE FORTNIGHT

1)	26-B/2025	5.3.2025	Member Mills in Andhra Pradesh	Retail Supply Power Tariff for the year 2025-26
2)	26-C/2025	6.3.2025	Member Mills in Tamil Nadu	Power - Half-a-day Workshop on "Current Harmonics Control in Textile Mills" to be held on 12.3.2025 at SIMA, Coimbatore
3)	27/2025	7.3.2025	All Member Mills	Invitation to participate in the 12 th Asian Textile Conference (ATEXCON) - 25 th March 2025 in Mumbai
4)	27-A/2025	7.3.2025	Member Mills in Tamil Nadu	Revision of DA for the Apprentices in Textile Mills, various scheduled employment in Textile sectors, Security Guards and Shops & Commercial Establishments effective from 01.04.2025 to 31.03.2026 Notified under the Minimum wages Act, 1948
5)	27-B/2025	8.3.2025	Member Mills in Tamil Nadu	Postponement of Half-a-day Workshop on "Current Harmonics Control in Textile Mills" to 13.3.2025 at SIMA, Coimbatore
6)	27-C/2025	11.3.2025	Member Mills in Tamil Nadu	Power - Higher slot to lower slot adjustment as per Wind Tariff Order 1 of 2009 - APTEL allowed the TANGEDCO appeal in APL.No.36 of 2017 against the TNERC order in SMP No.1 of 2014
7)	27-D/2025	12.3.2025	Member Mills in Tamil Nadu	Power - existing service connections (effected prior to 27.1.2021) are exempt from shifting the Metering Point to avail addition/reduction in demand
8)	28/2025	12.3.2025	All Member Mills	EPFO–Ban on engaging in labour / EPF consultancy work by officials / officers of EPFO directly or indirectly through family members - Issue of suitable guidelines
9)	29/2025	12.3.2025	All Member Mills	Webinar - Awareness session on Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
10)	30/2025	12.3.2025	All Member Mills	Minutes of the 41st meeting of TAMC under ATUFS held on 13.02.2025
11)	30-A/2025	13.03.2025	Member Mills in Tamil Nadu	Consumer Price Index Number - Chennai City – January 2025
12)	30-B/2025	13.03.2025	Member Mills in Andhra Pradesh and Telangana	Consumer Price Index Number - All India – January 2025
13)	30-C/2025	13.03.2025	Member Mills in Kerala	Consumer Price Index Numbers for the month of January 2025