

# Fortnightly E-REVIEW

**Vol. XX****No.2****March 16-31, 2025**

## NEWS HIGHLIGHTS ➤➤➤

- ❖ Government extended the date for submission of data for the review of Rebate of States and Central Taxes and Levies (ROSCTL) rate upto 15<sup>th</sup> April 2025
- ❖ Indian garments may face up to 30% tariff under us reciprocal regime
- ❖ India tops yarn supply to Bangladesh in 2024, but ban threat looms
- ❖ India extends RODTEP scheme until Feb 5, 2025, to claim benefits
- ❖ India replaces certificate with proof in rules of origin regulations
- ❖ India's textile & apparel exports dip in Feb, but rise cumulatively

## HIGHLIGHTS OF TAMIL NADU BUDGET 2025-26 ➤➤➤

Tamil Nadu budget for the financial year 2025-26 was presented by the Hon'ble Finance Minister, Thiru. Thangam Thennarasu on 14<sup>th</sup> March 2025 followed by the State's Agriculture Budget on 15<sup>th</sup> March 2025 by the Hon'ble Agriculture and Farmers' Welfare Minister, Thiru. M. R. K. Panneerselvam.

The key highlights of both budgets pertaining to Textile industry are as follows:

- ❖ Rs.30 crores has been allocated towards capital subsidy for modernizing 3 years' old plain powerlooms to shuttleless looms
- ❖ Rs.20 crores has been allocated for establishing loom sheds, CFC and testing lab for export products in powerloom clusters
- ❖ Rs.50 crores has been allocated for next 5 years to establish fully automatic computer aided cutting centres
- ❖ Rs.15 crores has been allocated for "Tamil Nadu Technical Textiles Mission"
- ❖ Rs.673 crores has been allocated for free Dhoti & Saree scheme
- ❖ Overall Rs.1,980 crores has been allocated for Handlooms & Textiles
- ❖ Rs.12.21 crores has been allocated for the Cotton Production Enhancement Scheme

The relevant budget speeches of the Hon'ble Ministers can be accessed using the links given below:

<b>Finance Budget Speech 2025-26</b>	<a href="https://drive.google.com/file/d/1KKvZ45TfQbI0lzbLFYvfPQkZ51G2t6d/view?usp=sharing">https://drive.google.com/file/d/1KKvZ45TfQbI0lzbLFYvfPQkZ51G2t6d/view?usp=sharing</a>
<b>Agri Budget Speech 2025-26</b>	<a href="https://drive.google.com/file/d/1JXknisrtbYbrxAhGi9Y-p_UxglcR2eZ/view?usp=sharing">https://drive.google.com/file/d/1JXknisrtbYbrxAhGi9Y-p_UxglcR2eZ/view?usp=sharing</a>

## REPRESENTATIONS

- ❖ Vide a representation dated 15<sup>th</sup> March 2025 submitted to the Chairman, VOC Port, a request was made for additional free days at the Tuticorin International Container Terminal (TICT) for export (existing free period 4 days) / import (existing free period 2 days) and Coastal Containers.
- ❖ Vide a representation dated 17<sup>th</sup> March 2025 submitted to MD, SIPCOT, an appeal was made to permit sale of stressed textile processing units as a “Running Concern” operating in Perundurai SIPCOT, subject to compliance of all PCB norms, without compulsion to dismantle the machinery and transfer the land to SIPCOT.
- ❖ Vide a representation dated 20<sup>th</sup> March 2025 an appeal was made to Smt. Nirmala Sitharaman, Hon'ble Union Finance Minister, Shri Piyush Goyal, Hon'ble Union Minister for Commerce & Industry and Shri Giriraj Singh, Hon'ble Minister of Textiles, to exempt all cotton varieties from 11% import duty during Off-season to safeguard Indian Textiles and Clothing Industry.
- ❖ Vide a representation dated 25<sup>th</sup> March 2025 a clarification was sought to the Chairman, TNERC in respect of implementation of DSM Regulations for conventional generators.
- ❖ Vide a representation dated 29<sup>th</sup> March 2025 an appeal was made to Shri V Arun Roy, IAS, Secretary, Department of Industries, Investment Promotion & Commerce, GoTN to ensure availability of MMF raw materials for textile industry in Tamil Nadu by recommending the Union Government to
  - Insist on the QCOs for importing Viscose and Polyester fibre only after the BIS disposes -off all pending Applications filed by the foreign suppliers
  - Grant exemption for all QCO mandated fibres, including bamboo fibre that are not manufactured in India till the same is indigenously produced with desired quality

## TEXTILE SCENE

**Government extended the date for submission of data for the review of Rebate of States and Central Taxes and Levies (RoSCTL) Rate upto 15.04.2025**

- The RoSCTL Committee, Department of Revenue has extended the last date for the submission of data for review of Rebate of States and Central Taxes and Levies (RoSCTL) on Export of Garments and Made-Ups rate from 31<sup>st</sup> March 2025 to 15<sup>th</sup> April 2025.

- RoSCTL Committee, chaired by Shri G.K. Pillai, Secretary (retd.), Government of India has been constituted for updating the recommended ceiling rates schedules under Rebate of State and Central Taxes and Levies (i.e., RoSCTL) Scheme.
- The committee is scheduled to submit its report in May 2025. The Committee requested Export Promotion Councils (EPCs)/Trade & Industry Associations for submitting the data in prescribed format by 31<sup>st</sup> March 2025. On the request of EPCs and Exporters, the timeline for submission of data has been extended upto 15<sup>th</sup> April, 2025. Extension of the date for the submission of data for review of rate under scheme will provide a chance to exporter/industry members for submitting the data.

### **Indian garments may face up to 30% tariff under US reciprocal regime**

- India is seeking to prevent a proposed US tariff hike on its apparel exports, potentially raising duties to 30 per cent from April 2.
- The AEPC is urging a 'zero for zero' policy to eliminate tariffs mutually.
- High-level discussions are ongoing, with the US pushing India to lower tariffs on American goods, while India highlights its combined duties that can reach up to 42 per cent.

### **India tops yarn supply to Bangladesh in 2024, but ban threat looms**

- Bangladesh is considering banning yarn imports via land routes to protect its local textile industry, which could impact Indian suppliers.
- India emerged as Bangladesh's top yarn source post-COVID, accounting for 53.66 per cent of imports in 2024. Previously, China held the lead.
- The garment industry opposes the proposed ban due to its reliance on Indian yarn.
- India surpassed China to become the top yarn supplier following COVID-related disruptions, after which the Bangladeshi government opened land routes for yarn imports to ease the availability of raw materials for the domestic industry. These land routes were opened in 2021.

### **India extends RoDTEP scheme until Feb 5, 2025, to claim benefits**

- Indian government has extended the RoDTEP scheme until February 5, 2025, allowing exporters to claim benefits on shipments made until that date.
- The extension applies to Advance Authorisation holders, Export Oriented Units, and SEZ units, which together contribute about 25 per cent of India's exports.
- RoDTEP rates will remain unchanged, and the scheme covers 18 items, including sarees and lungis.

### **India replaces certificate with proof in Rules of Origin regulations**

- India's Central Board of Indirect Taxes and Customs has amended the Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020, modifying key rules governing the determination of the country of origin of imported goods, a key factor in availing duty benefits under FTAs.
- The amendment, effective from March 18, replaced the term 'certificate' with 'proof' in multiple provisions.

## India's textile & apparel exports dip in Feb, but rise cumulatively

- India's textile and apparel (T&A) exports declined by 2.27 per cent in February 2025, contrasting with January's growth.
- However, this drop was less severe than the 10.85 per cent fall in overall merchandise exports.
- Despite February's dip, T&A exports grew 7.19 per cent in April–February FY25.
- Apparel exports rose 3.97 per cent, while textile exports fell 7.35 per cent.

## GLOBAL TEXTILE SCENE ➤➤➤

### Brazil's cotton prices hit one-year high in mid-March

- Cotton prices fluctuated in early March but maintained an upward trend, with the CEPEA/ESALQ Index reaching ~\$0.75 cents/pound, the highest in a year.
- Market players prioritised international contracts, while demand continued.
- Brazil exported 274.63 thousand tons in February, down 33.9 per cent from January.
- ICAC forecasts 2024/25 global cotton production at 25.688 million tons.

## RAW MATERIAL ➤➤➤

### Cotton panel pares output for 2024-25

The Committee on Cotton Production and Consumption (COCPC) which met on 24<sup>th</sup> March 2025 has projected,

- Cotton production as 294.25 lakh bales for marketing year 2024-25 on an area of 114.47 lakh hectares.
- Import at 25 lakh bales and consumption at 318 (Non -MSME: - 210; MSME: -92; Non Textile: - 16) lakh bales. Presuming exports as 18 lakh bales.
- The Closing stock has been estimated at 30.35 lakh bales of cotton during the cotton year 2024-25.
- The Progressive Arrival of Seed Cotton of Crop year 2024-25 in India as on 17<sup>th</sup> March 2025 is 255 lakh bales.

## Cotton Balance Sheet

(In lakh bales of 170 kg. Each)

Particulars	2023-24 (P)*	2024-25 (P) *
<b>SUPPLY</b>		
Opening Stock	61.16	47.10
Crop	325.22	294.25
Import	15.20	25.00
<b>TOTAL SUPPLY</b>	<b>401.58</b>	<b>366.35</b>
<b>DEMAND</b>		
Non-MSME Consumption	214.83	210.00
MSME Consumption	95.29	92.00
Non-Textile Consumption	16.00	16.00
Export	28.36	18.00
<b>TOTAL DEMAND</b>	<b>354.48</b>	<b>336.00</b>
<b>Closing Stock</b>	<b>47.10</b>	<b>30.35</b>

### CHAT BOX ➤➤➤

#### LABOUR

- If any enquiry is initiated against an employee for the offence of theft, which also qualifies as a crime for initiating criminal action, whether the management should file a police complaint during the course of departmental enquiry proceedings?**

Filing of police complaint is not mandatory during the domestic enquiry proceedings. It is relevant to note that the management would have given a criminal complaint, but the failure to file a complaint during the process of domestic enquiry cannot vitiate the enquiry proceedings.

Ref: G Kumar Vs Presiding Officer, Principal Labour Court, Vellore and another 2023 LLR page 759 Mad HC

- When canteen workers are recruited through a contractor, can the said worker claim that he shall be considered as a worker of the principal employer?**

The canteen worker engaged through a contractor cannot be treated as a regular employee. However, when the principal employer pays the salary, provides leave and exercises actual control & supervision, the said worker would be treated as regular employee.

**3. When an employee who meets with an accident takes treatment and avails the benefits as applicable, thereafter raises an issue that he was not satisfied with the quantum of amount received, can the ESI court adjudicate and grant higher compensation?**

The compensation or disablement benefit are to be granted to the workmen in accordance with provisions of the Act. The power of discretion of court cannot be exercised beyond the scope of the Statue and there is no provision to grant lump sum compensation amount under the Act.

Ref: The Regional Director, ESIC vs Murugan, 2021 LLR page no.701, Madras High Court.

**4. Is it mandatory to form Internal Committee under POSH Act, even though no women workers are engaged?**

Yes, as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act), the requirement to constitute an Internal Committee (IC) is primarily based on the number of employees, without considering the presence of women employees exclusively.

Since, the Act applies not only to the employees but is also applicable to any woman visiting the workplace, providing protection as per the provision of the POSH Act lies on the employer.

**5. Is maintenance of registers under ESI Act mandatory by an Establishment which is covered under the ESI Act, but not liable to pay contribution in respect of its employees?**

It is well established that once the Establishment is covered under the ESI Act, irrespective of whether the Establishment is liable to pay contribution or not, it is mandatory to maintain the records prescribed and produce the same before the Authorities concerned as and when demanded.

Ref: State Vs Kranthi Kumar and others 2005 LLR page No.376 Karnataka High court.

**6. Can the management take disciplinary action in respect of an act which has not been mentioned as “Misconduct” in the Standing Order?**

The supreme Court of India has held that:

- If a particular act is not incorporated as misconduct in the certified Standing Order, no workmen can be dismissed for their specific misconduct.
- Even if the Standing Order contains a blanket clause stating “any act prejudicial to the interest of discipline”, would not be sufficient unless the misconduct is specifically mentioned.
- However, the general misconduct of “causing willful damage to work or property of the employer” as specified in the certified Standing Order is valid and can be interpreted as cause of misconduct.

Advisory: Members may review their Standing Order in the current changed scenario.

**1. As per the provisions of GST Law, eligible credit should not be denied to the purchaser due to retrospective cancellation of supplier's GST registration. The Department has been issuing Show Cause Notices demanding the reversal of credit by the purchaser for the fault of the supplier. Are there any supportive judgments on this issue?**

**Yes,**

- Arise India Limited v. Commissioner of Trade & Taxes - Impossible for buyer to determine which seller has not deposited tax and bona fide purchaser cannot be punished for supplier's default - Supreme Court [SLP(C) No. 36750/2017].
- Bright Star Plastic Industries v. Additional Commissioner- ITC cannot be denied unless proven connivance between supplier & recipient and Department must prove fraud by recipient to deny ITC – Orissa High Court
- M/s. D. Y. Beathel Enterprises v. State Tax Officer - GST cannot be demanded from buyer for seller's fault of non-payment - Strict action should be taken against defaulting seller instead – Madras High Court.
- Sri Ranganathar Valves Private Limited v. Assistant Commissioner - ITC restriction on buyer due to seller's default in paying taxes cannot be sustained, emphasising that buyer should not be penalized for seller's defaults.
- Gherulal Balchand v. State of Haryana - The purchaser cannot be fastened with the liability in the event of non-payment of tax by the seller unless and until there is collusion and connivance between seller and the purchaser. In the absence of any mala fide Intention, connivance or wrongful association of the assessee with the selling dealer or any dealer earlier thereto, no liability can be imposed adopting the principle of vicarious liability.

**2. What is Multi Factor Authentication (MFA) for E-invoice and E-waybill mandated from 1.04.2025?**

- MFA implies secured login to the e-invoice and e-way bill portals for generation of e-invoice and e-way bills using username, password and One-time password (sent to the registered mobile number or Sandes App or NIC-GST-Shield App).
- From 1.04.2025 MFA is mandatory for all GST taxpayers accessing the E-Way Bill and E-Invoice portal without any Turnover limit.

**3. What is the status of GST exemption with regard to transport of goods (i.e) If the transportation charge for goods in a single carriage is ₹1,500 or less, or if the charge for a single consignee in cumulative load is ₹750 or less?**

- With effect from 18.07.2022 both the above exemptions have been withdrawn vide Notification No. 04/2022- CT (R) dated 13.07.2022.

**4. Does the premium for allotment paid to SIPCOT (Industrial Development Corporation) amount to “supply of Service”, requiring payment of GST@18%?**

**No.**

- The scope of ‘supply of services’ would not include transfer of leasehold rights as supply of service, since it is a transfer of ‘immovable property’ (i.e.) a benefit arising out of immovable property consisting of land and building.
- Clause 5 of Schedule III of CGST Act, 2017 provides that sale of land cannot be treated as supply of goods or services and leasehold rights which are to be considered as sale of land would be out of purview of supply as per Section 7 of the CGST Act, 2017.

Ref: Gujarat Chamber of Commerce and Industry & Ors. v. Union of India & Ors – (High Court)

**5. What does the “30-days’- Rule” with regard to invoice mean?**

- For Goods – The Tax-Invoice must be issued before or at the time of removal/delivery of goods ((i.e.) before transportation begins).
- e-invoice to be created on or after the Tax-Invoice date but before the filing of GSTR-1 Return (i.e) compliance of the timeline of 30 days

## **JUDGEMENTS**

### **Labour Law**

- Workers who had worked for more than 480 days in 24 months period performing activities other than construction are entitled to regularization. (Supreme Court)
- Where procedure of representation against the findings of IC is provided under the Service Rules, the same shall lie before the Disciplinary authorities and not as remedy of appeal under the POSH Act. (Del HC.)
- Even a resigned employee can approach the labour court for recovery of the amount payable by the employer.
- Submitting false documents before the enquiry officer is grave misconduct. (Del HC)
- Order of the PF authorities cannot be challenged before the Tribunal after a delay of 124 days. (Mad HC)
- An interim stay against recovery is proper when there was no specific date of the next sitting of the CGIT. (Mad HC)
- Writ petition can be filed when the applicability of the EPF act itself is in question. (Mad HC)

## **GST**

- Where assessee faces double taxation by GST authorities of different states on same transaction, writ petition is maintainable to challenge show cause notice despite alternative remedies – High Court
- If stock of goods was found to be in excess during search at assessee's premises, proceedings should have been initiated against assessee under section 73 or 74 of CGST Act, however, where proceedings were initiated under section 130 read with section 122 of CGST Act, impugned order was to be set aside - High Court
- Where assessee's goods were found at different destination from destination mentioned in accompanying documents, after physical verification and detention of goods, stand was taken by assessee that goods were sent for job work, various descriptions as required under Rule 55 of CGST Rules were not mentioned on challan and same was incomplete, no interference was called for in impugned order issued under section 129(3) - High Court
- Where petitioner-assessee challenged assessment order under Section 62 on ground that petitioner-assessee had already filed overdue return within extended period allowed by proviso to Section 62(2), further, Section 62(2) provided that if overdue return was filed within given extended period, then, assessment order was deemed to be withdrawn, consequently, impugned assessment order automatically stood withdrawn – High Court
- Rental of fit-outs and related infrastructure to sub-lessee's tenants in industrial park to be classified as mixed supply & taxable at 18%: AAR

## **Customs**

- Drawback - Export of Readymade Garments - Valuation (Customs) - Over-valuation allegation and denial of drawback - Sustainability - In impugned order, CESTAT had compared reports of two agencies namely NTCL and NIFT held that overvaluation of readymade garments i.e. T-Shirts and Gents Shirts under export, had not been established - Accordingly, confiscation and penalty was set aside and drawback was allowed - Matter was remanded to adjudicating authority for limited angle of verification of receipt of export proceeds and then disburse drawback with interest, if eligible - On belated appeal by Revenue to Supreme Court – HELD- Revenue's appeal was to be dismissed on merits in addition to dismissal on account of unexplained delay of 220 days in filing appeal – Supreme Court

## **Service Tax**

- SVLDRS benefit to be denied as assessee failed to remit declared amount within extended deadline under scheme – High Court

## 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 21 2025	Mar 25 2025	Mar 30 2025
1	P/H/R	Below 22 mm	5.0-7.0	15	45,400	45,400	45,400
2	GUJ	22 mm	4.0-6.0	20	35,700	35,500	36,500
3	M/M(P)	23 mm	4.5-7.0	22	50,000	50,000	50,000
4	P/H/R(U)	27 mm	3.5-4.9	26	52,600	51,900	52,000
5	P/H/R(U)	27 mm	3.5-4.9	26	53,300	52,600	52,700
6	M/M(P)/SA/TL/G	27 mm	3.0-3.4	25	Na	Na	47,000
7	M/M(P)/SA/TL	27 mm	3.5-4.9	26	Na	Na	50,900
8	P/H/R(U)	28 mm	3.5-4.9	27	53,500	53,100	53,300
9	M/M(P)	28 mm	3.7-4.9	27	52,600	52,400	52,700
10	SA/TL/K	28 mm	3.7-4.9	27	52,700	52,500	52,800
11	GUJ	28 mm	3.7-4.9	27	52,600	52,400	52,800
12	R(L)	28 mm	3.7-4.9	27	53,500	53,000	53,200
13	R(L)	29 mm	3.7-4.9	28	53,900	53,400	53,700
14	M/M(P)	29 mm	3.7-4.9	28	53,600	53,400	53,700
15	SA/TL/K	29 mm	3.7-4.9	28	53,700	53,500	53,800
16	GUJ	29 mm	3.7-4.9	28	53,600	53,400	53,800
17	M/M(P)	30 mm	3.7-4.9	29	54,200	54,300	55,000
18	SA/TL/K/O	30 mm	3.7-4.9	29	54,400	54,500	55,100
19	M/M(P)	31 mm	3.7-4.9	30	55,800	55,500	56,200
20	SA/TL/K/TN/O	31 mm	3.7-4.9	30	55,800	55,500	56,200
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	74,000	73,500	73,500
23	K/TN	34 mm	2.8-3.7	34	78,500	78,500	78,500
24	M/M(P)	35 mm	2.8-3.7	35	76,500	76,000	76,500
25	K/TN	35 mm	2.8-3.7	35	81,000	81,000	81,500

Source: Cotton Association of India / Na-Not Available

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

<b>Count</b>	<b>VL</b>	<b>GL</b>	<b>RL</b>
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)	31/2025	15.03.2025	All Member Mills	Communication from CCI on the proposed e-auction methodology
2)	31-A/2025	17.03.2025	Member Mills in Tamil Nadu	Power – Direction of High Court to CE/NCES to process repowering Application of individual spinning mills/persons though the G.O issued on Repowering Policy has been stayed
3)	32/2025	18.03.2025	All Member Mills	Highlights of Tamil Nadu Budget 2025-26
4)	32-A/2025	18.03.2025	Member Mills in Tamil Nadu	Power – High Court Order – TANGEDCO directed to permit encashment where the Solar captive generators inject surplus energy by modifying the existing Energy Wheeling Agreement as per the Solar Tariff Order 2020
5)	33/2025	20.03.2025	All Member Mills	DGFT – Extension of time for filing of Annual RoDTEP Return (ARR)
6)	33-A/2025	20.03.2025	Member Mills in Tamil Nadu	Revision of Minimum Rates of Wages for employment in Hosiery Manufactory and Knitwear Manufactory under the Minimum Wages Act w.e.f. 12.03.2025
7)	34/2025	21.03.2025	All Member Mills	DGFT - Export – Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme for exports under AA/EOU/SEZ extended upto 5.02.2025
8)	34-A/2025	25.03.2025	Member Mills in Tamil Nadu	Power-Implementation of DSM regulations for Conventional Generators
9)	34-B/2025	25.03.2025	Member Mills in Tamil Nadu	Constitution of Committee for revision of minimum rates of wages for the Employment in “Knitting Industry”
10)	35/2025	25.03.2025	All Member Mills	Outcome of the Second meeting of Committee on Cotton Production and Consumption (COCPC) for the season 2024-25 held on 24th March 2025 through video conference
11)	35-A/2025	26.03.2025	Member Mills in Tamil Nadu	Power – Clarification requested from TNERC in respect of recent CFC/revenue instructions regarding DSM implementation for the conventional generators
12)	36/2025	27.03.2025	All Member Mills	MSME - Revised Classification applicable w.e.f 01.04.2025 and Reduction in Annual Guarantee Fee for Guarantees above ₹1 Crore
13)	36-A/2025	29.03.2025	Member Mills in Tamil Nadu	Power – High Court Sets aside the levy of Network charges on Rooftop Solar Generations