



sima
Fortnightly
E-REVIEW

Vol. XX

No.3

April 1-15, 2025

NEWS HIGHLIGHTS ▶▶▶

- ❖ Tariff tremors on \$61 bn worth of US apparel imports from Asia
- ❖ India-US set \$500 bn goal by 2030 with Bilateral Trade Agreement
- ❖ India begins probe on viscose rayon filament yarn imports from China
- ❖ India risks missing US textile opportunity amid QCO hurdles
- ❖ Global cotton prices steady despite volatility
- ❖ Redirection of Chinese goods to EU may hit Vietnam: Top trade envoy
- ❖ US textile & apparel import volume rise 18% in Jan-Feb 2025
- ❖ Global cotton ending stocks to rise; output, exports to decline: WASDE

REPRESENTATIONS ▶▶▶

- ❖ Vide a representation dated 1st April 2025 submitted to Dr S K Bansal, Additional DGFT, MoC, a request was made to address the anomalies in the SION applicable for certain textile products.
- ❖ A Memorandum was submitted to Hon'ble Union Minister of Textiles, Shri Giriraj Singh to recommend to exempt all cotton varieties from 11% import duty during off-season.
- ❖ Vide a representation dated 2nd April 2025 a request was made to recommend to exempt all cotton varieties from 11% import duty during off-season to safeguard Indian Textiles and Clothing Industry.
- ❖ Vide a representation 2nd April 2025 an appeal was made to the Hon'ble Union Minister and Hon'ble Union Minister of State of Micro, Small and Medium Enterprises to further promote ease of doing business and streamline compliance for MSMEs by amending the following
 - The threshold for mandatory cost audits may be raised to Rs 500 Cr in turnover for the preceding financial year.
 - The threshold for appointing a full-time Company Secretary may be revised proportionately.

UPDATE

A District Level Committee has been constituted in various Districts to ensure the display of name boards with Tamil as the primary language, followed by other languages. Notably, SIMA was part of the Employers' representatives in these various districts.

Recently, meetings were organized in various districts, chaired by the District Collector, to discuss steps for prominently implementing the display of name boards in Tamil at organizations and establishments.

Some of the objectives of this committee are as follows:

- To seek the cooperation of relevant departments and stakeholders.
- To develop methodologies for creating awareness regarding the legal provisions.
- District Collectors to conduct monthly review meetings.
- Inspectors from the Labour Department and DISH (Directorate of Industrial Safety and Health), along with representatives from Local Bodies such as Corporations, Municipalities, Town Panchayats, and Village Panchayats, to distribute pamphlets to raise awareness among employers.

Some of the timelines given for implementing the same are as follows:

April 1 st to April 15 th	District Collectors to conduct District Level Meetings
April 16 th to April 30 th	Authorities of Local Bodies to conduct meetings with Hotel Owners/Traders/Employers Association
May 1 st to May 15 th	Distribution of pamphlets detailing legal provisions to employers
May 16 th to May 30 th	Verification of display of Tamil Name Board and issue of show cause notices by the notified Inspectors under the Acts

As per The Tamil Nadu Factories Rules, 1950, it is mandatory for Factories to display the name board conspicuously at the entrance of the factory premises, primarily in Tamil, with English and others as secondary languages, in a font size ratio of 5:3:2, respectively.

TEXTILE SCENE

Tariff tremors on \$61 bn worth of US apparel imports from Asia

- The reciprocal tariffs announced by the US administration may mark a major shift in \$61 billion of apparel sourcing from Asia.
- With steep hikes in effective tariffs up to 77 per cent for China Asia's dominance may wane, benefiting low-tariff regions like Mexico, South America, and parts of the Middle East.
- India stands to gain with relatively lower tariffs and ongoing trade talks.

India-US set \$500 bn goal by 2030 with Bilateral Trade Agreement

- India and the US made progress on expanding bilateral trade during discussions in New Delhi, aiming to reach \$500 billion by 2030.
- Both sides agreed to a multi-sector Bilateral Trade Agreement (BTA), with sectoral engagements starting soon and an in-person negotiating round expected by fall 2025.
- The discussions focused on market access, tariff reduction, and supply chain integration.

India begins probe on viscose rayon filament yarn imports from China

- India's DGTR has launched an anti-dumping probe into imports of viscose rayon filament yarn (VFY) above 75 deniers from China, following a complaint by the domestic industry led by Grasim Industries.
- The petition alleges dumped imports have caused financial injury through price suppression and rising inventories.
- The investigation may lead to anti-dumping duties if allegations are upheld.

India risks missing US textile opportunity amid QCO hurdles

- India risks missing a chance to gain textile orders diverted from China due to high raw material costs and QCOs, despite US tariffs on Chinese goods.
- Industry leaders warn that expensive polyester, viscose and cotton hinder export competitiveness.
- Turkiye may benefit instead. Even with QCO removal, a short 90-day US window limits gains.
- Urgent policy clarity on raw material protectionism is needed.

GLOBAL TEXTILE SCENE

Global cotton prices steady despite volatility

- Global cotton prices remained stable or slightly lower over the past month.
- NY/ICE futures dipped after US tariff news but rebounded, with May-July contracts recovering to 66–67 cents/lb.
- The A Index stayed near 78 cents/lb.
- China's CC Index dropped to 89 cents/lb, while Indian and Pakistani prices saw minor fluctuations.
- Exchange rates remained largely stable across India, Pakistan and China.

Redirection of Chinese goods to EU may hit Vietnam: Top trade envoy

- The EU is worried that reciprocal US tariffs may lead to Chinese goods destined earlier for the United States getting redirected to the European market, according to Nguyen Thi Hoang Thuy, head of the Vietnam Trade Office in Sweden.
- There is also a risk of Chinese goods 'masking their origin' via Vietnam, and that risk is now more tangible than ever according to head of Vietnam Trade Office.

US textile & apparel import volume rise 18% in Jan-Feb 2025

- In January-February 2025, US textile and apparel imports rose by 18.53 per cent year-on-year, driven by strong growth in non-apparel textiles.
- Cotton and man-made fibre product imports also increased.
- Apparel imports rose by 9.81 per cent.
- Meanwhile, exports saw marginal growth of 0.62 per cent, with apparel exports up but yarn exports declining.

RAW MATERIAL

Global cotton ending stocks to rise; output, exports to decline: WASDE

- USDA's April WASDE report projects global cotton production for 2024-25 at 1,548 lakh bales, slightly down from March.
- Exports are cut by 3,80,000 bales due to tariff concerns, while ending stocks rise by 7,00,000 bales.
- Global consumption and imports fall, largely due to lower demand from China and Indonesia.
- US balance sheet sees a minor export cut and unchanged farm prices at 63 cents per pound.

CHAT BOX

GST

1. Can GST credit be denied to a buyer, due to the clerical or arithmetical errors committed by the supplier in their GST Return?

No,

The Supreme Court of India has upheld as follows:

- Businesses have a fundamental right to rectify clerical or arithmetical errors committed in tax filings.
- Seller's mistake in reporting GST details should not lead to the denial of Input Tax Credit to the buyer, especially when the tax has already been paid to the government.
- Rectification should be allowed if there is no loss of revenue

Ref: The Union of India & Ors. Vs. Brij Systems Ltd & Ors. [SLP (Civil) Diary No. 6334/2025]

2. Difference in original/physical stock and stock-in-book is bound to happen at times. What is the status, if the difference is noticed during inspection by the GST Authorities?

If there is a discrepancy between the physical stock and the stock recorded in the books of accounts during an inspection by the GST Authorities, consequences would be:

- Show cause notice demanding GST on the unaccounted stock would be issued along with interest and penalty alleging suppression of sales or tax evasion.
- Rs 10,000 towards penalty or the amount of tax evaded, whichever is higher.
- If no specific penalty is prescribed, a general penalty up to Rs 25,000 may be imposed.
- If serious tax evasion attempt is alleged, the goods may be seized and confiscated.
- If the tax evasion exceeds Rs 5 crore, criminal prosecution and imprisonment may apply.

Practical steps to handle stock discrepancy issue and mitigate penalties:

- Analyse difference between the physical stock and book stock (Clerical errors, Goods in transit, wastage, pilferage, damage, unrecorded sales or purchases).
- Maintain proper documents.
- Reconcile the differences.
- Voluntary Disclosure & payment, if violation detected.

Ref: Sections 73/74, 122, 125 of GST Act

3. If my Company is directed to pay GST by the department without issuing a proper Show Cause Notice, but by issuing a Summary of Show Cause Notice in Form GST DRC-01, am I bound to deposit the demanded tax??

No,

- The Gauhati High Court has upheld that the Summary of the Show Cause Notice in GST DRC-01 is not a substitute to the Show Cause Notice (although Statement attached) to be issued in terms of Section 73 of the GST Act.
- The demand would be set aside for non-compliance with the procedure, if the issue is raised before the High Court

Ref: Dihingia Motors Pvt. Ltd. Vs Union of India and 4 Ors (Gauhati High Court)

4. What is the first element to be verified to assess the validity of the Show Cause Notice issued alleging tax violation?

Limitation Period – Check whether the Notice is issued within the prescribed time limit:

- Section 73 (for non-fraudulent cases) – Within 3 years from the due date of Annual Return.
- Section 74 (for fraudulent cases) – Within 5 years from the due date of Annual Return.

Ref: Andhra Pradesh High Court in M/s Cotton Corporation of India v. Assistant Commissioner

5. If my Company is headquartered in one State, with branches in other States, is it mandatory to obtain “ISD Registration” from 1st April 2025?

Yes,

With effect from 1st April 2025, the HO must register as an Input Service Distributor (ISD) for ITC distribution on common input services. Cross charge is no longer permitted.

Key Differences between ISD and Cross Charge:

Purpose:

- ISD: Distributes ITC on common services (e.g., audit, software).
- Cross Charge: Allocates costs of internal services (e.g., HR, IT support)

Registration Requirement:

- ISD: Requires separate ISD registration under GST.
- Cross Charge: No separate registration needed.

Invoicing & Compliance:

- ISD: Uses GSTR-6 invoice for ITC distribution.
- Cross Charge: Requires tax invoice issued by HO to branches.

Valuation Method:

- ISD: ITC distributed based on branch turnover (Rule 39 of GST Rules).
- Cross Charge: Valued as per Rule 28 (can be NIL if full ITC available).

Outcome of non-compliance:

- ITC Loss – HO loses ITC claims if not distributed following ISD mechanism.
- Penalties – ₹100/day under Section 47 of GST Act.
- Cash Flow Issues – Incorrect ITC allocation affects working capital.

1. 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.
Ref: Glasgow Lab (P) Ltd vs Presiding Officer, Labour Court, AIR 1984 SC 505

2. What should organization do if there is no senior female member available to be appointed as the chairperson of the Internal Committee?

Sec 4 of the POSH Act states that the chairperson of the IC must be senior woman employee within the organization. However, in the absence of such a candidate, the POSH Act, 2013 permits the appointment of chairperson from other units of that organization and accordingly, the role of the chairperson can be assigned to that candidate.

3. Can the Labour Court grant interim relief to the workmen in an industrial dispute, wherein the management has raised objection on the status of Workmen under the ID Act?

When the management has specifically taken a stand that the employee is not a workman under the ambit of ID Act, the Labour Court cannot grant interim relief without determining the question as to whether the claimant is a workman or not.

Ref: HIRA sugar Employees Co-operative Consumers Vs PP Korvekar and others 1995 LLR 1 (Karnataka High Court).

4. Can the workmen approach the Authorities under Industrial Establishment Standing Order Act, to determine the question of applicability of Standing Order?

The applicability of Standing order under Industrial Establishment Standing Order Act vest exclusively with the Labour Court /Industry Tribunal under the ID Act. Item 2 of the Second Schedule deals with “application and interpretation of Standing Orders” which can be dealt with by Labour Court/Industrial Tribunal and hence, the certifying Officer/Authority have no jurisdiction to determine the question of applicability of Standing Order.

5. Can the Enquiry Officer recommend the punishment to be imposed and its quantum?

The Enquiry Officer has no power to recommend the punishment to be imposed including its quantum. His role is only to elucidate and conduct an enquiry, thereby

give findings/reports as to whether the charges are proved against the employee concerned.

The recommendation of punishment is direct interference with the power to be exercised by the Disciplinary Authority, which is not permissible.

Ref: Constable No.405 Civil Police, Anjani Pandey Vs State of U.P. and other 2023 LLR 1230 (All.HC)

JUDGEMENTS

Labour Law

- An incentive bonus that was calculated every month but used to be paid after three months would be wages under the ESI Act. (P&H HC)
- If there is absenteeism from service, the workman may be terminated even without conducting any enquiry. (Del HC)
- Wards of insured persons are entitled to preferential quota for admission in some ESI medical colleges. (Del HC)
- Evidence has to be recorded even in an ex-parte enquiry. (Supreme Court)
- Workmen must be paid compensation on account of closure of the management due to genuine reasons. (Del HC)
- An appeal can lie against the IC order where the complaint was disposed off as closed. (Del HC)
- No criminal conviction necessary for forfeiture of gratuity for an offence involving moral turpitude. (Supreme Court)
- Special allowance cannot be considered as wages for the purpose of payment of gratuity. (Mad HC)
- Full back wages will not be granted when the workmen did not perform any duties for 10 years. (Supreme Court)

GST

Denial of ITC when the supplier has not paid the GST: Bona Fide Recipients

- The Madras High Court held that a business cannot be debarred from ITC on the ground that the supplier from whom it had purchased goods did not pay the GST charged by him, specifically where the recipients who have complied with their reasonable obligations by receiving a tax invoice and ensuring that the details are reported in their GST returns. The court accepted that it is the duty of the supplier rather than the recipient to make the GST payment.

Cancellation of Supplier's Registration does not Automatically Disqualify ITC

- The Supreme Court has observed that even if the supplier's GST registration has been cancelled, the recipient is not debarred from availing of ITC if the transaction is bona fide.

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 31 2025	Apr 7 2025	Apr 14 2025
1	P/H/R	Below 22 mm	5.0-7.0	15	45,400	45,100	45,300
2	GUJ	22 mm	4.0-6.0	20	36,500	36,700	37,000
3	M/M(P)	23 mm	4.5-7.0	22	50,000	50,500	50,500
4	P/H/R(U)	27 mm	3.5-4.9	26	52,000	51,600	52,300
5	P/H/R(U)	27 mm	3.5-4.9	26	52,700	52,300	53,000
6	M/M(P)/SA/TL/G	27 mm	3.0-3.4	25	47,000	46,500	46,000
7	M/M(P)/SA/TL	27 mm	3.5-4.9	26	50,900	50,700	51,000
8	P/H/R(U)	28 mm	3.5-4.9	27	53,300	53,400	53,700
9	M/M(P)	28 mm	3.7-4.9	27	52,700	53,000	52,900
10	SA/TL/K	28 mm	3.7-4.9	27	52,800	53,300	53,000
11	GUJ	28 mm	3.7-4.9	27	52,800	52,700	52,700
12	R(L)	28 mm	3.7-4.9	27	53,200	53,500	53,900
13	R(L)	29 mm	3.7-4.9	28	53,700	53,900	54,200
14	M/M(P)	29 mm	3.7-4.9	28	53,700	54,100	54,500
15	SA/TL/K	29 mm	3.7-4.9	28	53,800	54,200	54,500
16	GUJ	29 mm	3.7-4.9	28	53,800	53,700	54,000
17	M/M(P)	30 mm	3.7-4.9	29	55,000	55,300	55,500
18	SA/TL/K/O	30 mm	3.7-4.9	29	55,100	55,500	55,700
19	M/M(P)	31 mm	3.7-4.9	30	56,200	56,300	56,500
20	SA/TL/K/TN/O	31 mm	3.7-4.9	30	56,200	56,300	56,500
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	73,500	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	76,500	76,000
25	K/TN	35 mm	2.8-3.7	35	81,500	81,500	81,500

Source: Cotton Association of India / Na-Not Available

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

Count	VL	GL	RL
10	249	-	-
16	249	238	-
20	253	242	260
25	262	251	269
30	274	263	281
32	280	-	287
34	281	270	288
36	288	-	295
40	302	291	309

Prices are only indicative subject to reconfirmation.

CIRCULARS ISSUED DURING THE FORTNIGHT

Sl.No	Cir.No	Date	To	Subject
1)	36-B/2025	02.04.2025	Member Mills in Tamil Nadu	Display of Thirukural in Organizations' notice board
2)	37/2025	04.04.2025	All Member Mills	EPFO – Allowing employer to view only the members' present employment details
3)	38/2025	04.04.2025	All Member Mills	EPFO – Removal of condition of uploading cheque leaf image and removal of requirement of approval by employer for seeding bank account details in UAN
4)	39/2025	04.04.2025	All Member Mills	Sustainability Two-day training session on GHG Compliance on April 29-30, 2025 at SIMA Conference Hall, Coimbatore
5)	39-A/2025	05.04.2025	Member Mills in Kerala	Employment of women workers during night hours i.e. between 7 PM – 10 PM with certain condition
6)	39-B/2025	05.04.2025	Member Mills in Telangana	Minimum rates of wages for "Spinning Mills" for the period from 01.04.2025 to 30.09.2025
7)	40/2025	07.04.2025	All Member Mills	ATUFS – Minutes of the 42 nd TAMC meeting virtually held on 26.03.2025
8)	41/2025	07.04.2025	All Member Mills	EPFO - Payment of past contribution of the employees by an employer through Demand Draft
9)	41-A/2025	07.04.2025	Member Mills in Andhra Pradesh	Draft amendment to Rule 76-B(2) of the Andhra Pradesh Factories Rules - Revised Qualifications for Appointment of Welfare Officer
10)	41-B/2025	07.04.2025	Member Mills in Tamil Nadu	Power – Association files a writ petition in respect of network charges on Rooftop Solar Generations for the benefit of member mills
11)	41-C/2025	08.04.2025	Member Mills in Tamil Nadu	GoTN financial assistance for R&D projects in the field of Technical Textiles and Man-Made Fibre – Web portal for online application is made live
12)	42/2025	10.04.2025	All Member Mills	Minutes of the second meeting of Committee on Cotton Production and Consumption (COCPC) for the cotton season 2024-25 held on 24th March 2025 through video conference
13)	43/2025	10.04.2025	All Member Mills	Exporters permitted to avail more beneficial Export Incentive Schemes even after shipment
14)	44/2025	10.04.2025	All Member Mills	EPFO – Allotment and activation of Universal Account Number (UAN)

				through UMANG App using Face Authentication Technology
15)	44-A/2025	11.04.2025	Member Mills in Tamil Nadu	Consumer Price Index Number - Chennai City – February 2025
16)	44-B/2025	11.04.2025	Member Mills in Andhra Pradesh and Telangana	Consumer Price Index Number - All India – February 2025
17)	44-C/2025	12.04.2025	Member Mills in Andhra Pradesh	Minimum rates of wages for “Spinning Mills” for the period 01.04.2025 to 30.09.2025
18)	44-D/2025	12.04.2025	Member Mills in Tamil Nadu	Power – Status of Compliance of fitting Retrofit devices in DG sets