

Fortnightly E-REVIEW

Vol. XX**No.4****April 16-30, 2025**

NEWS HIGHLIGHTS ➤➤➤

- ❖ **India reimposes MIP on 4 synthetic knitted fabric codes**
- ❖ **China seizes India's yarn & fabric market share in Bangladesh**
- ❖ **India's viscose & polyester yarn down on weak demand, high imports**
- ❖ **China ships 20x more garments to US than India across many categories**
- ❖ **Bangladesh apparel exporters likely to pay \$250 mn US tariff a month**
- ❖ **Bangladesh's RMG exports to EU jump 37% in Jan-Feb**
- ❖ **Global trade war to slow world & European growth, warns Fitch**
- ❖ **ICE cotton touches a three-month high on weaker US dollar**

REPRESENTATIONS ➤➤➤

- ❖ Vide a representation dated 18th April 2025 submitted to The CMD of TNPCL / TNCL and The Chief Financial Controller (Revenue), TNPCL appealed not to levy network charges in CC bills and also refund/adjust the network charges were already collected against the future CC bills with respect to members of SIMA, subject to furnishing membership certificate before the concerned SE/EDCs.
- ❖ Vide a representation dated 29th April 2025 an appeal was made to the Hon'ble Minister for Textiles and Hon'ble Minister for Heavy Industry to recommend for comprehensive Study prior to implementation of QCO for Textile Machines (Weaving and Embroidery Machines)

TEXTILE SCENE ➤➤➤

India reimposes MIP on 4 synthetic knitted fabric codes

- India has reimposed a minimum import price (MIP) of \$3.5/kg on four HSN codes covering synthetic knitted fabrics, effective until March 31, 2026.
- The move follows a 22-day gap in April that likely led to a surge in imports.
- While nine other codes are now subject to a fixed ₹115/kg basic duty, over three dozen codes remain unrestricted, prompting concerns of diversion to avoid MIP and customs duties.

China seizes India's yarn & fabric market share in Bangladesh

- India's textile exports to Bangladesh have sharply declined amid strained ties and the March 2025 border closure.
- In January–February 2025, China fully replaced India as the top supplier of yarn and fabric, capturing over 95 per cent of yarn imports and 92 per cent of fabric imports.
- Once the leading supplier, India's market share has now dropped to negligible levels in both categories.

India's viscose & polyester yarn down on weak demand, high imports

- Viscose yarn prices in Surat and Mumbai eased by ₹2–3 per kg due to higher imports and weak demand.
- Polyester yarn also fell in Surat, driven by the crude oil slump.
- Traders expect further declines. Despite the cut, polyester yarn prices remained steady in Ludhiana.
- Meanwhile, north India's cotton prices rose slightly as arrivals dwindled.

Labour crunch hits textile output in Gujarat & Maharashtra

- Textile hubs in Gujarat and Maharashtra, including Surat and Ichalkaranji, are experiencing a sharp decline in production upto 50 per cent, due to an annual labour migration, as many workers from Uttar Pradesh and Bihar return home during summer.
- Despite the disruption, fabric prices are expected to remain stable due to steady-to-slow demand and pre-planned production.

China ships 20x more garments to US than India across many categories

- India sees an opportunity to boost textile and apparel exports to the US amid rising tariffs on Chinese goods.
- China still dominates the US market with a 25 per cent share in textiles, vastly outpacing India across key product categories.
- Even modest market penetration could significantly elevate India's presence in the US.

Bangladesh apparel exporters likely to pay \$250 mn US tariff a month

- Concerned over the tariff on garment exports to the US, apparel exporters in Bangladesh recently cautioned that the sector could face an average monthly duty burden of \$250 million unless the duty is permanently withdrawn.
- Close to 1,000 factories may struggle to survive, industry leaders say.
- While buyers are traditionally responsible for tariffs, many are now passing the cost onto suppliers.

Bangladesh's RMG exports to EU jump 37% in Jan-Feb

- Bangladesh's RMG exports to the EU surged to \$3.69 billion in two months, up from \$2.69 billion last year, amid a 36.99 per cent global export growth.
- The EU's apparel imports rose 17.81 per cent YoY to \$16.10 billion, with volume up 28.66 per cent and unit prices down 8.44 per cent.
- China led with \$4.54 billion exports, while Turkiye saw a 3.64 per cent decline.

GLOBAL TEXTILE SCENE ➤➤➤

Global trade war to slow world & European growth, warns Fitch

- The US-led trade war will curb global and European growth, cutting Eurozone growth forecasts to 0.6 per cent for 2025, according to Fitch Ratings.
- Inflation and policy rates are projected to decline, while banks and insurers face risks from financial market volatility and deteriorating economic conditions.

RAW MATERIAL ➤➤➤

ICE cotton touches three-month high on weaker US dollar

- ICE cotton futures touched a three-month high as a weaker US dollar made cotton more affordable for overseas buyers.
- The July 2025 contract settled at 69.17 cents per pound, up 0.14 cent, with a 235-point gain over three sessions.
- Despite a 49 per cent weekly drop in US export sales, analysts said dollar weakness and prior technical strength continued to support the market.

CHAT BOX ➤➤➤

GST

1. Is there any statutory provision for rounding-off of tax amount to be deposited by the assesses?

- Section 170 of GST Act – The amount of tax or interest or penalty or fine or any other sum or refund shall be rounded-off to nearest Rs. 1/-
- Section 288B of Income Tax Act – Income tax or interest or penalty or refund shall be rounded-off to nearest Rs. 10/-
- Section 154A of the Customs Act – Customs duty or interest or penalty or refund shall be rounded-off to nearest Rs. 1/-

2. In contrast to manual scrutiny prevalent under pre-GST period, currently assessments are under continuous digital scrutiny by the GST department. What are the data analytics tools adopted by the department?

GSTN Tracks Mismatches and Red Flags in the following ways:

- **GSTR-1 vs GSTR-3B Mismatch**
 - i. High outward sales declared, but low tax paid.
- **GSTR-3B vs GSTR-2B ITC Mismatch**
 - i. Claiming excess ITC that doesn't reflect in 2B
- **HSN-Wise Risk Profiling**
 - i. Department checks the HSN codes vs industry norms - Turnover Vs Tax paid analysis
- **E-Invoice + E-Waybill + GSTR-1 Cross Mapping**
 - i. Even one invoice mismatching across platforms can flag as high-risk transaction.
- **PAN-Level Risk Ratings**
 - i. This rating decides the eligibility of the company to get ITC refunds without much delay or face scrutiny.

Preparatory steps to be adopted to score well:

- i. Reconcile books of accounts with Returns and figures on portal on monthly basis.
- ii. Reconciliation tools may be used in addition to the manual reconciliation.
- iii. Engage in monthly GST health reviews (third party advisory).
- iv. Maintain digital audit trails of all Returns and invoices.

3. Is Show Cause Notice/Order valid if the same is not signed by the departmental officer?

The Telangana High Court has ruled as follows:

- Rule 142(5) of GST Rules, 2017 mandates that GST forms like DRC-01 and DRC-07 must be signed by the Proper Officer and the condition is not optional.
- Unsigned Notices/Orders are void ab initio (invalid) and action initiated on the basis of the document has no legal effect.
- Absence of signature is not a mere technical irregularity (Section 160 of the GST Act).
- The Information Technology Act, 2000 also reinforces the need for digital/physical authentication.
- The Court rejected reliance on the GSTN Advisory dated 25.09.2024, which justified that SCN/Orders generated on the common portal from the login of the

officer, who logs in through Digital Signatures is valid even though issued without signature of the officer and held that the Advisory is contrary to law.

Advisory: Members should verify as to whether the Show Cause Notice/Order is either digitally or physically signed on receipt of the same, since the proposal in the Notice or the decision in the Order does not hold good, if the document is not signed.

Ref: Bigleap Technologies and Solutions Pvt. Ltd. & Ors. v. State of Telangana

4. Whether CGST Authorities can initiate scrutiny and demand proceedings under Section 74 (for activities with fraudulent intention to evade) of the Act, when SGST Authorities had already conducted an Audit? If so, whether the Audit conducted by the State Authorities would be considered as a “Proceeding”, thereby barring the Central Authorities from initiating a separate proceeding?

The Odisha High Court has held as follows:

- CGST Authorities cannot initiate separate proceedings under Section 74, once an Audit has been completed by the SGST Authorities.
- The Order passed by the CGST Authorities had been quashed, stating that it was a barred proceeding.
- Each case to be analyzed in the light of the prevailing facts.

Ref: Section 6(2)(b) of the GST Act/Bipin Kumar Agrawal Vs The Commissioner, CGST

5. How important is the verification of jurisdiction of the officer issuing Show Cause Notice?

If the proper officer issuing the SCN does not have the jurisdictional authority, the notice would be considered as invalid and the entire proceeding is liable to be quashed.

Advisory:

- On receipt of a GST SCN and if jurisdictional error is suspected:
- Verify the designation and notification under which the officer is acting.
- Cross-check the GST jurisdiction of the company on the GST portal.
- Include the jurisdictional issue as a preliminary objection in the reply to the SCN.

LABOUR

1. When the employee has been given accommodation by the management of the mill and if an accident occurs in the said premises, can it be considered to have occurred “in the course of and arising out of employment”?

No, there should be a nexus between employment and injury. Providing accommodation by itself cannot form a basis to claim compensation on the ground that the accident is arising out of and in the course of employment.

Ref: Lakshmidhar kumbhar vs Divisional Manager Orissa Forest development corporation, Sambalpur 2015 LLR 84 Orissa High Court

2. If there were no Standing Orders framed by the company when the workmen were admitted into service, is there a need to bring the fact to the knowledge of workmen?

Yes

There may be occasions where no Standing Order was framed by the company when the workmen were recruited and admitted into service. In such cases, the workmen cannot be bound by Standing Orders that were introduced at a later stage, unless and until the said Standing Orders are properly communicated to them.

However, once the subsequently framed Standing Orders are duly made known to the workmen, they become applicable to those employees as well. It is, therefore, crucial to ensure that the implementation of the Standing Orders is effectively brought to the attention of all employees.

This becomes particularly important in situations where disciplinary proceedings are initiated, as adherence to the procedural requirements laid down in the Standing Orders is essential for the validity of such proceedings.

Ref: Management of M/s Rajasthan Patrika Ltd Vs Jasod Singh, 2012 LLR 978 (Del HC)

3. Whether it is mandatory for the factories to display name board of the factories in Tamil language?

Yes, The Tamil Nadu Factories Rules, 1950, mandates that the name board of a factory shall be displayed 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.

The Tamil Nadu Shops and Establishments Act requires the name board of every establishment to be in Tamil, with English in the second place followed by other languages, if used.

Ref: Rule 113 Tamil Nadu Factories Rule & Rule 15 Tamil Nadu Shops and Establishment Act and G.O. Ms. No. 1541, Labour and Employment Department, dated 29.07.1982

4. If the chairperson of Internal Committee is subject to harassment and files a compliant, how should the same be dealt with?

If the Chairperson of the POSH Committee is subject to harassment and files a sexual harassment complaint, the following steps shall be taken to inquire into the compliant:

- To avoid bias, the complaint should be handled by someone who is outside the regular POSH Committee.
- This could mean sending the complaint to: Another independent Internal Committee (IC) within the organization (if one exists).
- The Local Committee (LC) set up by the government in the district, normally lead by District Collector, in the absence of an Internal Committee (IC) in the Group Company.
- The Chairperson should not be involved in any part of the investigation process, to ensure fairness.
- The organization must also protect the Chairperson from any form of retaliation or negative consequences resulting from filing the complaint

JUDGEMENTS ➤➤➤

GST

- Authority is directed to amend shipping bill with correct GSTIN in EDI system and GST portal to enable refund - Where assessee while making an export made an inadvertent error and entered GST number of its sister concern having similar name and, thus, shipping bill was generated in name of its sister concern due to which refund claim of IGST could not be made, respondent authority should amend shipping bill in EDI system and thereafter in GST portal so as to grant assessee refund – High Court
- Assessee was entitled to avail ITC as GSTR-3B was filed within extended period allowed under notification - Where demands were raised denying ITC on ground that last date for availing ITC for 2018-19 was 30.11.2019 and for 2019-20 was 30.11.2020 but assessee had filed GSTR 3B return after said cut-off dates, since Notification No.17/2024-CT had extended relevant date till 27.09.2024, assessee was entitled to avail ITC – High Court
- Where proceedings initiated under Section 74 of CGST Act, they can be converted to Section 73 proceedings to allow benefit of Amnesty Scheme under Section 128A – High Court
- Benefit of rectification of errors in return should be allowed when errors are of nature of clerical; limitation in portal software cannot be a ground to deny benefit – High Court
- Where refund claim of assessee filed as per budgetary scheme was rejected by respondent authority vide impugned order without providing any reason, same was bad in law and respondents were to be directed to take steps to release amount held inadmissible by it in impugned order – High Court
- Demand to be set aside as determination of liability on basis of assessable value of supply was not mentioned in SCN - Where proper officer had determined and fastened liability on petitioners on basis of assessable value of outward supply on inward receipt of taxable goods while aforesaid determination and fastening of liability did not find place in show cause notice, demand was to be set aside – High Court

- Where refund application of assessee was rejected by impugned order on ground that assessee was not carrying business, however on visit by officer as per direction of High Court, it was found that assessee was carrying business from its principal place and documents related to refund were in order, impugned order was to be set aside and refund was to be issued to assessee along with interest – High Court
- Order passed in appeal to be set aside since appeal was dismissed due to lack of proof of authority of signatory - High Court
- Detention of goods and imposition of penalty under section 129(3) for absence of original invoice is not sustainable when photocopy of invoice was present along with goods and e-way bill was matching with invoice and negligible difference in weight of goods was due to rain and, thus, there was no intention to evade tax – High Court
- Order to be set aside as SCN was issued and tax determination made in the name of deceased person – High Court

Customs

- Duty drawback claim brought during moratorium declared by NCLT, but after adjudicating authority had recorded claims, stands waived off in terms of Section 31A of Insolvency and Bankruptcy Code, 2016; on date of approval of Resolution Plan, all claims not part of resolution plan, were extinguished and no proceedings could be initiated or continued in respect of those claims – 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	Apr 15 2025	Apr 22 2025	Apr 29 2025
1	P/H/R	Below 22 mm	5.0-7.0	15	45,400	45,800	46,300
2	GUJ	22 mm	4.0-6.0	20	37,100	36,500	37,000
3	M/M(P)	23 mm	4.5-7.0	22	50,500	51,000	51,400
4	P/H/R(U)	27 mm	3.5-4.9	26	52,400	52,900	53,800
5	P/H/R(U)	27 mm	3.5-4.9	26	53,100	53,500	54,400
6	M/M(P)/SA/TL/G	27 mm	3.0-3.4	25	46,000	46,300	46,500
7	M/M(P)/SA/TL	27 mm	3.5-4.9	26	51,000	51,100	51,800
8	P/H/R(U)	28 mm	3.5-4.9	27	53,800	54,300	55,300
9	M/M(P)	28 mm	3.7-4.9	27	52,900	53,300	53,600
10	SA/TL/K	28 mm	3.7-4.9	27	53,000	53,300	53,600
11	GUJ	28 mm	3.7-4.9	27	52,700	53,100	53,700
12	R(L)	28 mm	3.7-4.9	27	53,900	54,700	55,200
13	R(L)	29 mm	3.7-4.9	28	54,200	55,000	55,500
14	M/M(P)	29 mm	3.7-4.9	28	54,500	54,800	55,000
15	SA/TL/K	29 mm	3.7-4.9	28	54,500	54,800	55,000
16	GUJ	29 mm	3.7-4.9	28	54,000	54,200	54,700
17	M/M(P)	30 mm	3.7-4.9	29	55,500	55,600	56,000
18	SA/TL/K/O	30 mm	3.7-4.9	29	55,700	55,800	56,200
19	M/M(P)	31 mm	3.7-4.9	30	56,500	56,600	56,800
20	SA/TL/K/TN/O	31 mm	3.7-4.9	30	56,500	56,600	56,800
21	SA/TL/K/TN/O	32 mm	3.5-4.9	31			
22	M/M(P)	34 mm	2.8-3.7	33	73,500	74,000	74,500
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	76,000	76,500	77,000
25	K/TN	35 mm	2.8-3.7	35	81,800	81,800	81,800

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)	45/2025	18.04.2025	All Member Mills	Minutes of 3rd Meeting of Committee on Cotton Production and Consumption (CoCPC) to discuss 11% import duty on cotton
2)	45-A/2025	18.04.2025	Member Mills in Karnataka	Power - Karnataka Retail Supply Tariff Order 2025
3)	46/2025	19.04.2025	All Member Mills	EPFO – Advance under Para 68B (7) based on self-declaration – To be claimed only after 60 months' time
4)	47/2025	21.04.2025	All Member Mills	Webinar on changing scenario in yarn export to Bangladesh and the way forward
5)	48/2025	22.04.2025	All Member Mills	Sustainability - Postponement of Two-day training session on GHG and Compliance scheduled on April 28-29 2025 at SIMA Conference Hall, Coimbatore
6)	49/2025	25.04.2025	All Member Mills	DGFT – Measures to prevent import of undervalued synthetic knitted fabric – Imposition of Minimum Import Price (MIP) upto 31.03.2026 for 4 HS Codes
7)	50/2025	25.04.2025	All Member Mills	Update on Representation to Government - request for Amendment to Mandatory Cost Audit and Appointment of Company Secretary
8)	51/2025	25.04.2025	All Exporting Member Mills	Duty Drawback – Request to provide data for the year 2025 by 28.04.2025
9)	52/2025	26.04.2025	All Member Mills	BIS – Draft standards on grey spun cotton yarn and water repellent fabric for capes and rain coats – comments sought
10)	53/2025	28.04.2025	All Member Mills	Interactive session on “Ras Al Khaimah Economic Zone (RAKEZ): A Strategic Business Hub in the Middle East” between 10:30 AM and 2:00 PM on Friday, 9th May 2025 at Coimbatore
11)	53A/2025	28.04.2025	Member Mills in Tamil Nadu	Power – High Court Order on the levy of Network charges on Rooftop Solar Generations – Status update