



# Fortnightly E-REVIEW

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## NEWS HIGHLIGHTS ➤➤➤

- ❖ Bangladesh Bank unveils market-based exchange rate to meet IMF terms
- ❖ Global manufacturing hit by sharpest input demand fall in 2025
- ❖ China's Q1 apparel exports to Europe dip, market share edges up
- ❖ India's MMF & blended yarn markets see mixed trends, FDY yarn up
- ❖ India - UK FTA: Competitive prices, assured market access for textiles
- ❖ Global cotton prices remain stable amid currency movements: Cotton Inc
- ❖ US textile & apparel import volume rise 12% in Jan-Mar 2025
- ❖ Global cotton production projected at 117.8 mn bales in 2024-25: WASDE

## REPRESENTATIONS ➤➤➤

- ❖ Vide a representation dated 06th May 2025 submitted to The CMD of TNPDCL / TNGECL and The Chief Financial Controller (Revenue), TNPDCL request to implement the Interim Order passed by the Hon'ble Madras High Court in Writ Appeal only to the sole Respondent as directed - Revise the instructions issued which directs payment/levying of network charges for all HT/LT consumers of rooftop solar generators based on the Interim Order.
- ❖ Vide a representation dated 16<sup>th</sup> May 2025 an appeal was made to The CME of TNPDCL / TNGECL to support the ailing Tamil Nadu textile industry by implementing the Hon'ble Madras High Court Single Judge Order in respect of network charges for roof-top solar energy generators.

## MEETINGS ➤➤➤➤➤

### Jal Sakthi Abhiyaan – Rainwater harvesting review meeting held at Coimbatore on 5<sup>th</sup> May, 2025

- The Coimbatore District administration has convened a review meeting with Associations to address the construction and repair of rainwater harvesting infrastructure at workplaces. Recognizing the alarming decline in the water table circa and surrounding water resources in Coimbatore, and the imperative to augment groundwater levels in the face of increasing demand, the District Collector and Corporation Commissioner have asked the industries and establishments to optimize their rainwater harvesting capabilities to achieve this

objective. While acknowledging existing rainwater harvesting initiatives in textile mills, this meeting will also be stressed on their current operations and ensure the timely repair of rainwater harvesting infrastructure and any deficient facilities prior to the monsoon season

## TEXTILE SCENE ➤➤➤

### **Bangladesh Bank unveils market-based exchange rate to meet IMF terms**

- Bangladesh has transitioned to a market-driven currency regime following months of talks with the IMF over exchange rate flexibility.
- This has unlocked \$3.5 billion in foreign loans from multilateral lenders.
- Expected by June, this inflow will boost the strained budget.

### **Global manufacturing hit by sharpest input demand fall in 2025**

- The steep fall in global manufacturers' purchases signals a likely production slowdown in the near future.
- North American factories are responding to tariffs by buying less inputs and aggressively stockpiling.
- Purchasing by Asian manufacturers is at its weakest since December 2023.
- Europe's industrial recession is finally coming to an end

### **China's Q1 apparel exports to Europe dip, market share edges up**

- China's apparel exports to Europe declined by 1.82 per cent to \$6.355 billion in Q1 2025, but Europe's market share rose slightly to 20.56 per cent due to a sharper fall in overall exports.
- Despite a 5-year downward trend in share, the value of exports to Europe has generally increased, reaching \$35.797 billion in 2024.
- Europe also dropped to 3rd place among China's top export destinations last year.

### **India's MMF & blended yarn markets see mixed trends, FDY yarn up**

- India's man-made and blended yarn markets showed mixed trends amid sluggish demand and geopolitical uncertainty.
- Polyester-cotton and spun yarn prices fell in Ludhiana, while specialised polyester yarn rose in Surat due to supply shortages.
- Viscose yarn remained steady, except for a decline in vortex yarn.
- North India's cotton prices also declined, driven by weak demand and falling ICE cotton futures.

### **India–UK FTA: Competitive prices, assured market access for textiles**

- India and UK have finalised a landmark FTA on May 6 eliminating tariffs on 99 per cent of Indian exports to the UK.
- This move boosts India's competitiveness in key sectors like textiles, leather, and footwear.

- The FTA levels the playing field against Bangladesh, Cambodia, and Turkiye, offering Indian exporters a crucial ~10 per cent cost advantage and unlocking significant opportunities.

## GLOBAL TEXTILE SCENE ➤➤➤

### US textile & apparel import volume rise 12% in Jan-Mar 2025

- US recorded a 12.83 per cent rise in textile and apparel imports to 24,550.086 million in January–March 2025, driven by higher imports of apparel and non-apparel textiles.
- Cotton and man-made fibre product imports also grew.
- Exports rose slightly by 2.18 per cent. For 2024, imports surged by 15.23 per cent, while exports fell by 2.15 per cent. In 2023, imports had declined by 12.28 per cent.

## RAW MATERIAL ➤➤➤

### Global cotton prices remain stable amid currency movements: Cotton Inc

- Global cotton prices remained largely stable over the past month.
- NY/ICE July futures traded between 65 to 70 cents/pound, while the December contract stayed within 67 to 71 cents.
- The A Index held between 77 to 81 cents/pound.
- Indian spot prices rose slightly to 82 cents per lb, while Pakistani prices remained steady at 72 cents per lb.

### Global cotton production projected at 117.8 mn bales in 2024-25

- USDA projects global cotton production to decline by 3.08 million bales to 117.81 million bales in 2024–25 but rise by 1.5 per cent in 2025-26.
- Consumption and trade are expected to grow, with US and Brazil increasing exports.
- US cotton production is projected to rise slightly, with higher exports and ending stocks.
- The 2025-26 US season-average price is forecast at 62 cents per pound.

## CHAT BOX ➤➤➤

### GST

#### 1. Can goods in transit be seized solely on the ground of undervaluation under GST?

Interception by the Department and seizure of the goods in the truck on the allegation of deliberate undervaluation, when:

Goods are accompanied by valid invoices but without an e-way bill (due to the consignment value being below the prescribed exemption limit of ₹1,00,000) or other

ancillary evidence such as toll receipts or vehicle trail etc to indicate actual interstate movement, the Court observed as follows:

- Driver's initial statement holds more evidentiary value.
- If undervaluation is deliberate and aimed at tax evasion, seizure under Section 129 is justified.
- Valuation issues must be dealt with under Sections 73/74 (show causes notice and other adjudication/appeal procedures) and not just Section 129.

Ref: M/s Jaya Traders v. Addl. Commissioner (Allahabad High Court)

## 2. What are the documents required to be carried during the movement of goods under GST?

Type of Movement	Documents to be carried	Common Document
Taxable Supply (Outward/Inward)	Tax Invoice (Bill of Supply if goods are exempt or the supplier is under composition scheme) + E-waybill	
Export	<b>Export Invoice + E-waybill</b>	
Import	Bill of Entry + E-waybill	
Sales Return	Delivery Challan + E-waybill	
Despatch for jobwork	Delivery Challan + E-waybill	
Return from jobwork	Endorsed Challan + Job worker's invoice + E-waybill	
Inter-branch transfer	Tax Invoice (Bill of Supply if goods are exempt or the supplier is under composition scheme) + E-waybill	Transporter's ID / Lorry Receipt (LR) / Goods Receipt (GR)
Goods for own use	Delivery Challan + E-waybill	Issued by the transporter for tracking and ownership during transit.
Exhibition/Fair or Repair/Maintenance or Testing/Quality Check	Delivery Challan + E-waybill (invoice later if sold)	

## 3. The GST rate on used cars sold by a company was 12%. Has the rate undergone any change?

- The GST rate on the sale of used car has been increased from 12% to 18%, which is calculated on the profit margin of the transaction.
- The increased rate is effective from 16.01.2025.
- The Government has exempted Compensation Cess on sale of old/ used motor vehicles, if the seller has not claimed ITC.

Ref: Notification No. 04/2025-Central Tax (Rate) dated 16.01.2025/ Notification No. 1/2018- Compensation Cess dated 25.01.2018

4. Input tax credit (ITC) can be claimed only if the tax charged on the supply (collected from the purchaser of the goods) has been actually paid to the government. Although favourable judgements exist reiterating that the purchaser is not liable to reverse the credit for non-deposit of tax by the supplier, what is the proactive approach to be adopted by the mills?

**Include the following crucial clauses in the Vendor Agreements:**

- Supplier must ensure timely GST payment as per the law.
- Supplier shall file the GST Returns (GSTR-1&3B) within the stipulated time.
- Indemnity clause to protect the recipient in case of ITC denial due to non-payment by the supplier or mismatch or incorrect reporting.
- If the ITC is denied to the recipient of goods due to the vendor's failure, the vendor shall be liable to reimburse the entire amount of ITC loss within \_\_\_\_ days of denial of the credit along with cost.

**Blanket Clause:**

- The recipient reserves the right to withhold any payment in case of any non-compliance related to GST
- The recipient reserves the right to terminate the Agreement due to violation/repeated violations by the vendor in relation to GST and in case of such termination, the vendor shall immediately clear the outstanding GST liabilities/compensate if the recipient was forced to reverse the ITC claimed/return advance payments for undelivered goods or services.

Ref: Section 16(2)(c) of the GST Act

## LABOUR

1. Is it mandatory for the EPF authorities to provide an opportunity for cross examination during 7A enquiry?

7A enquiry means an inquiry under the EPF Act, which is a formal investigation initiated by the Employees' Provident Fund Organization (EPFO) to determine if an employer has fulfilled their obligations under the Act, particularly concerning contributions. It is the responsibility of the authorities concerned to provide an opportunity for cross examination even if the employers do not ask for it. The EPF authority conducting an enquiry must ask the establishment whether they want to cross examine the Enforcement Officer.

Ref: Changanacherry Co-operative Rubber Marketing Society Ltd Vs Assistant Provident Fund Commissioner & Anr 201 LLR 208 (Ker.HC)

**2. Under the POSH Act, is it mandatory that the external member (NGO/Association) should only be women?**

- The POSH Act does not mandate that the external member (NGO/Association) should only be women.
- The Act says that the external member must be a person working for women rights or have experience in law or social work or dealing with Sexual Harassment related cases.

**3. Can an occupier of factory be prosecuted by DISH authorities without rejecting his reply to notice?**

No, once the occupier submits his explanation for the show cause notice, the authorities concerned must reply by passing an order, by either accepting or rejecting the explanation in the reply. This will enable the occupier to prefer an appeal. If criminal action is taken directly it amounts to violating principles of natural justice.

Ref: Sri Natarajan S Vs State of Karnataka and others, 2022 LLR 378 (Karn HC)

**4. Can a person working in the ambulance room, who is employed through a contractor, be considered a 'worker' under the Factories Act, 1948?**

**Yes,**

Section 45 of the Factories Act, 1948 mandates that an ambulance room must be maintained in the factories employing more than 500 workers. Since it is the statutory obligation of the employer to provide and maintain the ambulance room, the person engaged in the ambulance room is considered a 'worker' for the purposes of the Act, regardless of whether they are employed directly or through a contractor.

Ref: HH Datar (Dr)A.M.O. v P.S.Shivam GM, Indian Security press Nasik and another 1991/Balwabt Raj Saluja and anr V Air India Ltd and Or, AIR 2015 SC 375.

**5. If there are no women employees in the organization, is there any mandate to form an Internal Committee under POSH Act?**

Yes, as per Sec 4 of POSH Act, where there are ten or more employees, (does not specify anything about the gender ratio of the organization) it is a mandatory requirement to form an Internal committee for prevention of sexual harassment.

## JUDGEMENTS ➔

### GST

- Show cause notice posted in additional notices/orders tab was deemed to be invalid service under GST – High Court
- Where assessee while filing return committed some inadvertent mistakes and request for rectify same was denied by respondents, respondents were to be directed to consider and decide representation of assessee to rectify such mistake as per rules – High Court

- Summary of SCN and summary of order to be set aside since issued without issuance of proper SCN and order - Summary of show cause notice and summary of order passed by Assistant Commissioner of State Tax without issuance of proper show cause notice and without passing of proper order are not sustainable – High Court.
- Goods and conveyance to be released on deposit of Rs. 5 Lakh pending final hearing - Where assessee's goods were confiscated during transportation by assessee to seller, assessee questioned invoking of section 130 of CGST Act as assessee had provided complete details of purchase of goods alongwith Tax Invoice and E-way bills, case was to be heard with Special Civil Application No.8353 of 202, respondent-authority was to be directed to release conveyance and goods in question on deposit of Rs. 5 Lakh by assessee – High Court
- Delay in filing returns to be condoned as 30 days limit under best judgment provision was directory not mandatory – High Court
- No obligation to grant hearing before issuing show cause notice under CGST Rules - Affording opportunity of hearing before issuing show cause notice is not contemplated under Rule 142(1)(a) of CGST Rules, 2017; RGST/CGST Act and Rules having financial implications have to be interpreted in the manner as promulgated – High Court
- Reimbursement of electricity charges is not liable to GST if collected as a pure agent - Where applicant-leasee of land is collecting electricity charges from sub-lessee on actual cost basis, applicant is deemed to be acting as pure agent in regard to supply of electricity to its sub-lessee and reimbursement amount shall not be a part of its value of supply - AAR

## Labour

- If an allowance is not earned by all employees, it is excluded from definition of 'basic wages' (Mad. HC)
- Labour Court/Industrial Tribunal not empowered to review or recall its judgments (Del. HC)
- Any claim by EPFO, beyond three years, is not maintainable if it causes irretrievable prejudice. (Meg. HC)
- Disciplinary authority needs to take into consideration the past conduct of the workman before passing order of penalty (Karn. HC)
- No interest or damages when the establishment deposited contribution under Sec 7A timely. (Mad. HC)
- Subsequently payment of due amount won't absolve employer from penalty imposed for non-deposit of ESI contributions. (Cal. HC)
- EPFO can encash DD recovered during pendency subject to outcome of the appeal of a financially weak establishment. (Bom. HC)
- Persons employed for short periods due to passing necessity are not 'employees' under EPF Act (AP. HC)
- High Court can stay the garnishee proceedings when appeal is pending but the tribunal is not functional (Ker. HC)
- Limitation under the POSH Act is not to be seriously applied in cases involving continuous molestation and harassment.

## 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	May 2 2025	May 9 2025	May 14 2025
1	P/H/R	Below 22 mm	5.0-7.0	15	46,100	46,800	47,000
2	GUJ	22 mm	4.0-6.0	20	36,200	36,700	36,700
3	M/M(P)	23 mm	4.5-7.0	22	51,000	49,500	50,000
4	P/H/R(U)	27 mm	3.5-4.9	26	53,600	53,900	53,700
5	P/H/R(U)	27 mm	3.5-4.9	26	54,200	54,500	54,300
6	M/M(P)/SA/TL/G	27 mm	3.0-3.4	25	46,500	47,500	47,500
7	M/M(P)/SA/TL	27 mm	3.5-4.9	26	52,600	51,600	51,800
8	P/H/R(U)	28 mm	3.5-4.9	27	55,000	55,400	55,200
9	M/M(P)	28 mm	3.7-4.9	27	54,100	53,000	53,000
10	SA/TL/K	28 mm	3.7-4.9	27	54,000	52,900	52,800
11	GUJ	28 mm	3.7-4.9	27	53,400	53,000	53,000
12	R(L)	28 mm	3.7-4.9	27	54,900	55,200	55,100
13	R(L)	29 mm	3.7-4.9	28	55,400	55,600	55,500
14	M/M(P)	29 mm	3.7-4.9	28	55,100	54,900	54,900
15	SA/TL/K	29 mm	3.7-4.9	28	55,000	54,900	54,800
16	GUJ	29 mm	3.7-4.9	28	54,400	54,400	54,400
17	M/M(P)	30 mm	3.7-4.9	29	56,000	56,000	55,900
18	SA/TL/K/O	30 mm	3.7-4.9	29	56,000	56,000	55,700
19	M/M(P)	31 mm	3.7-4.9	30	56,600	57,000	57,000
20	SA/TL/K/TN/O	31 mm	3.7-4.9	30	56,600	57,000	57,000
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	74,500	75,000	75,000
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	77,500	78,000	78,000
25	K/TN	35 mm	2.8-3.7	35	82,000	82,000	82,000

Source: Cotton Association of India / Na-Not Available

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

<b>Count</b>	<b>VL</b>	<b>GL</b>	<b>RL</b>
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)	54/2025	02.05.2025	All Member Mills	DGFT – EODC Camp for closure of pending EPCG and Advance Authorization Licences
2)	55/2025	02.05.2025	All Member Mills	Business Development - Strategic Business Hub in the Middle East - Interactive Session
3)	56/2025	03.05.2025	All Member Mills	EPFO – Revamped Form 13 Simplification of Transfer Claim Process
4)	57/2025	03.05.2025	All Member Mills	DGFT – Prohibition on import or transit of goods originating in or exported from Pakistan
5)	57A/2025	03.05.2025	Member Mills in Tamil Nadu	Display of name board in Tamil language in Factories and Shops and Establishment
6)	57B/2025	05.05.2025	Member Mills in Tamil Nadu	Power - TNERC fixed the additional surcharge at 10 paise/unit payable by the OA consumers (through IEX/3rd party) for the period from 29.04.2025 to 30.09.2025
7)	57C/2025	06.05.2025	Member Mills in Tamil Nadu	Invitation for One-day Workshop on Electrical Safety to be held on 16th May 2025 at the Residency Towers in Coimbatore organized by NFEES
8)	57D/2025	06.05.2025	Member Mills in Tamil Nadu	Power – Instructions issued by CFC/Revenue to collect the network charges for all the HT/LT consumers based on the Interim Order of Division bench
9)	58/2025	09.05.2025	All Member Mills	Business Development – Business Delegation – Opportunity to engage with European counterparts
10)	58A/2025	10.05.2025	Member Mills In Andhra Pradesh & Telangana	Consumer Price Index Number - All India – March 2025
11)	58B/2025	10.05.2025	Member Mills in Tamil Nadu	Consumer Price Index Number - Chennai City – March 2025
12)	58C/2025	10.05.2025	Member Mills in Kerala	Consumer Price Index Numbers for the month of March 2025