



**sima**

## Fortnightly E-REVIEW

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**June 16-30, 2025**

### NEWS HIGHLIGHTS

- ❖ India bans land entry of flax, jute fabrics from Bangladesh
- ❖ US 'immediately' cutting off trade talks with Canada: Trump
- ❖ Global trade to enter a period of slower, sustained growth: UK Government
- ❖ Global growth to drop to 2.7% in 2025: KPMG
- ❖ India emerges as key player in 'China +1' manufacturing shift: Report
- ❖ Middle East apparel imports up 6.6% to \$2.57 bn in Jan-Apr 2025
- ❖ China's textile dominance is reshaping Africa's fashion future
- ❖ India extends export obligation for QCO-free VSF imports to 18 months
- ❖ Global textile machinery shipments show mixed performance in 2024

### REPRESENTATIONS

- ❖ Vide a representation dated 17<sup>th</sup> June 2025 an appeal was made to the CMD, TNPDCCL to levy Parallel Operation Charges in lieu of Network Charges for the Rooftop/Grid integrated solar systems.
- ❖ Vide a representation dated 28<sup>th</sup> June 2025 requested Tmt R Lalitha, IAS., Director, Department of Textiles, Government of Tamil Nadu to relax 6% Interest Subvention Scheme for Spinning and also requested to
  - Allow multiple claims for availing the benefit
  - Reduce the age of Ring Frame Machinery from 15 years to 10 years.

### MEETINGS

#### **The Second Steering Committee (TiC) held on 24<sup>th</sup> June 2025 at Dindigul**

- The TiC's second steering committee meeting held on June 24, 2025 at Dindigul, chaired by Tmt. Geetha Jeevan, Hon'ble Minister for Social Welfare & Women's Empowerment. The Chairperson reviewed the progress of the TiC's initiatives and emphasized the need for continuous awareness sessions in both industrial and community settings. Steering Committee members highly praised the TiC's efforts, sharing positive experiences from the program's interventions at their units over the past year. In particular, the micro-videos, posters and

drama/theatre presentations developed by the TiC were very well-received by the workforce. On behalf of SIMA Mr V Regurajan, Legal Advisor and Mr N Selvaraj, Assistant Secretary attended the meeting.



## TEXTILE SCENE >>>

### India bans land entry of flax, jute fabrics from Bangladesh

- India has imposed new restrictions on importing nine categories 530130, 530230, 530390, 530610, 530710, 530720, 530919, 530929, 530010 of textile products from Bangladesh via land ports, effective immediately.
- Items such as flax (linen) yarn, jute fibre and woven fabrics must now enter only through Mumbai's Nhava Sheva port.
- The rule excludes goods transiting to Nepal and Bhutan, but re-exports from those countries are prohibited.

### India emerges as key player in 'China +1' manufacturing shift: Report

- India is poised to outpace G7 economies, driven by manufacturing gains from the 'China +1' shift, rising public investment and stable macroeconomic conditions, as per Equirus.
- It forecasts India will contribute over 15 per cent to global GDP growth (2025–2030).
- With global firms shifting production and supportive fiscal measures, India is emerging as a key player in reconfigured supply chains.

### Government of India extends export obligation for QCO- free VSF imports to 18 months

- Government of India has extended the export obligation period for QCO exempt viscose staple fibre (VSF) imports to 18 months, restoring the original timeline after industry appeals.
- This move benefits EOUs, SEZs and Advance Authorisation holders by easing pressure on re-export requirements.

## GLOBAL TEXTILE SCENE

### **US 'immediately' cutting off trade talks with Canada: Trump**

- US President Donald Trump has said he is 'immediately' cutting off trade talks with Canada as the latter has unveiled a 3-per cent tax on major US tech firms.
- Terming Canada 'a very difficult country to trade with' on Truth Social, Trump denounced the Canadian decision as “a direct and blatant attack on our country.”
- He declared that he would determine and impose appropriate tariffs soon.

### **Global trade to enter a period of slower, sustained growth: UK Government**

- Global growth is expected to slow progressively till 2050, as maturing emerging markets, slowing population growth and rising uncertainty weigh on growth prospects, a UK business and trade department report said.
- Global trade is likely to break with the exponential growth of past decades, to enter a period of slower, sustained growth; complicated by a threatened fragmentation among key markets.

### **Global growth to drop to 2.7% in 2025: KPMG**

- KPMG forecasts global GDP to slow to 2.7 per cent in 2025 amid rising geopolitical, policy shifts and economic uncertainty.
- Business leaders cite volatility, tariffs and trade disruptions as key concerns.
- KPMG urges companies to treat geopolitical risk as a strategic asset and stay agile in a shifting global landscape.

### **China's textile dominance is reshaping Africa's fashion future**

- China is reshaping Africa's textile future through deep investments, zero-tariff access and end-to-end supply chains.
- While boosting exports and industrialisation, challenges remain trade imbalances, sustainability gaps and dependency.
- The key for Africa lies in securing technology transfer, local control and greener practices amidst growing ties.

### **Middle East apparel imports up 6.6% to \$2.57 bn in Jan-Apr 2025**

- Apparel imports into the Middle East rose 6.58 per cent year-on-year to \$2.572 billion in January-April 2025, despite ongoing regional conflict.
- China remained the top supplier, followed by Bangladesh and Türkiye.
- The region's imports also saw a 15.40 per cent rise in 2024.
- Countries like Vietnam, India, Egypt and Italy were among key exporters, reflecting resilient demand across Middle East.

## Global textile machinery shipments show mixed performance in 2024

- Global textile machinery shipments in 2024 showed a mixed trend.
- Short-staple spindles and open-end rotors declined sharply by 40 per cent and 39 per cent, while long-staple spindles rose 62 per cent.
- Draw-texturing spindles surged and shuttle-less loom shipments grew 32 per cent.
- Large circular knitting machines fell 15 per cent, but flat knitting machines rose 16 per cent.

## CHAT BOX

### GST

#### 1. Can GST paid for Hotel Stays for Business purpose be availed as credit?

Businesses can claim Input Tax Credit (ITC) on GST paid for hotel accommodation if the stay is for official purposes, provided all the following conditions are met:

- Possession of a valid tax invoice or debit note issued by a registered supplier.
- Actual receipt of services (the stay or restaurant service must be availed).
- Supplier has paid the tax to the government.
- GSTR-3B return has been filed by the recipient.
- Services are used for business purposes (not for personal consumption).
- ITC is not blocked under Section 17(5) of the CGST Act.
- Invoice is in the name of the registered business, not in the name of an employee personally

#### 2. What is the applicable GST rates and ITC eligibility for hotel stays?

Room Tariff (per night)	GST Rate	ITC Eligibility
Less than ₹1,000	Nil	Not applicable
₹1,000 – ₹7,500	12%	Eligible
₹7,501 and above	18%	Eligible

ITC is available for stays at hotels with room tariffs of ₹1,000 or more, provided the specified conditions are satisfied.

#### 3. What is the applicable GST Rates for Restaurants and its credit eligibility (Amended up to June 2, 2025)?

- The GST rate structure for restaurants has undergone significant amendments with effect from April 1, 2025. The key changes are:
- Abolition of "Declared Tariff": GST is now levied on the actual value of supply (transaction value) of accommodation services, not on a published or declared tariff.

- Specified Premises: Hotels are considered "specified premises", if any unit of accommodation was sold/rented for more than ₹7,500 per day in the preceding financial year, or if the hotel opts for the 18% GST rate by filing a declaration

#### Updated GST Rates for Restaurants

Type of Restaurant/Service	GST Rate	ITC Eligibility	Remarks
Standalone restaurants (AC/Non-AC, takeaway, QSR)	5%	Not available	Applies to all standalone restaurants, including those with air conditioning.
Restaurants within hotels (room tariff < ₹7,500)	5%	Not available	Unless the hotel opts for 18% with ITC by filing a declaration.
Restaurants within hotels (room tariff ≥ ₹7,500)	18%	Available	"Specified premises" as per actual value of supply in preceding year.
Outdoor catering services	18%	Available	Applies to most outdoor catering serving industry, except with certain exemptions.
Restaurants serving alcohol (standalone or in hotels)	(PI see note)	(PI see note)	Not a separate category; depends on location and tariff as above.
Indian Railways/IRCTC catering	5%	Not available	

Restaurants serving alcohol are not automatically subject to 18% GST unless they are located within "specified premises" (room tariff ≥ ₹7,500) or are part of outdoor catering. Standalone restaurants (even if serving alcohol) are generally subject to 5% GST without ITC, they can opt for 18% with ITC by filing a declaration.

#### 4. Under GST, what is the Composition Scheme for Small Restaurants?

- Eligibility: Annual turnover up to ₹1.5 crore.
- GST Rate: 5% without ITC.
- Conditions:
  - Exclusively engaged in restaurant services.
  - No interstate outward supply of goods.
  - No sale of non-GST items like alcohol[8].

**Note:** Composition dealers cannot collect GST from customers and cannot issue tax invoices.

#### 5. Can GST Notice be issued under Section 61 of GST Act, merely on the basis of difference between sale price and market price?

Section 61 deals with Scrutiny of Returns, which states that the proper officer may scrutinize the Return and related particulars furnished by the registered person to verify the correctness of the Return and inform the discrepancies noticed, if any, in such manner as may be prescribed and seek explanation thereto.

Clear objective of section 61 is to enable an Assessing Officer to point out discrepancies and errors which are occurring in Return filed by a registered person with that of related particulars.

Notice under section 61 cannot be issued comparing particulars at which assessee has sold its goods with that of prevalent market price.

Ref: Sri Ram Stone Works V/s State of Jharkhand (High Court)

**6. Can GST credit be denied to a bona fide purchaser who received tax invoices, paid consideration including tax through banking channels, however, supplier failed to deposit the tax or file Returns?**

The Allahabad High Court in its judgement dated 30.05.2025 has held that

- The purchaser cannot ensure that the seller files GSTR-1 or pays taxes.
- A purchaser cannot compel the seller to file Return or deposit tax with the government.
- The purchaser cannot be penalized for the supplier's default.
- Reliance placed upon judgments in the case of M/s Suncraft Energy Pvt Ltd (Supreme Court) and D.Y. Beathel Enterprises (Madras High Court)

Ref: Section 16(2)(c) of GST Act/ M/s R.T. Infotech Vs Additional Commissioner (Case No. Writ Petition No. 1330 of 2022 dated 30.05.2025)

## LABOUR

**1. Is there any time limit for the submission of explanation to the show cause notice issued by the management to the delinquent workmen?**

It is a well-established rule that the employee should be offered sufficient and reasonable time to submit explanation. In one case the employee was given 48 hours' time to submit the explanation. However, the delinquent employee prayed for 7 days' time. But the management gave 1 extra day so as to submit within 72 hours. It was held that 72 hours was reasonable. However, where the Standing Order provides the time or period for explanation then it has to be followed.

Ref: City Transport Ltd, Coimbatore Vs Workmen 1952 LLJ 457.

**2. For change in the condition of service as per Section 9A of the Industrial Disputes Act, 21 days' notice must be given to the employee, is it mandatory to serve this notice individually on all workmen?**

The rule provides that notice must be served on the workmen and it does not prescribe the serving individually. Majority of the State Rules mandates individual notice through registered post to be specifically served on the Secretary of the Trade Union and not Workmen.

Ref: Management of Bharat Earth Movers Ltd Vs The General Secretary, Bharat Earth Movers Employees Association and others, 2025 LLR (Web) 409 Karn HC.

**3. If an employee left service to join with another employer, is it still mandatory to conduct enquiry for abandonment of service?**

The Industrial Disputes Act does not put any obligation on the employer to call back the said workmen with request to join duty. If the management does not consider

such abandonment as a misconduct and considers that the employee left the service, then the status can be left as such.

However, if the list of misconduct in the Standing Order includes abandonment, then the management can initiate disciplinary actions. Enquiry is required to be held only when an employer intends to impose punishment on the employee for alleged misconduct.

Ref: Diamond Toys Co (P) Ltd Vs Toofani Ram and another WP (C) No. 4501/2004 dated 07.02.2007 (Del HC)

**4. Can we transfer employees from one branch to another, even in the specified absence of said power, but the transfer clause is widely worded?**

Yes, it is possible to transfer employees, even if the transfer clause is not explicitly stated in the contract, but the wording is broad.

Appointment letter issued to the employees permitting transfer anywhere in India including transfer from one shift to another and from one department to another, would be deemed to include the transfer from one branch to another of the same company.

Ref :Chowgule Industries Pvt Ltd Vs Gomantak Mazdoor Sangh 2023 LLR 963 (Bom.HC)

**5. When the employees adopted go slow strategy and reduced the output, can the management deduct their wages unilaterally?**

No, workmen must be given opportunity by the employer before deducting the wages in respect of go slow resulting in reduced output. Go slow is intentional refusal to work by the workmen and the management would be justified in reducing or paying on pro-rata basis, but only after granting opportunity of being heard.

Further, the management can also take disciplinary action, since it constitutes misconduct as the workers remain present in the workplace without doing any work.

Ref: Bata India Ltd Vs Workmen of Bata India Ltd and another 2022 LLR 473 (SC).

## JUDGEMENTS

### GST

- Refund – Relevant date for limitation is date of communication of conciliation agreement which is equivalent to decree of Civil Court – Delhi High Court
- Circulars issued by CBIC are not binding on State Tax Officers – Order issued by State officer without DIN is valid – Gujarat High Court
- Service of notices, orders, etc. – Department directed to create SOP for uploading on the portal and sending by email – Delhi High Court
- Service of notice – Department should explore possibilities of sending notices through other modes if assessee not responding by one mode – Madras High Court
- Service of notice/order can be effected by any of the modes provided for in clauses (a) to (f) of Section 169(1) – Service through portal is valid – Calcutta High Court
- Fixed mark-up does not make an independent service provider an agent of foreign recipient – Bombay High Court



- Refund of ITC is available on closure of business – No express prohibition in Section 49(6) read with Section 54(3) – Sikkim High Court
- Power of rectification can be invoked suo motu by GST officer if an error is brought to its notice or becomes apparent on the face of the record – Kerala High Court
- Inadvertent error in GST DRC 03 can be permitted to be corrected – Non mention of FY in the Form while reversing ITC, is not fatal – Calcutta High Court
- E-Way Bill – Clerical error in description of goods – Burden of proof of intention to evade is on tax authorities – Karnataka High Court
- Vehicle is not to be detained when there is no movement of goods – Possession of invoice and e-way bill is not material – Madras High Court
- Penalty – Abatement of proceedings under Section 74 does not abate independent proceedings under Section 122 – Allahabad High Court
- Penalty – Proceedings under Section 122 to be adjudicated by proper officer and not by criminal courts – Allahabad High Court

### **Customs**

- Valuation – Rejection of transaction value under Rule 12 is pre-requisite for determining value under any other rule – CESTAT New Delhi
- No confiscation under Section 111(m) simply if classification and exemption entries in B/E do not correspond to Revenue department's views – CESTAT New Delhi
- Refund – Amendment under Section 149 by itself cannot lead to refund, original assessment is to be reversed – CESTAT Kolkata
- Packing material is not the foolproof criteria to decide the country of origin of goods – CESTAT Mumbai
- Re-assessment of shipping bills once the goods have already been exported is not permissible – CESTAT New Delhi
- Confiscation of exports – DRI's, Audit's or Preventive department's subsequent view on classification do not make the goods liable to confiscation – CESTAT New Delhi
- SAFTA imports – Non-indication of value addition figures in Country-of-Origin certificates is not fatal – CESTAT Kolkata

### **Central Excise/Service Tax**

- Pendency of show cause notice for long is arbitrary and offending under Article 14 of the Constitution – Madras High Court
- Renting of immovable property service – Mere use of premises for job works exclusively for a principal, who has right to inspect, not amounts to renting – CESTAT New Delhi
- 'Lease' for the purpose of Ind-AS-17 will not be 'lease' under Finance Act, 1994 or Transfer of Property Act – CESTAT New Delhi

### **Labour**

- Any claim by EPFO, beyond three years, is not maintainable If It causes Irretrievable prejudice. (Meghalaya High Court)
- Section 7A order passed on mere suspicion and doubt about the stand of the establishment is illegal. (Madras High Court)



- Persons employed for short period due to passing necessity are not 'employees' under EPF Act. (Andhra Pradesh High Court)
- No interest or damages when the establishment deposited contribution under section 7A timely. (Madras High Court)
- Composite order passed under Sections 14-8 and 7-Q is appealable. (Karnataka High Court)
- High Court can permit appeal against damages after limitation period on monthly deposit of interest amount. (Madras High Court)
- When entire set up is different, provisions relating to transfer of establishment would be inapplicable. (Madhya Pradesh High Court)
- Trial court cannot issue summons stayed. (Punjab & Haryana High Court) The employer when order passed under section 7A was
- Writ petition against Sec 14B order is maintainable when EPF Authority failed to exercise jurisdiction. (Meghalaya High Court)
- High Court can stay the garnishee proceedings when appeal is pending but the Tribunal is not functional. (Kerala High Court)
- EPFO has to provide details as to how and why damages were awarded with proper calculation. (Calcutta High Court)
- EPF authorities cannot challenge the order passed by the Tribunal after a delay of 5-6 years. (Madras High Court)
- Assessed damages to be remitted in easy instalments for a sick company. (Calcutta High Court)
- If an allowance is not earned by all employees, it is excluded from the definition of 'basic wage', (Madras High Court)
- CGIT to consider appeal against order imposing damages on merits even when interest was deposited. (Karnataka High Court)
- Conditional order of grant of stay is not an order of pre-deposit with respect to damages. (Madras High Court)
- EPFO can encash DD recovered during pendency subject to outcome of the appeal of a financially weak establishment. (Bombay High Court)
- EPF Authority can recover amount immediately upon passing orders of damages and interest. (Gujarat 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	Jun 16 2025	Jun 23 2025	Jun 29 2025
1	P/H/R	Below 22 mm	5.0-7.0	15	47,900	48,200	48,800
2	GUJ	22 mm	4.0-6.0	20	37,900	38,200	38,200
3	M/M(P)	23 mm	4.5-7.0	22	47,200	47,300	47,100
4	P/H/R(U)	27 mm	3.5-4.9	26	52,700	52,900	53,100
5	P/H/R(U)	27 mm	3.5-4.9	26	53,300	53,500	53,700
6	M/M(P)/SA/TL/G	27 mm	3.0-3.4	25	45,500	45,700	45,000
7	M/M(P)/SA/TL	27 mm	3.5-4.9	26	51,600	51,700	51,900
8	P/H/R(U)	28 mm	3.5-4.9	27	54,600	54,800	55,300
9	M/M(P)	28 mm	3.7-4.9	27	52,700	52,900	53,200
10	SA/TL/K	28 mm	3.7-4.9	27	52,800	53,000	53,100
11	GUJ	28 mm	3.7-4.9	27	52,900	53,200	53,300
12	R(L)	28 mm	3.7-4.9	27	54,100	54,200	54,500
13	R(L)	29 mm	3.7-4.9	28	54,600	54,600	55,000
14	M/M(P)	29 mm	3.7-4.9	28	53,800	54,000	54,300
15	SA/TL/K	29 mm	3.7-4.9	28	53,900	54,100	54,200
16	GUJ	29 mm	3.7-4.9	28	53,900	54,200	54,300
17	M/M(P)	30 mm	3.7-4.9	29	54,700	54,900	55,200
18	SA/TL/K/O	30 mm	3.7-4.9	29	54,900	55,000	55,100
19	M/M(P)	31 mm	3.7-4.9	30	56,500	56,500	56,200
20	SA/TL/K/TN/O	31 mm	3.7-4.9	30	56,500	56,500	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	74,500	74,500	74,500
23	K/TN	34 mm	2.8-3.7	34	79,000	79,000	79,000
24	M/M(P)	35 mm	2.8-3.7	35	76,700	76,700	76,700
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 June 2025**

Count	VL	GL	RL
10	252	-	-
16	252	241	-
20	256	245	263
25	265	254	272
30	277	266	266
32	283	-	290
34	284	273	291
36	291	-	298
40	305	294	312

*Prices are only indicative subject to reconfirmation.*

## CIRCULARS ISSUED DURING THE FORTNIGHT

Sl. No	Cir.No	Date	To	Subject
1)	74-B/2025	16.06.2025	Member Mills in Tamil Nadu	Power Order of Hon'ble High Court of Madras in respect of levying E-tax on IEX power purchase
2)	75/2025	17.06.2025	All Member Mills	List of exporters/Shipping Bills issued by Tuticorin Customs regarding IGST pending errors
3)	76/2025	24.06.2025	All Member Mills	DGFT-BIS QCO mandated Viscose Staple Fibre permitted to be imported under Advance Authorisation Scheme-Period for fulfilment of Export Obligation shall be 18 months from the date of clearance of imported fibre
4)	76-A/2025	25.06.2025	Member Mills in Tamil Nadu	POSH Act-Outcome of the Second Steering Committee (TIC) meeting for zero tolerance for sexual harassment and violence against women and girls
5)	76-B/2025	28.06.2025	Member Mills in Tamil Nadu	Women Welfare - Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (Central Act 14 of 2013) Standard Operating Procedure for the implementation of the Act - approved Orders issued.