



sima

Fortnightly

E-REVIEW

Vol. XX

No.10

July 16-31, 2025

NEWS HIGHLIGHTS

- ❖ India reviewing Trump's 25% tariff threat, reaffirms trade commitment
- ❖ Australia's cotton exports to India hit \$33.5 mn in Jan–May 2025
- ❖ India eyes uniform 12% GST on textile value chain
- ❖ Indian industry leaders weigh in on CETA with UK
- ❖ India's textile exports to Egypt jump 19.6% in Jan–Apr 2025
- ❖ US' textile & apparel import volume rises 6.59% in Jan-May 2025
- ❖ US cotton becomes Vietnam's tariff shield

REPRESENTATIONS

- ❖ Vide a representation dated 17th July 2025 submitted to the Principal Secretary-Labour and Employment, Government of Telangana, a request was made to defer the proposed revision of minimum wages for the Spinning mill industry in Telangana.
- ❖ Submitted a join representation on 18th July, 2025 to Tmt. V. Amuthavalli, IAS., Secretary, Department of Handlooms and Textiles, GoTN, – Requested to recommend for Rescinding the Levy of Network Charges on Rooftop Solar / Grid-Interactive Solar Systems (GISS) Projects.
- ❖ Vide a representation dated 22nd July and 24th July, 2025 to Thiru Muruganandam, IAS., Chief Secretary to GoTN and Dr Beela Rajesh, IAS., Principal Secretary – Energy Department, GoTN, an appeal was made to withdraw the Network Charges on Rooftop Solar Projects.
- ❖ Vide a representation dated 25th July, 2025 submitted to Thiru Muruganandam, IAS., Chief Secretary to GoTN, an appeal was made extend 50% Subsidy for retrofitting Rapier Kit with Tuck-in /Leno selvedge mechanism and convert plain powerloom to Rapier Shuttleless loom.
- ❖ An appeal was made to instruct TNPDCCL not to collect E-tax on Purchase of power through IEX to Dr Beela Rajes, IAS., Principal Secretary – Energy Department, GoTN on 28th July 2025.
- ❖ An appeal was made to Thiru Muruganandam IAS, Chief Secretary to Government on 29th July 2025, to consider the Association recommendations on the Tamil Nadu Repowering, Refurbishment & Life Extension Policy for Wind Power Projects – 2024.

India reviewing Trump's 25% tariff threat, reaffirms trade commitment

- India is reviewing President Donald Trump's announcement of a 25 per cent tariff and additional penalty on Indian imports from August 1.
- The Ministry of Commerce reaffirmed India's commitment to a fair, balanced US trade deal, while stressing protection of farmers, MSMEs and national interest.
- Trump cited India's high tariffs, tough trade barriers and ties with Russia as justification for the move.

India eyes uniform 12% GST on textile value chain

- India is considering a uniform 12 per cent GST across the textile value chain to simplify taxation and correct the inverted duty structure that currently burdens cotton products and hampers input tax credit claims.
- While the move may boost competitiveness and attract investment, it could raise prices for cotton-based goods and garments under Rs 1,000, potentially favouring cheaper synthetic alternatives.

Indian industry leaders weigh in on CETA with UK

- According to the agreement, 99 per cent of Indian exports to the UK encompassing over 1,143 crucial textile and clothing items will now enjoy zero-duty access.
- Stakeholders confident the deal between the world's sixth and fifth-largest economies will significantly benefit the Indian textile and apparel sector.

India's textile exports to Egypt jump 19.6% in Jan–Apr 2025

- India's textile exports to Egypt rose 19.6 per cent to \$134.83 million in January–April, driven by yarn, which made up over 77 per cent of the total.
- Fabric exports also grew, while fibre shipments declined.
- In contrast, India's imports of Egyptian cotton dropped sharply by 43 per cent to \$29.65 million.

US' textile & apparel import volume rises 6.59% in Jan–May 2025

- US textile and apparel imports rose 6.59 per cent year-on-year to 40.89 billion SME during Jan–May 2025, driven by higher volumes in both apparel and non-apparel segments. Cotton and MMF imports also increased.
- In 2024, imports surged 15.23 per cent, while exports fell 2.15 per cent amid ongoing tariff uncertainties.

RAW MATERIAL

US cotton becomes Vietnam's tariff shield

- Vietnamese textile mills have booked record amounts of US cotton in the past few months.
- West African cotton growers and Chinese brokers face being squeezed out of the Vietnamese market.
- 'Two-basket' sourcing is now being adopted in response to new levies.
- Unmatched end-to-end digital audit trails are now crucial for compliance.
- This shift forces brands to rethink sourcing strategies.

CHAT BOX

GST

1. Can a recovery notice be issued by the GST department directly to a third party/bank without notifying the assessee?

No, a GST recovery notice cannot be issued directly to the bank without notifying the assessee.

The GST law mandates a legal Procedure for recovery as per Section 79 and the due process is as follows:

1. Issuance of demand Order under Section 73 or 74.
2. If payment is not made within the specified period, the department can initiate recovery proceedings.
3. Recovery from third parties (e.g., banks) is permitted only after:
 - A demand order has been issued.
 - The assessee has failed to pay the dues within the statutory time limit (3 months from the date of service of the Order, unless specified otherwise).
 - Notice in Form GST DRC-13 is then issued to the bank.

Ref: M/s Galaxy International Vs UOI (Bombay High Court - Order dated 24.06.2025)

2. Can second GST proceeding be initiated by Central GST department on the same issue, if State GST department had already adjudicated the same?

The Delhi High Court has held In the Case of "Shanti Swaroop Nikhil Kumar Vs Additional Commissioner CGST North", (decided on 25-4-2025) as follows:

Where proceedings had already been initiated and adjudicated by State GST Department, a second proceeding by Central GST department on the same subject matter for same time period would be barred under Section 6(2)(b).

Ref: Section 6 read with section 74 of Central Goods and Services Tax Act, 2017

3. If a supplier collects interest/penalty for late payment of the sale price of the product from the purchaser, is GST chargeable on the same? If so, what would be the GST rate?

Yes, GST is chargeable on the interest or penalty collected by a supplier for late payment of consideration by the purchaser.

Such interest or penalty is treated as a consideration for the original supply.

Therefore, GST is applicable at the same rate as applicable on the principal supply of goods or services.

Ref: Section 15(2)(d) of the GST Act, 2017

4. What is the status of the mandate to include “Document Identification Number” (DIN) in all communications issued by the GST department?

- ❖ With effect from 8.11.2019, it was mandated that any search authorization, summons, arrest memo, inspection notice or letter issued during inquiries must quote a computer-generated DIN, in the absence of which the document would be considered as invalid.
- ❖ Exceptional scenarios (technical issues, urgent matters outside office hours etc) allow short-term exemption, but such communications must be stated as DIN-less, have a recorded justification and be regularized later.
- ❖ The Supreme Court and GST Council issued advisories urging all States to adopt DIN for transparency.
- ❖ However, CBIC has now clarified the non-applicability of DIN for documents issued through the GST common portal, which already carry a Reference Number (RFN).
- ❖ Accordingly, there is no requirement to separately quote DIN on notices or orders issued through the portal, as these contain a system-generated RFN, which can be verified using the 'Search > Orders/Notices' feature available on the portal.
- ❖ All other communications not generated through the GST portal, such as physical letters, email correspondence or manually issued documents must include a valid DIN.

Ref: Circular Nos. 122/41/2019-GST dated 5.11.2019/ 128/47/2019-GST dated 23.12.2019/ 249/06/2025-GST dated 9.06.2025

5. Is service of GST Notice through Wapp valid?

Under GST law, a notice sent through WhatsApp is not considered as a valid service.

A decision, order, summons, notice or other communication is considered to be validly served, if delivered through any of the following modes only:

- ❖ By hand delivery (directly or via messenger)
- ❖ By registered post or speed post
- ❖ By email (to the registered email ID)
- ❖ Uploading on the GST portal

- ❖ Publication in a newspaper (if other means fail)
- ❖ Affixing at a conspicuous place (in extreme cases, such as the last known place of business or residence)

Ref: Section 169 of CGST Act, 2017/Mathai MV vs. The Senior Enforcement Officer & Anr. (High Court)

6. Is it mandatory for the assessee to furnish a Chartered Accountant (CA) certificate to the department in cases of GST credit mismatch?

Under GST, a Chartered Accountant's (CA) certificate is not mandatory in all cases of input tax credit (ITC) mismatch. However, it may be required in specific circumstances depending on the nature and quantum of the mismatch, particularly to certify that the supplier has discharged the tax liability on the disputed supplies. Such certification becomes relevant in the following cases:

- ❖ General Credit Mismatch (GSTR-2A/2B mismatch with GSTR-3B)
- ❖ No CA certificate is generally required.
- ❖ The recipient can reconcile differences, follow up with the supplier to file correct Returns or provide other documentary evidence (like invoice copy, payment proof etc).
- ❖ GST officers may issue notices (DRC-01A) seeking explanation or reversal of credit wrongly availed.
- ❖ Compulsory if ITC claimed in Form GSTR-3B exceeds the amount reflected in Form GSTR-2A by over Rs. 5 lakhs (Rs. 2.5 lakhs each for CGST/SGST).
- ❖ Refund Claims involving mismatch (deemed exports, ITC mismatch with supplier Returns)
- ❖ In such refund cases, if the claimed ITC is not reflected in GSTR-2A/2B and refund is claimed based on other supporting documents, a CA or Cost Accountant certificate is necessary, if refund amount exceeds Rs.2 lakhs, certifying that the incidence of tax has not been passed on (No unjust enrichment).
- ❖ In response to GST audit or adjudication
- ❖ If the mismatch involves large amounts or disputed ITC, the GST Officer may demand a CA certificate to support genuineness of ITC.

Ref: Circular Nos. 183/15/2022-GST dated 27.12.2022 and 193/05/2023-GST dated 17.07.2023.

7. What are the GST compliance requirements applicable when credit notes are issued for an amount exceeding Rs. 5 lakhs?

Under GST, issuing credit notes for amounts exceeding Rs.5 lakhs involves certain key compliances to ensure proper input tax credit (ITC) adjustments and documentation (specifically with regard to post-sale discounts, returns or rate changes), which are as follows:

Documentation

A credit note must be issued for reduction in taxable value or tax amount, which contains invoice reference, Tax amount, GSTIN of supplier & recipient and reason for issuing credit note.

Reporting in GSTR-1

- ❖ The supplier must declare the credit note in GSTR-1 for the month in which it is issued.
- ❖ The credit note must reflect in the GSTR-2B of the recipient to ensure corresponding ITC reversal or adjustment.
- ❖ If the credit note is issued after November following the end of the financial year, output tax liability cannot be reduced.

Reversal of ITC by Recipient

- ❖ If ITC was availed on the original invoice, the recipient must reverse proportionate ITC as per the credit note value.
- ❖ This becomes especially significant when the value exceeds Rs.5 lakhs, potentially triggering audit or verification.

CA Certificate Requirement (in specific cases)

- ❖ While not generally mandatory, a Chartered Accountant's certificate may be required:
- ❖ During refund claims involving large-value credit notes.
- ❖ In cases of mismatches where the data of supplier & recipient differ and the department seeks certification to ensure that the tax has been paid correctly.

Record-Keeping

- ❖ Maintain proper audit trail and justification while issuing high-value credit notes.
- ❖ GST authorities may scrutinize such transactions during assessments or audits.

No Reduction of Tax Liability (If Conditions Not Met)

- ❖ If the recipient does not reduce the ITC or the credit note is not declared within the prescribed time, the supplier cannot reduce output tax liability.

Ref: Section 34 of the GST Act, 2017/ Rule 53 of the GST Rules

8. Is GST payable on the compensation received for the compulsory acquisition of land by the State Government?

No, GST is not payable on compensation received for the compulsory acquisition of land by the State Government, for the following reasons:

- ❖ Land transaction is not a supply under GST (Schedule III of the GST Act, 2017)
- ❖ Compensation is not consideration for a taxable supply:
- ❖ Compensation for compulsory acquisition is paid under the “Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RFCTLARR Act)”.
- ❖ It is not a consideration for any taxable supply/service rendered, but it is a statutory compensation.

Ref: Circular No. 177/09/2022-GST dated 03.08.2022/Smt. Asha. R vs. Assistant Commissioner of Commercial Taxes (Karnataka High Court)

9. Refund filing for Deemed Exports (Advance Authorization Scheme) has been simplified by GSTN. What is the procedure to be adopted?

- ❖ Chronological Filing done away with
- ❖ Taxpayers no longer need to specify “From Period” and “To Period” or file refund claims in the order of tax periods, thus eliminating complications caused by mismatches in tax periods.

Mandatory Return Filing

Before filing a deemed export refund claim, all GST returns (GSTR-1, GSTR-3B, etc.) must be filed up to the date of Application. Applications will be accepted by the system only if all requirements are fulfilled.

- ❖ Revised ‘Amount Eligible for Refund’ Table with Auto-Populated Data – The structure of the ‘Amount Eligible for Refund’ table has been updated to include auto-populated fields, thereby reducing manual errors. The revised table will display the following:
- ❖ Balance in the Electronic Credit Ledger (ECL) across all tax heads (IGST, CGST, SGST), thereby supporting refund calculation process.
- ❖ Net Input Tax Credit (ITC) specifically attributed to deemed export transactions and Eligible refund amount

Advisory:

- ❖ Ensure all invoices are thoroughly verified before uploading, as once uploaded, they get locked and cannot be modified.
- ❖ Use the editable “Claimed Refund” field to adjust amounts based on ECL availability.
- ❖ If denied, correct issues or withdraw & re-upload Statement 5B.
- ❖ Monitor refund status and raise grievances promptly if needed.

Ref: as per Circular No. 125/44/2019-GST, dated 18.11.2019

LABOUR

1. In the event of a worker's death resulting from a fight between two employees within a factory premises, is the deceased worker/family entitled to claim compensation under applicable labour laws?

- ❖ No, as it is not an accident/death arising out of employment, he cannot make a claim and there is no nexus between the employment and cause of death.
- ❖ Compensation is payable only if the injury or death arises “out of and in the course of employment.”
- ❖ If a worker dies due to a personal fight, the employer is not liable for compensation.

Ref: *Malligarjuna G Hemanth Vs Branch Manager, Oriental Insurance Company Ltd* 2009 LLR Page No 350 SC.

2. A factory has its own certified Standing Orders. The management now intends to introduce additional acts of misconduct and implement new service rules. Is this permissible under the law?

Once the Standing Orders are certified and brought into operation, the management cannot introduce new rules, such as additional acts of misconduct independently. Any such changes can be made only by amending the existing Certified Standing Orders in accordance with the procedure prescribed under the Industrial Employment (Standing Orders) Act, 1946.

Ref: *UP Electricity Board vs Harishankar Jain* 1978 IV SC 16

3. Whether "incentive wages" should be included in the calculation of gratuity under the Payment of Gratuity Act, 1972?

Under the Payment of Gratuity Act, 1972, the definition of “wages” excludes bonus, commission, house rent allowance, overtime wages, and other allowances. However, it does not specifically exclude “incentive wages.”

Hence, “incentive wages” is to be treated as wage and taken into consideration for calculation of gratuity under the payment of Gratuity Act.

However, if the incentive wage is termed and paid as “incentive allowance”, it will be excluded for the purpose of calculation of gratuity.

Ref : *Anglo French Textile Ltd Vs Presiding Officer, Labour Court* 1981 I LLN 522 Mad HC.

4. If a workman has raised a dispute regarding termination through a trade union, can the management enter into a settlement directly with the workman without involving the trade union as a party to the settlement?

When an industrial dispute relating to non-employment is raised by an individual workman under Section 2A of the Industrial Disputes Act, 1947, the workman can independently enter into a settlement with the management by way of an agreement.

However, if the dispute is raised through a trade union under Section 2(k), the union becomes the party to the dispute, and in such cases, the individual workman

cannot independently enter into a settlement with the management without the union being a party to it.

Ref: The Management of Tamil Nadu Cooperative Milk Producer Federation Ltd, Chennai vs G Ulagaraj and other 2025 LLR (WEB) 457 Mas HC.

5. Can the management appoint an Enquiry Officer even before issuing or framing the charges?

Appointing an Enquiry Officer prior to issuing the charge sheet can prejudice the entire enquiry process. Such premature action may create a sense of fear and apprehension among employees, undermining the principles of natural justice.

A fair and proper disciplinary process begins only after a charge sheet is issued and the delinquent employee is given an opportunity to submit an explanation. If the explanation is found satisfactory, the disciplinary authority may decide to drop further proceedings altogether.

Therefore, the appointment of an Enquiry Officer should only take place when the explanation offered by the employee is deemed unsatisfactory and a formal domestic enquiry is warranted to ascertain the facts and circumstances of the case.

JUDGEMENTS

GST

- Tax authorities must accept manually filed revised excise returns for Cenvat credit transition under GST - Due to non-functional portal, petitioner couldn't revise Excise Return electronically for transition of pre-GST credit inadvertently not claimed; petitioner having filed revised Excise Return manually and revised TRAN-1/2 per Supreme Court's ruling, authorities were directed to permit Cenvat credit transition as delay was due to technical constraints – High Court
- Where only search operation was concluded and there was no determination of tax amount nor was Petitioner called upon to show-cause or any proceedings for raising demand was filed and further, there was no material which led Commissioner to believe that attachment was necessary to secure interest of Revenue, order provisionally attaching bank account was to be set aside – High Court

Customs

- Valuation - Handling charges - Notional 1% handling charges to be added to import value only if actual charges are not ascertainable - Imposition of customs duty on adhoc 1% handling charges is bad in law – High Court

Labour

- Principal employer is not liable when the contractor is independently covered unless the contract is sham. (Madras High Court)
- Tribunal's order can only be challenged by the EPFO after taking authorization from the Board of Trustees. (Madras High Court)
- EPFO cannot initiate coercive action merely because it has a different interpretation of the stay order. (Bombay High Court)

- Establishment to not continue depositing PF contributions for uncovered employees if done earlier by error. (Calcutta High Court)
- If demand was through common notice and two separate orders u/s 148 and 7Q were passed on same date, order u/s 7Q would still be non-appealable. (Delhi High Court)
- Reasons/bifurcations are to be shown as to how PF liability was determined under various heads. (Punjab & Haryana High Court)
- When transferee was made liable to pay damages, the amount can be recovered from the transferor. (Calcutta High Court)
- Apprentices being paid monthly salary and not stipend are covered under the EPF Act. (Kerala High Court)
- Bank account cannot be frozen by EPFO beyond 30 days when there is no prima facie case of fraud. (Calcutta High Court)
- Reducing damages to 25% of assessed amount is proper when it was with govt. and couldn't be transferred. (Chhattisgarh High Court)
- Persons whose engagement is purely contractual and dependent on performance are not 'employees'. (Calcutta High Court)
- Terminated employee can't file FIR for non-payment of PF dues when he wasn't a member of EPF Scheme. (Delhi High Court)
- No prosecution for non-payment of PF dues against Director without impleading the company. (Calcutta High Court)
- EPF authority cannot recover damages exceeding the amount of arrears as specified in the Scheme. (Chhattisgarh High Court)
- No premature quashing of summons directing principal employer to produce documents w.r.t. contractor. (Madras High Court)
- Financial problems being faced by an institution cannot absolve it from payment of PF dues. (Punjab & Haryana High Court)
- Writ petition can even be filed against the trustees of EPFO. (Rajasthan High Court)
- Director responsible for the affairs of the establishment is 'employer' under the EPF Act. (Calcutta 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	Jul 16 2025	Jul 23 2025	Jul 30 2025
1	P/H/R	Below 22 mm	5.0-7.0	15	49,500	49,400	49,200
2	GUJ	22 mm	4.0-6.0	20	39,200	39,300	39,300
3	M/M(P)	23 mm	4.5-7.0	22	47,500	47,800	47,800
4	P/H/R(U)	27 mm	3.5-4.9	26	54,400	54,500	54,600
5	P/H/R(U)	27 mm	3.5-4.9	26	55,000	55,100	55,200
6	M/M(P)/SA/TL/G	27 mm	3.0-3.4	25	47,500	47,200	46,800
7	M/M(P)/SA/TL	27 mm	3.5-4.9	26	54,700	54,500	54,000
8	P/H/R(U)	28 mm	3.5-4.9	27	56,600	56,700	57,100
9	M/M(P)	28 mm	3.7-4.9	27	55,700	55,500	55,400
10	SA/TL/K	28 mm	3.7-4.9	27	54,900	54,700	54,800
11	GUJ	28 mm	3.7-4.9	27	56,700	56,500	56,300
12	R(L)	28 mm	3.7-4.9	27	56,000	56,100	56,100
13	R(L)	29 mm	3.7-4.9	28	56,500	56,600	56,600
14	M/M(P)	29 mm	3.7-4.9	28	56,800	56,300	56,100
15	SA/TL/K	29 mm	3.7-4.9	28	56,000	55,600	55,600
16	GUJ	29 mm	3.7-4.9	28	57,700	57,300	57,000
17	M/M(P)	30 mm	3.7-4.9	29	57,700	57,400	56,900
18	SA/TL/K/O	30 mm	3.7-4.9	29	56,800	56,500	56,200
19	M/M(P)	31 mm	3.7-4.9	30	58,200	58,000	57,700
20	SA/TL/K/TN/O	31 mm	3.7-4.9	30	58,000	57,800	57,500
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	75,600	75,600	75,600
23	K/TN	34 mm	2.8-3.7	34	79,500	79,500	79,500
24	M/M(P)	35 mm	2.8-3.7	35	77,500	77,500	77,500
25	K/TN	35 mm	2.8-3.7	35	82,500	82,500	82,500

Source: Cotton Association of India | Na-Not Available

Hosiery Yarn Price (Rs/Kg) – Including GST
For the Month of July 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)	81/2025	17.07.2025	All Member Mills	Invitation to Participate in High Impact B2B Meetings & Product Showcase with Taiwan Delegation on 21 st July 2025, Monday at Hotel Le Meridien, Coimbatore, 22 nd July 2025, Tuesday at Tiruppur Exporters Association, Tiruppur
2)	82/2025	18.07.2025	All Member Mills	DGFT - Clarification regarding export of "Organic Textiles"
3)	82-A/2025	18.07.2025	Member Mills in Tamil Nadu	POSH – Notification– Inspection of the records and workplace in relation to Sexual Harassment
4)	82-B/2025	19.07.2025	Member Mills in Coimbatore	Approval for The Master Plan 2041 For Coimbatore Local Planning Area Under The Tamil Nadu Town And Country Planning Act, 1971
5)	82-C/2025	22.07.2025	Member Mills in Tamil Nadu	Two-Days Capsule Course on Viscose Rayon Cut Staple (Spun) yarn (IS 3566:2023) during 28th & 29th July 2025 at SITRA, Coimbatore
6)	83/2025	24.07.2025	All Member Mills	National Apprenticeship Promotion Scheme
7)	84/2025	25.07.2025	All Member Mills	National Apprenticeship Training Scheme (NATS)
8)	85/2025	28.07.2025	All Member Mills	EPFO – Employment Linked Incentive Scheme (ELI)
9)	86/2025	29.07.2025	All Member Mills	EXIM – DGFT – Advance Authorization – Import Procedure (warehousing) for Goods shipped before issue of Authorisation
10)	87/2025	29.07.2025	All Member Mills	ESI - New Amnesty Scheme, 2025 for withdrawal of criminal cases filed against Insured Persons & Employers and settlement of cases filed by Employers u/s 75 and 82 of ESI Act 1948
11)	88/2025	29.07.2025	All Member Mills	EPFO – ELI Scheme power point presentation
12)	89/2025	31.07.2025	All Member Mills	Invitation to Participate in the India Pavilion at Dhaka International Textile & Apparel Expo-2025, October 9-11, 2025 BCFCC, Dhaka
13)	90/2025	31.07.2025	All Member Mills	EDLI – Amendment to the Employees Deposit Linked Insurance Scheme