



Fortnightly E-REVIEW

Vol. XX

No.12

Aug 15 - Sep 15, 2025

NEWS HIGHLIGHTS

- ❖ US tariffs cast shadow on Tamil Nadu's textile industry
- ❖ India in dialogue with US for bilateral trade agreement: Piyush Goyal
- ❖ India extends textile PLI scheme after strong industry response
- ❖ Extension of duty-free cotton imports till Dec 2025

REPRESENTATIONS

- ❖ Vide a representation dated 18th August 2025 a request was made to address the operational Challenges arises due to Reduced Vessel Frequency, Increased Freight Costs, Container Shortages and Diversion to Mundra Port to Shri. T K Ramachandran, Secretary, Ministry of Ports, Shipping and Waterways, Government of India.
- ❖ Vide a representation dated 26th August 2025, an appeal was made to Shri Giriraj Singh, Hon'ble Union Minister of Textiles, Ministry of Textiles to recommend to the Hon'ble Union Finance Minister to extend the Import Duty exemption on Cotton for Bill of Lading dated upto 30th September 2025 and Arrival in India up to 15th November 2025.
- ❖ Vide a representation dated 26th August 2025, an appeal was made to Smt Nirmala Sitharaman, Ministry of Finance, appealed to extend the Import Duty exemption on Cotton for Bill of Lading dated upto 30th September 2025 and Arrival in India up to 15th November 2025
- ❖ Vide a letter dated 28th August 2025, Chairman thanked the Hon'ble Union Minister Smt. Nirmala Sitharaman, Ministry of Finance, Hon'ble Union Minister of Textiles Shri Giriraj Singh, Hon'ble Union Minister of Agriculture & Farmers Welfare Shri, Shivraj Singh Chouhan and Hon'ble Union Minister of Commerce and Industry Shri Piyush Goyal for recommending to exempt the 11% import duty on cotton till 30th September 2025 and further extended up to 31st December 2025.
- ❖ Vide a representation dated 28th August 2025 a request was made to Tmt. Jayashree Muralidharan, IAS., Secretary to Government Social Welfare and Women Empowerment Department Secretariat, Chennai for the inclusion of "Industry Association" in the stakeholder list - Standard Operating Procedure for the implementation of the POSH Act.
- ❖ Joint Memorandum was submitted by the Textile Industry Associations and Export Promotion Councils at the interaction meeting with Smt. Nirmala Sitharaman, Hon'ble

Minister of Finance, Government of India at Chennai on 2nd September 2025 seeking the following relief package

Financial Relief Measures

- Extending 2 years moratorium for the repayment of principal amount
- Extending 30% collateral free loan under ECLGS with 5% interest subvention (similar to the one extended during Covid both for MSMEs and larger companies)

Export incentives

- Extend the time for RoDTEP beyond 30.09.25 and RoSCTL beyond 31.03.26
- Enhance the value cap for duty drawback, RoDTEP, RoSCTL
- Increase the RoDTEP rates by 2 to 3% for all products.
- Re-introduce the Focus Market Incentive Scheme and extend 20% of the FOB value for all the exports made to US with effect from 27th August 2025 in the form of transferrable Duty Credit Scrip
- Re-introduce the Interest Equalisation Scheme for Pre and Post Shipment Rupee Export Credit and extend 5% benefit for all categories of exports without cap

GST

- Addressing GST inverted duty structure in the MMF value chain and slotting the entire MMF value chain under 5% GST slab on par with cotton value chain.
- Refund the accumulated capital goods GST credit and ease the liquidity.

Cotton Working Capital

- Reduce the margin money from 25% to 10%
 - Increase the credit limit from three months to nine months
 - Extend 5% interest subvention for the cotton procured during peak cotton season (December to March)
- ❖ Vide a representation dated 11th September, 2025 an appeal was made to Smt Nirmala Sitharaman, Hon'ble Union Finance Minister, to slot used scrap PET Bottles and Flakes derived from the used scrap PET Bottles under 5% GST schedule.

MEETINGS

- **Interaction meeting with Smt. Nirmala Sitharaman, Hon'ble Minister of Finance, Government of India at Chennai on 2nd September 2025**

An interaction meeting of All Textile Associations and EPCs with Hon'ble Union Minister of Finance Smt. Nirmala Sitharaman was organised by SIMA on 2nd September 2025 at ITC Grand Chola, Guindy, Chennai in the august presence of Mr. Nainar Nagendran, BJP, TN President and Smt. Vanathi Srinivasan, MLA, CBE - South. After giving a patient hearing to the pleas made by the industry HMoF indicated about major restructuring of rates in the GST and a proposal to announce a relief package to mitigate the impact of US tariff shortly.



Dr S K Sundararaman, Chairman, SIMA,
Submitting Joint Memorandum



Hon'ble Union Finance Minister, Smt. Nirmala
Sitharaman, and Hon'ble MLA, Coimbatore
South Smt. Vanathi Srinivasan



CITI, Deputy Chairman, Shri Ashwin
Chandran, welcoming Hon'ble MLA, Smt
Vanathi Srinivasan, Coimbatore South with a
bouquet



Stakeholders in participating



Hon'ble Union Finance Minister, Smt. Nirmala
Sitharaman, addressing the gathering

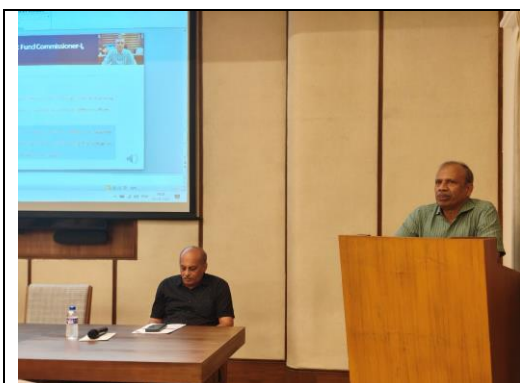


Address by Smt Vanathi Srinivasan, Hon'ble
MLA Coimbatore, South

- **ESI & EPF (ELI) Scheme and DISH portal issues Programme on 3rd September 2025 between 2 PM to 5 PM @SIMA Conference Hall, Coimbatore.**

The sessions were handled by:

- DISH: Mr. Vinoth, Joint Director, DISH-I, Coimbatore, clarified doubts on DISH portal registration and simplified statutory forms.
- ESI: Mr. Ravikumar, Joint Director, ESI SRO Coimbatore; Mr. Karthikeyan, Deputy Director, ESI; and Mr. Roshan, Branch Manager, Kattoor, ESI, discussed the ESI Spree Scheme, benefits offered by ESI hospitals, and encouraged IPs to utilize medical quota for ward children.
- EPF: Mr. Prashant, RPFC-I, Coimbatore; Mr. Srinivasan, Enforcement Officer; and Mr. Manoj, Enforcement Officer, covered the EPF Employment Linked Incentive Scheme (PMVBRY).
- Around 50 participants from 30 mills attended the session.



Welcome speech by Dr K Selvaraju Secretary General, SIMA






Mr Vinoth, JD-I, DISH, Coimbatore addressing the gatherings



Mr Ravikumar, Joint Director, ESI SRO, Coimbatore addressing the gatherings



Mr Karthikeyan, Deputy Director, ESI SRO, Coimbatore addressing the gatherings

	
<p>Mr K Prashant, RPFC I, Coimbatore explaining PMVBRY scheme details</p>	<p>Mr Sreenivasan, Enforcement Officer, Coimbatore addressing the gatherings</p>
	
<p>Session of Participants</p>	

- **Shri Sudhakar Chowdary, Committee Member of SIMA, CITI and COA Member of Texprocil met Hon'ble CM of AP Shri Chandrababu Naidu on 29th August 2025 and submitted a memorandum appealing to write a DO letter to Hon'ble PM for a relief package to mitigate the challenge posed by US Tariff.**



Shri Sudhakar Chowdary, Committee Member of SIMA met Hon'ble CM of AP Shri Chandrababu Naidu and submitted a memorandum

- **Meeting with Hon'ble Union Minister of Finance, Smt Nirmala Sitharaman**

Mr Ravi Sam, Vice Chairman Texprocil, Mr Dinesh Nolkha, Vice Chairman CITI, Mr Venkat Ramaraj, MD Ramco and Secretary General CITI had a meeting with Hon'ble Union Minister of Finance, Smt Nirmala Sitharaman on 20th August 2025 and thanked the Minister for the cotton duty exemption as also request for extending the exemption window for a month or more so that the intended benefit of the waiver can

reach the textile industry. She was apprised of the crisis in the industry and the urgent need for measures to improve cost competitiveness.

Request was also made to create a permanent window for exemption in coming seasons too. The GST rationalisation issue was also discussed. She gave a patient hearing to the industry concerns and assured to look into the matter.



- **SIMA Office -Bearers participated the Joint Conclave of Trade and Industries Association at Chennai on 14th September, 2025 and thanked the Hon'ble Union Finance Minister Smt Nirmala Sitharman, for the historical GST 2.0 tax reform.**



Dignitaries on the dias



Shri Durai Palanisamy, Chairman, SIMA addressing the Conclave

TEXTILE SCENE

US tariffs cast shadow on Tamil Nadu's textile industry

- Imposition of a 50% tariff on Indian imports by US severely impacted Tamil Nadu.
- Tiruppur and Coimbatore are particularly vulnerable, with Tiruppur alone accounting for nearly 60% of India's knitwear exports.
- FTA with UK and a potential EU deal may offer long-term relief, but immediate challenges remain acute, even as calls for diversification of export markets grow strong.

India in dialogue with US for bilateral trade agreement: Piyush Goyal

- India is in talks with the US on a bilateral trade pact, Minister Piyush Goyal reiterated at CII's 20th Global Sustainability Summit.
- While 5 rounds of negotiations since March are complete, the 6th remains pending after Washington postponed its August visit.
- The delay follows the US imposing a 50% tariff on Indian exports.
- Goyal also noted India's widening FTA network with global partners.

India extends textile PLI scheme after strong industry response

- India has extended the application window for the PLI Scheme for Textiles by one month to September 30, 2025, following strong industry interest.
- The Ministry of Textiles received 22 fresh applications within 22 days in August from MMF apparel, fabrics, and technical textiles sectors.
- So far, 74 companies with investments worth ₹28,711 crore have been approved under the scheme.

RAW MATERIAL

Government Extends duty-free cotton imports till Dec 2025

- The Government of India has extended duty-free cotton import window until December 31, 2025.
- SIMA, has welcomed the extension of India's cotton import duty exemption till December 31, 2025, aiding textile and apparel exporters hit by the 50 per cent US tariff.
- The move ensures raw material availability, supports jobs across the sector, stabilises prices, and boosts competitiveness, aligning with India's \$100 billion export target and cotton productivity mission.

CHAT BOX

GST

1. In a 'Bill To – Ship To' model under GST, does the responsibility to generate the e-way bill lie with the supplier, the buyer or the actual recipient?

In a "Bill To – Ship To" transaction under GST, the responsibility to generate the e-way bill generally lies with the **"person causing movement of goods"**.

- If Bill-To Party causes movement:
 - A (Bill To) orders goods from B (Supplier) and asks B to deliver to C (Ship To).

- If A is causing the movement by instructing B to deliver directly to C, then A should generate the e-way bill.
- Supplier causes movement on his own:
 - If Supplier B takes responsibility for the transport and arranges the delivery directly to C, then B may generate the e-way bill.

Ref: per Rule 138 of the GST Rules.

2. If the Input Tax Credit reflected in GSTR-2A is higher than that availed by assessee and reflected in GSTR-3B Return, can the department direct payment of GST on the excess amount reflected in GSTR-2A Return?

- GSTR-2A is an **auto-populated, dynamic report** showing details uploaded by suppliers in their GSTR-1.
- It is **not a Return filed by the assessee** and is not conclusive evidence of ITC entitlement.
- Availment of credit is based on **assessee's own books & documents**, and not on GSTR-2A figures.
- **If ITC in GSTR-2A > ITC in GSTR-3B**, it means the assessee has claimed **lesser ITC** than what is reflected by suppliers.
- In such a case, there is **no revenue loss to the Government**, because the assessee has only taken a lower credit.

Thus, directing payment of GST on the “excess amount appearing in GSTR-2A but not availed in GSTR-3B” is incorrect.

Ref: Section 16 of GST Act/Larsen & Toubro Ltd. vs Assistant Commissioner (ST)(FAC), Kancheepuram (Madras High Court)

3. If packing charges are shown separately in the invoice, should a distinct/separate GST rate and Services Accounting Code (SAC) also be specified in the GST invoice?

1. Normal / Standard Packing

- Any **packing that is ordinarily necessary for putting the goods in marketable condition** (e.g., carton, bale, bag, cone, spool, box) is considered part of the value of goods.
- It is **not a separate supply**.
- Hence, it falls under the **HSN of the goods** (not under a separate SAC).

2. Special / Optional / Additional Packing

- If a buyer specifically requests **special packing** (e.g. wooden crates, corrugated boxes with branding, export-quality packing or protective packing beyond normal market practice), and it is **charged separately, packing shall be treated as a composite supply of the principal goods supplied**.
- The Customs Act also upholds the same principle. Rule 5(b) of the General Rules of Interpretation of the First Schedule of Import Tariff reads as follows:

- “Packing materials and packing containers presented with the goods therein shall be **classified with the goods** if they are of a kind normally used for packing such goods”

4. Under the GST law, provisional attachment is a protective measure available to tax authorities to safeguard government revenue, in cases where there is an apprehension that the taxpayer may dispose off the assets (including bank accounts) to evade tax dues. This power can also be exercised during the pendency of proceedings. Is there a prescribed validity period for such Provisional Attachment Order?

Yes.

- Period of Validity of a Provisional Attachment Order
- Every provisional attachment ceases to have effect after 1 year from the date of the Order.
- Even if the proceedings are pending beyond one year, a fresh Order of provisional attachment must be passed, if necessary.

Ref: Section 83 of GST Act/M/s Aashna Singhal Vs Principal Commissioner of GST And Ors (Delhi High Court)

5. With new GST rates proposed to be effective from 22.09.2025, tracking supply date, invoice date and payment date is essential to ensure correct GST rate application and avoid disputes. What are the parameters to determine the same?

The applicability of GST rates as per the provisions of the GST Law are as follows:

Goods/Services supplied before 22.09.2025

Invoice Date	Payment Date	GST Rate Applicability
Before 22.09.2025	Before 22.09.2025	Old Rate (prevailing today)
After 22.09.2025	After 22.09.2025	New Rate
Before 22.09.2025	After 22.09.2025	Old Rate (prevailing today)
After 22.09.2025	Before 22.09.2025	Old Rate (prevailing today)

Goods/Services supplied after 22.09.2025

Invoice Date	Payment Date	GST Rate Applicability
Before 22.09.2025	Before 22.09.2025	Old Rate (prevailing today)
After 22.09.2025	After 22.09.2025	New Rate
Before 22.09.2025	After 22.09.2025	New Rate
After 22.09.2025	Before 22.09.2025	New Rate

Date of payment = date of credit in bank or date of entry in books, whichever is earlier.

Ref: Section 14 of GST Act

6. Under GST, is classification of cotton yarn based on Ne (English count) or decitex?

GST classification of textile yarns is based on “decitex” to align with the World Trade Organisation’s (WTO) HSN (Harmonised System of Nomenclature) system adopted globally

Cotton yarn under GST (Customs/Excise earlier) is still classified based on count in Ne (Number English) rather than decitex by the industry for the following reasons:

Historical Trade Practice

- Cotton has been spun, traded and taxed in India for centuries in English Count (Ne) system.
- Mills, traders and weavers are accustomed to Ne, not decitex.
- Ne is still the commercial language of the industry used in contracts, mill production and buyer orders.

However, statutory documents under GST and Customs Act should mandatorily classify the yarn under decitex and the conversion formula is as follows:

Decitex → Ne

$$\text{Ne} = \frac{5905}{\text{dtx}}$$

Ne → Decitex

$$\text{Dtex} = \frac{5905}{\text{Ne}}$$

Example: **Yarn: 30 Ne**

Calculation: $\text{dtx} = 5905 / 30 = 196.8 \text{ dtx}$.

7. Proper classification of goods under the appropriate HSN code is essential to ensure accurate GST compliance, prevent mismatches in Returns and avoid disputes or penalties. Based on the classification adopted in the GST Tariff, can a standard “Conversion table from Decitex to Ne count” be prepared?

Conversion table from Decitex to Ne count

DECITEX	Ne
714.29	8.3s
232.56	25.4s
192.31	30.7s
125	47.2s
106.35	55.5s
83.33	70.9s

LABOUR

1. In cases where employees retire at the age of 58 years and are given the option for an extension of service by one or more years, can the management deny payment of gratuity for the extended period?

In cases where employees retire at the age of 58 years and are given the option to extend their service by one or more years, the Supreme Court has held that merely **exercising such an option cannot deprive them of their entitlement to gratuity for the extended period**, unless and until the establishment is exempted, after prior approval of the State Government under Section 5 of the Payment of Gratuity Act, 1972.

Ref: G.B.Pant University of Agriculture and Technology vs Sri Damodar Mathpal 32022 LLR I (SC.)

2. If a retired employee has received full and final settlement, but is subsequently re-employed on a consolidated pay basis, will the provisions of the Payment of Gratuity Act, 1972 apply to such re-employment? If yes, from which date will the gratuity eligibility period be reckoned and how will the gratuity amount be determined?

- Yes, the provisions of the Payment of Gratuity Act, 1972 will apply even in the case of re-employment.
- The re-employed person would become eligible on rendering continuous service of **5 years**.
- The eligibility period for gratuity will be reckoned **only from the date of re-employment**.
- If only a consolidated salary is paid without break-up, gratuity is **based on the full consolidated pay**.
- Consolidated figure becomes the **“last drawn wages”** for Section 4(2) of the Act

3. When the management interviews the workers supplied by the contractor, can it be considered as an exercise of control and supervision by the principal employer?

The management has the right to test, interview, assess or evaluate the quality of a worker in order to ascertain the level of skills, knowledge, compatibility and suitability for a specific job. Such an exercise, undertaken by the principal employer to identify the right contract worker, cannot be regarded as an act of control or supervision by the principal employer.

Ref: Haldia Refinery Canteen Employees Union and others Vs M/s Indian Oil Corporation Ltd and others 2005 LLR 529 (SC.)

- 4. When the industrial unit was not covered under the ESI Act, the management had been paying medical allowance to its employees. Now that the ESI Act has become applicable, can the management discontinue the medical allowance and bring the employees under ESI coverage?**

The management cannot be compelled to pay both ESI contribution and medical allowance. The Punjab and Haryana High Court has held that employees are not entitled to receive medical allowance, from the date/day the ESI Act becomes applicable.

Ref: Employees State Insurance Corporation Ltd. Ranjit Kumar Goel, 2014 LLR 418 (P&H HC).

- 5. Whether non-payment of subsistence allowance during the period of suspension pending enquiry will automatically vitiate the enquiry?**

Unless prejudice is specifically pleaded and established, mere non-payment of subsistence allowance cannot be a ground to vitiate the enquiry proceedings. The affected employee must demonstrate how the non-payment handicapped him in effectively participating in the enquiry. Therefore, non-payment of subsistence allowance by itself does not amount to denial of reasonable opportunity nor does it automatically invalidate the domestic enquiry.

Ref: Indra Bhanu Gaur Vs Committee, Management of MM Degree college and other (2004) LLR 228. SC.

- 6. If notice of change of service is not filed as per the format given in the rules, can it have adverse ramifications on the management?**

Yes, the Industrial Disputes Act, 1947 being a piece of social welfare legislation, must be interpreted in a manner that safeguards the interests of workmen.

Under Section 9A, any change in service conditions requires prior notice in the prescribed format. Once such notice is served, if the workman is dissatisfied, he is entitled to raise an industrial dispute, which will then be adjudicated. It is therefore essential that the notice strictly conforms to the prescribed proforma, as any deviation may adversely affect the management's position.

Ref: Food Corporation of India Shramik Unions vs Food Corporation of India. 2022 LLR 981 (Del HC.)

- 7. In one mill, a Blow Room Clerk was transferred to the Dispatch section as a Dispatch-cum-Filing Clerk. Can he object to such a transfer on the ground that the new transferred position is of a lower grade compared to that of a Blow Room Clerk, and would such an objection be justifiable?**

The Court held that, in the absence of any material evidence establishing that the transferred position was of a lower grade, the concerned employee cannot object to the transfer, since both positions are clerical in nature and do not require any special technical skill or training.

Ref: Ahser Textiles Ltd vs Subba Raman, 1975 (I) LLJ 150 (IT Coimbatore) Mad HC

8. In a domestic enquiry, can the management representative / presenting officer also act as an independent witness?

In a domestic enquiry, the management has the right to present its case through the Presenting Officer/Management Representative. Ordinarily, the Presenting Officer does not act as a witness. However, in certain circumstances, he may also be a witness for the management. In such cases, the delinquent employee must be afforded a fair opportunity to cross-examine the Presenting Officer in his capacity as a witness.

Ref: SVS Marwaru Hospital & Anr vs the State of West Bengal and ors WP 20263 (W) of 2016 dated 14.12.2016

9. What is SHe-Box and why is its implementation mandatory for all employers under the POSH Act?

SHe-Box (Sexual Harassment Electronic Box) is an online complaint portal launched by the Government of India to assist women employees in reporting workplace sexual harassment. On 31.12.2024, the Supreme Court of India issued a directive mandating full integration of the SHe-Box portal and wide publicity of designated nodal officers by March 2025. Accordingly, it is the responsibility of every employer to prominently display the details of the Internal Committee (IC) and the SHe-Box portal.

10. Does the POSH Act apply only to conventional workplace, or does it cover non-conventional work environment also?

The POSH Act applies to both conventional and non-conventional work environments. Though originally designed for traditional office settings, the Supreme Court in its judgment dated 03.12.2024 clarified that its scope extends equally to informal and non-traditional workplaces.

11. When an establishment is shifted from one place/location to another, is it mandatory for the employer to intimate the EPF Organization about the change?

Yes. The Madras High Court, in its Order, has made it mandatory for employers to intimate the EPF Organization regarding any shifting of the establishment.

M/s Valto informatics Pvt Ltd vs the Assistant Provident Fund Commissioner and others (2017 LLR page 712) Mad HC.

12. When the EPF Enforcement Officer visits an organization and finds non-compliance with various statutory provisions, can he initiate action under Section 7A of the EPF Act?

Section 7A is intended for examining the applicability of the Act and determining the dues. Instances such as non-submission of returns, non-production of records, or non-cooperation during inspection do not fall within the scope of Section 7A. This position has been clarified by the EPFO through its circular dated 14.02.2020.

13. When the Enforcement Officer, during inspection under the EPF Act, finds that certain employees have not been covered under the Act, can he determine and issue an order directing the employer to comply?

The Enforcement Officer has no power to issue such an order. His role is limited to collecting all necessary information from the organization and forwarding it to the competent authority under the EPF Act. Only the competent authority is empowered to determine the dues and pass appropriate orders.

Sri Durga Parameswari Vs Enforcement officer EPFO, 2019 LLR Page 943 Karnataka HC.

14. Does a 'Professional Retainer' qualify as an employee under the EPF Act, and is he required to be covered under the provisions of the Act?

A 'Professional Retainer' cannot be treated as an employee when remuneration is paid as professional fees and TDS is deducted and remitted to the Income Tax Department.

Further, the authority to decide whether a person qualifies as an employee under the EPF Act rests solely with the Regional Provident Fund Commissioner and not with the Assistant Provident Fund Commissioner.

It must also be examined whether the individual provides services exclusively to the organization or to multiple organizations.

Thus, in general, a Professional Retainer does not fall within the definition of an employee under the EPF Act.

Ref : Dolphine International Ltd Vs APFC, Delhi East, Appeal No 194 (4) 2011 order dated 2.7.2025.

15. Is there any limitation for claiming damages under sec 14B of the EPF Act?

Section 14B of the EPF Act deals with damages for default in payment of contributions. The EPFO, through its Circular dated 20.08.1990, clarified that damages under Section 14B must be determined and finalized within three years and in the case of fresh defaults, the proceedings should be concluded within three financial years.

Since no limitation period has been prescribed under the EPF Act, the EPFO has issued this instruction to ensure that damages are finalized within the stipulated three-year period.

Ref : The Appellate Tribunal order dated 24.6.2025 in the case of M/s Pine Tree Hospitality vs APFC, Gurugram (West) Appeal no. D-2 (20) 2024

JUDGEMENTS

GST

Power Builders Vs Superintendent of GST And Central Excise (Madras High Court

- Claim of ITC in respect of delayed GSTR-3B allowed if return filed on or before 30.11.2021
- Petitioner: Power Builders, a partnership firm registered under GST.
- Relevant Period: Financial Year 2018-19 (but the principle touches FYs 2017-18 through 2020-21)

- Impugned Order: Order-in-Original No. 09/2024 – GST, dated 10 April 2024, which disallowed Input Tax Credit (ITC), and imposed tax, interest, penalty, on the ground that the ITC claim was time-barred under Section 16(4) of the CGST Act.
- Return Filing: The petitioner had filed the GSTR-3B return(s) for the relevant FY on or before 30 November 2021

Legal/Statutory Position

- Section 16(4) of CGST Act, 2017 (pre-amended): It imposed a time limit for availing ITC; specifically, a registered person cannot take input tax credit after the 30th day of November following the end of the financial year to which the invoice or debit note pertains (or furnishing of the relevant annual return, whichever earlier).
- Section 16(5) CGST Act (inserted by Finance Act, (No.2) of 2024): This section was introduced retrospectively from 1 July 2017. It provides that, notwithstanding anything in sub-section (4), for the financial years 2017-18, 2018-19, 2019-20, 2020-21, a registered person shall be entitled to take Input Tax Credit in any return under section 39 which is filed up to 30 November 2021.

Issues

- Primary Issue: Whether the taxpayer (Power Builders) is entitled to claim ITC for FY 2018-19 even though the original assessment order disallowed it on the basis that the claim was time-barred under section 16(4), given that the return (GSTR-3B) was filed on or before 30 November 2021.
- Second Issue: Whether the insertion of section 16(5) (retrospective effect) operates to provide relief in such cases (i.e. granting extension for claiming ITC for those FYs, if the GSTR-3B return was filed by 30 Nov 2021).

What the Court Held

- **Relief under Section 16(5)**
 - The Court held that Section 16(5) indeed provides relief for registered persons who had their invoices or debit notes in FYs 2017-18 to 2020-21, provided the relevant GSTR-3B returns are filed by 30 November 2021.
- **Quashing the Disallowance Order**
 - The impugned order which denied ITC purely on limitation grounds under Section 16(4) was quashed, insofar as it relates to disallowances solely for being time-barred when return was filed by the specified date.
- **Protection from Further Recovery**
 - The Department was restrained from proceeding with any recovery based on the disallowance under section 16(4) for claims where returns were filed by the deadline (30 November 2021).
- **Refund / Re-credit / Adjustment**
 - If any amounts had been collected, or bank accounts frozen, or money deposited under mistake because credit was disallowed, then those must be

refunded or re-credited / allowed to be adjusted in the cash/credit ledger / future liabilities of the petitioner.

Scope of Relief

- The relief granted is only for disallowances purely based on limitation under section 16(4). The GST authorities remain free to examine other grounds like genuineness of invoices, compliance with other conditions under section 16, or whether tax has been actually paid by supplier, etc.

Implications

- Taxpayers who had invoices or debit notes in FYs 2017-18 to 2020-21 and whose GSTR-3B returns were filed on or before 30 November 2021 are now protected from disallowance of ITC on limitation grounds (under section 16(4)).
- This gives a retrospective window (via section 16(5)) to claim ITC for those years, even if originally missed or disallowed purely for being late, as long as the GSTR-3B return was filed within that extended deadline.
- Authorities will need to revisit assessment / demand / penalty orders which disallowed credit purely on the basis of limitation, and refund / re-credit where due.
- However, disallowance for other valid reasons (fake / bogus invoices, supplier not having paid tax, mismatch of details, etc.) are not covered by this relief.

Labour Law Judgments

- The Internal Committee should have to prepare inquiry report which is to be supplied to both the parties (P & H HC.)
- When there was an arbitration clause in the appointment letter, going into arbitration is mandatory even if the termination was owing to sexual harassment (Cal HC)
- IC should allow respondents to cross-examine witnesses when he does not hold influential position (P & H HC.)
- Legal heirship certificate not mandatory for claiming gratuity when nomination was already there (SC.)
- The period of three months prescribed under Sec 106 of the Factories Act, 1948 would apply from the date of the knowledge of the Inspector of the offence and the complaint has to be filed within three months. (HP HC.)
- The principal employer can't be made to pay gratuity to the workers of the contractor unless contract is sham. (Cal HC.)
- As per Sec 32A of the EPF Scheme, before levying the damages, the employer is to be given opportunity. (Mad HC.)
- Liability to pay PF contributions for the employees of the contractor would not fall upon the principal employer when the contractor had an independent code number. (Mad HC)

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	Sep 1 2025	Sep 8 2025	Sep 14 2025
1	P/H/R	Below 22 mm	5.0-7.0	15	48,000	48,000	47,800
2	GUJ	22 mm	4.0-6.0	20	37,900	37,900	38,300
3	M/M(P)	23 mm	4.5-7.0	22	46,500	46,400	46,400
4	P/H/R(U)	27 mm	3.5-4.9	26	52,700	52,600	52,200
5	P/H/R(U)	27 mm	3.5-4.9	26	53,300	53,200	52,800
6	M/M(P)/SA/TL/G	27 mm	3.0-3.4	25	44,000	43,800	43,800
7	M/M(P)/SA/TL	27 mm	3.5-4.9	26	51,400	51,100	51,200
8	P/H/R(U)	28 mm	3.5-4.9	27	55,000	54,900	54,600
9	M/M(P)	28 mm	3.7-4.9	27	53,300	53,000	53,500
10	SA/TL/K	28 mm	3.7-4.9	27	52,900	52,500	52,500
11	GUJ	28 mm	3.7-4.9	27	54,100	53,900	54,500
12	R(L)	28 mm	3.7-4.9	27	54,000	53,900	54,000
13	R(L)	29 mm	3.7-4.9	28	54,300	54,200	54,300
14	M/M(P)	29 mm	3.7-4.9	28	54,600	54,300	54,500
15	SA/TL/K	29 mm	3.7-4.9	28	53,900	53,500	53,500
16	GUJ	29 mm	3.7-4.9	28	55,200	55,000	55,300
17	M/M(P)	30 mm	3.7-4.9	29	55,300	55,100	55,200
18	SA/TL/K/O	30 mm	3.7-4.9	29	54,500	54,300	54,400
19	M/M(P)	31 mm	3.7-4.9	30	56,400	56,300	56,500
20	SA/TL/K/TN/O	31 mm	3.7-4.9	30	55,500	55,400	55,400
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	75,400	75,900
23	K/TN	34 mm	2.8-3.7	34	79,500	80,000	77,500
24	M/M(P)	35 mm	2.8-3.7	35	77,300	77,100	77,600
25	K/TN	35 mm	2.8-3.7	35	82,500	82,500	80,000

Source: Cotton Association of India | Na-Not Available

Hosiery Yarn Price (Rs/Kg) – Including GST
For the Month of September 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)	99/2025	19.8.2025	All Member Mills	Cotton – Exemption from Import Duty on all varieties from 19.08.2025 till 30.09.2025
2)	100/2025	19.8.2025	All Member Mills	Webinar on Production Linked Incentive (PLI) Scheme for the Textile & Apparel Industry
3)	100-A/2025	20.8.2025	Member Mills in Tamil Nadu	Half day seminar on ESI Spree Scheme, EPFO Employment Linked Incentive Scheme (PM-VBRY) and DISH revamped online portal on September 3, 2025 (Wednesday) between 2 PM – 5 PM at SIMA Conference Hall, Coimbatore
4)	101/2025	20.8.2025	All Member Mills	EPFO – Simplification of death claims – non-requirement of Guardianship Certificate for settlement in favour of minor
5)	102/2025	20.8.2025	All Member Mills	EPFO – Seeding / correcting aadhar details in UAN
6)	102-A/2025	20.8.2025	Member Mills in Tamil Nadu	TNPDCL filed a petition before TNERC to determine additional surcharge at Rs.1.14 per unit for the period from 1.10.2025 to 31.3.2026 to be collected from OA consumers
7)	103/2025	28.8.2025	All Member Mills	Cotton – Exemption from Import Duty on all varieties extended till 31.12.2025
8)	104/2025	29.8.2025	All Member Mills	DGFT – BIS QCO mandated Polyester Staple Fibre/Filament & Spun Yarn permitted to be imported under Advance Authorization Scheme – Period for fulfilment of Export Obligation shall be 18 months from the date of issue of Authorisation
9)	105/2025	29.8.2025	All Member Mills	POSH – Strengthening of Internal Committee – Online Registration
10)	106/2025	30.8.2025	All Member Mills	EPFO – PM Viksit Bharat Rozgar Yojana (PM-VBRY) -Employment Linked Incentives scheme documents
11)	107/2025	01.09.2025	All Member Mills	Extension of Application Window up to 30th September 2025 for PLI Scheme for MMF Apparel, MMF Fabrics and products of Technical Textiles
12)	108/2025	04.09.2025	All Member Mills	GST – Outcome of 56 th GST Council meeting
13)	109/2025	06.09.2025	All Member Mills	Disposal of Old Rieter C60 Carding Machinery by RAMCO group

14)	110/2025	08.09.2025	All Member Mills	Open auction for sale of FP cotton bales on 10th September, 2025 at Coimbatore by CCI
15)	111/2025	09.09.2025	All Member Mills	GST - Rate rationalization and Trade facilitation Measures – Preparatory steps to be adopted by the industry – Virtual Session on 12.09.2025
16)	111A/2025	10.09.2025	Member Mills in Tamil Nadu	Consumer Price Index Number - Chennai City – July 2025
17)	111B/2025	10.09.2025	Member Mills in Andhra Pradesh and Telangana	Consumer Price Index Number - All India – July 2025
18)	111C/2025	10.09.2025	Member Mills in Kerala	Consumer Price Index Numbers for the month of June 2025
19	112/2025	13.09.2025	All Members Mills	Apprenticeship (Amendment) Rules 2025