



Fortnightly E-REVIEW

Vol. XX

No.14

Oct 1-15, 2025

NEWS HIGHLIGHTS

- ❖ Textile PLI Scheme 2.0 to hugely benefit MSMEs: CITI
- ❖ Bangladesh allows partial exporters to import raw materials duty free
- ❖ Growth of manufacturing of textiles, apparel in India drops YoY in Aug
- ❖ Maritime trade growth to slow to 0.5% in 2025: UNCTAD
- ❖ US tariffs threaten India's cotton consumption in 2025–26 season
- ❖ GST 2.0 boosts textiles, but US tariff poses challenge: CITI-EY India
- ❖ Global export growth eases in Q2 2025 amid US tariff pressures: Fitch

REPRESENTATIONS

- Vide a representation dated 7th October, 2025 an appeal was made to the Chairman, TNERC, to review and modify the Green Energy Open Access Regulation in respect of Energy accounting & billing.
- Vide a representation dated 13th October, 2025, request was made to Hon'ble Prime Minister for the special relief package to mitigate 50% US tariff impact on Indian textiles and clothing industry.
- Vice Minister of Industry, Saudi Arabia visited Chennai on 15th October, 2025 (today). Association has submitted a note related to market access for Indian textiles and clothing industry in Saudi Arabia.

TEXTILE SCENE

Textile PLI Scheme 2.0 to hugely benefit MSMEs: CITI

- CITI has lauded the new textile PLI Scheme 2.0, which lowers investment thresholds, revises turnover-linked incentives and allows units within existing firms, boosting MSME participation.
- Expanded HSN coverage for MMF apparel and fabrics is set to strengthen India's global competitiveness.
- It supports India's goal of a \$250 billion domestic textile industry and \$100 billion exports by 2030.

Bangladesh allows partial exporters to import raw materials duty free

- Bangladesh's National Board of Revenue has allowed partial export-oriented industrial units to import raw materials free of duty against a bank guarantee.
- Exporters who cannot obtain a bonded warehouse licence can now import raw materials or goods without paying customs duties.
- The decision will help export-oriented industries maximise production capacity, diversify exportable products and expand exports.

Growth of manufacturing of textiles, apparel in India drops YoY in Aug

- The growth rate of India's index of industrial production in August this year was 4 per cent compared to 3.5 per cent in July, according to quick estimates.
- The growth rate of the manufacturing sector in August was 3.8 per cent YoY.
- The growth of manufacturing of textiles & apparel, leather and related products in August dropped by 1.5 per cent, 5.3 per cent and 9.3 per cent YoY respectively.

GST 2.0 boosts textiles, but US tariff poses challenge: CITI-EY India

- India's textile and apparel sector faces both promise and peril, experts said at a CITI–EY India webinar.
- GST 2.0 reforms—removing duty inversion, ensuring fibre neutrality, easing compliance, and extending the 5 per cent GST slab to items up to ₹2,500—will boost efficiency and demand.
- Yet, a 50 per cent US tariff on Indian goods poses a challenge to

Global export growth eases in Q2 2025 amid US tariff pressures: Fitch

- The global trade volumes fell in Q2 2025 after a Q1 surge driven by importers front-loading ahead of US tariffs, according to Fitch Ratings.
- US import growth slowed from 30 per cent YoY in March to 2.8 per cent in June, with the average effective US tariff at 16 per cent.
- Exports weakened in advanced economies and China, while India's imports rebounded 11 per cent after a sharp Q1 decline.

TA may boost Bangladesh's growth in Singapore garment market

- Singapore and Bangladesh are set to sign an FTA aimed at boosting garment trade, after Singapore's imports from Bangladesh fell 46.12 per cent to \$45.982 million in January–July 2025.
- Bangladesh's share slipped to 4.04 per cent. Imports have fluctuated over the past four years, with Bangladesh's share ranging between 4–7 per cent, highlighting the FTA's potential to stabilise trade.

RAW MATERIAL

US tariffs threaten India's cotton consumption in 2025–26 season

- India's cotton consumption could drop below 300 lakh bales in 2025–26 if US tariffs remain at 50 per cent.
- President Donald Trump's twin tariffs have made Indian textiles unviable in the US market, diverting orders overseas.
- Higher MSP, duty-free imports till December 2025, and weak domestic demand may further pressure prices, with CCI procurement likely to surge.

Maritime trade growth to slow to 0.5% in 2025:

- Global shipping is facing fragile growth, volatile freight rates, rerouted lanes, and rising emissions.
- Trade is set to slow to 0.5 per cent in 2025.

CHAT BOX

GST

1. My company owns a guest house. What is the status under GST, if the said premises is used by the employees?

If a company maintains a guest house for its own employees/guests and does not operate it commercially for the public, GST will not apply (since it is not a supply to outsiders)

Extract from CBIC Circular No. 172/04/2022-GST dated 6.07.2022

"Perquisites provided by the employer to the employee in terms of contractual agreement entered into between the employer and the employee, will not be subjected to GST when the same are provided in terms of the contract between the employer and employee."

2. Is GST applicable to services provided by co-working spaces

Yes @ 18%

- GST is applicable on co-working space services, since they are considered as "Renting of Immovable Property Services" or "Business Support Services."
- The co-working operator (landlord or service provider) raises invoices on clients using the space.
- The recipient (businesses using co-working space) can claim ITC on the GST paid, provided it is used for business purposes and not for personal consumption.

- In co-working spaces, the operator usually provides not just space, but also a package of facilities like Internet / Wi-Fi, Printing & scanning, Housekeeping, Security, Reception services, Conference/meeting rooms and Utilities (electricity, water, AC, etc.). These services are treated as composite supply and GST applies cumulatively @ 18%.

3. What is the GST implication when a landlord takes a security deposit?

In GST, security deposits taken by a landlord at the time of leasing or renting a property are treated differently depending on their nature.

Pure Security Deposit (Refundable):

- If the deposit is taken only as a security and is refunded at the end of the lease, without being adjusted against rent or other charges, then it is not considered consideration for supply.
- Hence, no GST is payable on such security deposits

Security Deposit Adjusted Against Rent or Other Dues:

- If part or the entire deposit is adjusted towards rent, maintenance, or any other payment, then the amount adjusted is treated as consideration for renting of immovable property.
- In such case, GST is applicable at the time of such adjustment

GST is levied on the supply of services of renting and not on the mere collection of refundable deposits

4. Under GST, what is the treatment if rent is charged at a concessional rate?

If landlord and tenant are unrelated

- GST is payable on the concessional rent actually charged, even if it is below market rate.

If landlord and tenant are related persons (e.g., family members, group companies, subsidiaries)

- Valuation Rules under GST apply.
- In such cases, GST would be payable on the open market value (OMV) of the service, or if OMV is not available, on value of like kind and quality.

Ref: Rule 28 of GST Rules.

5. Whether refund of accumulated ITC on exports can be denied on the ground that Bank Realisation Certificates (BRCs)/Foreign Inward Remittance Certificates (FIRCs) do not match invoice-wise with each export transaction, despite aggregate remittance being established?

No

BRCs/FIRCs need not match invoice by invoice or transaction by transaction. It is sufficient if foreign exchange remittances are received on a cumulative/periodic basis and the aggregate remittance covers the total export benefit claimed.

Ref: Transformative Learning Solutions Pvt Ltd Vs Commissioner, CGST, Delhi East & Anr (Delhi High Court)

LABOUR

1. Whether interim increase in wages, will it constitute as wages for the purpose of ESI Contribution

It is relevant to note that when the interim increase on wages constitutes basic wages that amount is to be taken into consideration of ESI Contribution. What has been given as increase in wages is nothing but wages and to be considered for ESI Contribution.

Ref: Employees State Insurance Corporation vs Distilleries & Chemical Mazdoor Union & on 17 July, 2006. Bench: Ar. Lakshmanan, Lokeshwar Singh Panta CASE NO.Appeal (civil) 1727 of 2005.

2. Whether an interim increase in wages would be considered as 'wages' for the purpose of ESI contribution

When the interim increase on wages constitutes "Basic Wages", the said amount is to be taken into consideration for ESI Contribution. Since the increase granted is treated as part of wages, it is liable for ESI contribution.

Ref: Employees State Insurance Corporation vs Distilleries & Chemical Mazdoor Union - Appeal (civil) No.1727 of 2005.

3. When an employee admits his commitment of misconduct, is it necessary to conduct domestic enquiry?

Generally, if an employee unconditionally admits to the charge of misconduct, a full-fledged domestic enquiry is not required. However, this is subject to the condition that the admission is voluntary and there is no credible material or circumstantial evidence suggesting that it was obtained through duress, pressure, threats, or intimidation.

Ref: Shri. Vishwanath Bhivaji Kudale v. The Chairman, Maharashtra State Electricity Board and Others, 2025 LLR 258 (Bom. HC).

4. What is the difference between disqualification from bonus and deduction from bonus?

Section 9 of the Payment of Bonus Act deals with disqualification and section 18 deals with deduction from Bonus.

As per Section 9 of the Payment of Bonus Act, an employee who is dismissed from service on account of fraud, riotous or violent behaviour on the premises of the establishment or for misappropriation or sabotage of any part of the establishment, he is disqualified from receiving bonus.

However, as per Section 18, if an employee is found guilty of misconduct resulting in fraud or loss to the employer, the amount of loss caused may be deducted from the bonus payable to such employee.

JUDGEMENTS

GST

- Payment of road restoration charges to municipal corporation, being in fulfilment of statutory obligation u/s 67(3) of Electricity Act, 2003 of maintaining public roads, cannot be deemed consideration for any service sought or availed: HC
- Seizure & detention of goods in transit is upheld, as petitioner failed to produce documents at time of detention or produce evidence to disclose nature of transaction or inadvertence of vehicle driver: HC
- Invocation of jurisdiction u/s. 73 of CGST Act without issuing Form GST ASMT-10 is not justified Case Name : Pepsico India Holdings Pvt. Ltd Vs Union of India And 3 Ors (Gauhati High Court)
- Common GST SCN or common GST order for different tax periods is impermissible Case Name : Sahiti Agencies Vs Assistant Commissioner of Central Tax And Central Excise (Andhra Pradesh High Court)
- Deposit of 25% of disputed tax amount directed due to failure to furnish reply to GST SCN Case Name : Tvl. Cashewking Nut and Commodites Vs State Tax Officer (Madras High Court)
- Voluntary Admission of turnover suppression held strong evidentiary value, couldn't be retracted without credible evidence Case Name : State of Tamil Nadu Vs Tvl. Jain Marketing (Madras High Court)
- TR-6 Challans Not Eligible for Import IGST Credit: AAAR Tamil Nadu Case Name : In re Becton Dickinson India Private Limited (GST AAAR Tamil Nadu)

VAT

- ITC Cannot Be Denied for Seller's Non-Payment of VAT: Supreme Court Case Name : Commissioner Trade And Tax Delhi Vs Shanti Kiran India (P) Ltd. (Supreme Court of India)

Customs

- Self-assessed bill once accepted cannot be cancelled by importer - CESTAT wrongly permitted importer's request for cancellation of Bills of Entry, leading to loss of revenue: 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	Oct 01 2025	Oct 08 2025	Oct 14 2025
1	P/H/R	Below 22 mm	5.0-7.0	15	47,900	48,200	47,600
2	GUJ	22 mm	4.0-6.0	20	NA	NA	NA
3	M/M(P)	23 mm	4.5-7.0	22	NA	NA	NA
4	P/H/R(U)	27 mm	3.5-4.9	26	50,600	50,200	49,000
5	P/H/R(U)	27 mm	3.5-4.9	26	51,200	50,800	49,600
6	M/M(P)/SA/TL/G	27 mm	3.0-3.4	25	NA	NA	NA
7	M/M(P)/SA/TL	27 mm	3.5-4.9	26	NA	NA	NA
8	P/H/R(U)	28 mm	3.5-4.9	27	51,700	51,600	50,100
9	M/M(P)	28 mm	3.7-4.9	27	52,000	51,900	51,900
10	SA/TL/K	28 mm	3.7-4.9	27	51,900	51,200	51,000
11	GUJ	28 mm	3.7-4.9	27	53,000	52,700	52,000
12	R(L)	28 mm	3.7-4.9	27	52,500	52,400	51,500
13	R(L)	29 mm	3.7-4.9	28	53,000	52,900	51,900
14	M/M(P)	29 mm	3.7-4.9	28	NA	53,300	52,500
15	SA/TL/K	29 mm	3.7-4.9	28	53,000	52,400	51,400
16	GUJ	29 mm	3.7-4.9	28	54,200	54,500	53,200
17	M/M(P)	30 mm	3.7-4.9	29	NA	54,000	53,500
18	SA/TL/K/O	30 mm	3.7-4.9	29	53,400	52,700	51,800
19	M/M(P)	31 mm	3.7-4.9	30	NA	NA	NA
20	SA/TL/K/TN/O	31 mm	3.7-4.9	30	NA	NA	NA
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	NA	NA	NA
23	K/TN	34 mm	2.8-3.7	34	NA	NA	NA
24	M/M(P)	35 mm	2.8-3.7	35	NA	NA	NA
25	K/TN	35 mm	2.8-3.7	35	NA	NA	NA

Source: Cotton Association of India / Na-Not Available

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

Count	VL	GL	RL
10	252	-	-
16	252	241	-
20	256	245	263
25	265	254	272
30	277	266	284
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)	126-A/2025	3.10.2025	Member Mills In Tamil Nadu	Request for Bonus & ex-gratia particulars for 2024-25
2)	126-B/2025	3.10.2025	Member Mills In Tamil Nadu	Renewal of Factory License for the year 2026
3)	126-C/2025	3.10.2025	Member Mills In Tamil Nadu	Power – A Comparison of TNERC Green Energy Open Access Regulations with other States
4)	127/2025	4.10.2025	All Member Mills	DGFT – Extension of time for filing of Annual RoDTEP Return (ARR)
5)	128/2025	4.10.2025	All Member Mills	Extension of time up to 31st December 2025 for receiving Application under the PLI Scheme for MMF Apparel, MMF Fabrics and products of Technical Textiles
6)	129/2025	6.10.2025	All Member Mills	Virutual seminar on unlocking India's Home & lifestyle domestic Market
7)	130/2025	7.10.2025	All Member Mills	EPFO-Return of ownership (form 5A) extract details should be displayed at the entrance
8)	131/2025	8.10.2025	All Member Mills	Branding Scheme for Textiles
9)	132/2025	9.10.2025	All Member Mills	EPFO - Release of FAQs on the Revamped Electronic Challan-cum-Return (ECR) System
10)	133/2025	10.10.2025	All member Mills	Joining link for Virtual Seminar on Unlocking India's Home & Lifestyle Domestic Market
11)	133-A/2025	10.10.2025	Member Mills in Andhra Pradesh & Telangana	Consumer Price Index Number - All India – August 2025
12)	133-B/2025	10.10.2025	Member Mills In Tamil Nadu	Consumer Price Index Number - Chennai City –August 2025
13)	133-C/2025	10.10.2025	Member Mills In Kerala	Consumer Price Index Numbers for the month of July 2025
14)	134/2025	10.10.2025	All Member Mills	Amendments in the PLI Scheme for Textiles & Clothing
15)	135/2025	11.10.2025	All Member Mills	Survey link for the valuable inputs to Draft Warehousing Policy
16)	136/2025	14.10.2025	All Member Mills	Amendments in the PLI Scheme for Textiles & Clothing