



# Fortnightly E-REVIEW

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## NEWS HIGHLIGHTS ➤➤➤

- ❖ India cuts import duties to boost garment exports amid US tariffs
- ❖ ITMF elects new board at 2025 Yogyakarta conference
- ❖ 36 apparel factories in Bangladesh earn LEED certifications in 2025
- ❖ UNEP urged to halt guidelines to distinguish used textiles from waste
- ❖ Major challenges ahead of Bangladesh's LDC graduation: ICCB
- ❖ Tougher EU supply chain due diligence rules challenge for Vietnam
- ❖ India partially exempts synthetic fabric import from MIP

## REPRESENTATIONS ➤➤➤

- Vide a representation dated 18<sup>th</sup> October, 2025 an appeal was made to Shri Bipin Menon, IAS., Trade Advisor, Ministry of Textiles, to recommend for a special Relief Package to Mitigate 50% US Tariff Impact on Indian Textile Industry.
- Vide a representation dated 22<sup>nd</sup> October, 2025, a request was made to Shri. Tiruchi Siva, Member of Parliament- Rajya Sabha, Chairman, Parliamentary Standing Committee on Industry and Shri Ganapathi P Rajkumar, Hon'ble Member of Parliament, Lok Sabha, Coimbatore Constituency to recommend to announce Special Relief Package to Mitigate 50% US Tariff Impact on Indian Textile Industry.

## MEETINGS ➤➤➤

### Impact of U.S. Tariffs on MSME Sector

To assess the impact of U.S. Tariffs on textile industry the Ministry of Textiles has convened a meeting on 17<sup>th</sup> October 2025 (Hybrid Mode) under the chairpersonship of Shri Bipin Menon, IAS., Trade Advisor, Ministry of Textiles. On behalf of the Association, Chairman, Shri Durai Palanisamy and Dr K Selvaraju, Secretary General attended the meeting and expressed the industry concerns and requested the trade advisor to recommend for a special relief package to Mitigate 50% US Tariff Impact on Indian Textile Industry. On the next day, a detailed representation was also made to the Trade Advisor Ministry of Textiles, highlighting the Urgent Need for Relief Package: While bilateral trade negotiations

with the US are underway, resolution may take 1-2 months, risking irreversible damage, non-performing assets (NPAs), customer loss, and mass unemployment. The proposed relief package is essential to

- 1. Prevent Financial Collapse:** A 2-year moratorium on principal repayments and 30% collateral-free loans under ECLGS (with 5% interest subvention) will ease liquidity pressures for MSMEs (69% of surveyed firms) and larger exporters.
- 2. Retain US Market Share: Reinstating the Focus Market Incentive Scheme** (20% FOB value as Duty Credit Scrips from August 27, 2025) and Interest Equalisation Scheme (5% on pre/post-shipment credit, uncapped) will offset tariffs, enabling competitive pricing.
- 3. Sustain Operations and Diversify:** Incentives will bridge the gap until alternate markets (e.g., UK, EU) are accessed, while promoting domestic consumption to absorb surplus capacity.
- 4. Protect Livelihoods:** Safeguarding 10,00,000 jobs will stabilize export-dependent regions, preventing social and economic fallout.

### **Felicitation Function of His Excellency, Shri. C.P. Radhakrishnan, The Hon'ble Vice President of India held on 28<sup>th</sup> October, 2025 at CODISSIA Trade Fair Complex, Coimbatore**

On behalf of the Coimbatore Citizens Forum, a felicitation function for his excellency Shri C.P. Radhakrishnan, The Hon'ble Vice President of India was held on 28<sup>th</sup> October, 2025 at Codissia Trade Fair Complex, Coimbatore, supported by SIMA, CODISSIA, SIEMA and The Institute of Indian Foundrymen, Coimbatore Chapter. The Chairman, Presidents and Associate Members of all industry Association, Educational Institutions, and Coimbatore Citizens were participated and felicitated Hon'ble Vice President.



*A joint Memento by SIMA, CODISSIA, SIEMA, Indian Chamber of Commerce and Institute of Foundrymen Coimbatore chapter was presented to His Excellency, Shri C P Radhakrishnan, The Hon'ble Vice president of India at his Felicitation function at CODISSIA Trade Fair Complex, Coimbatore (28<sup>th</sup> October 2025). On behalf of SIMA Deputy Chairman Shri Krishnakumar along with others presented the Memento to Hon'ble Vice President of India.*

## TEXTILE SCENE ➤

### India cuts import duties to boost garment exports amid US tariffs

- India has scrapped or reduced customs duties on key textile inputs and accessories to support garment exporters facing US tariff pressures.
- Under Notification No. 45/2025–Customs issued on October 24, items like zippers, threads, interlinings, and embellishments can now be imported at nil duty until March 31, 2026.
- The simplified framework aims to enhance export competitiveness and streamline procedures.

### ITMF elects new board at 2025 Yogyakarta conference

- At the ITMF Annual Conference & IAF World Fashion Convention 2025 in Yogyakarta, Indonesia, Juan Parès (Spain) was unanimously elected ITMF president for the period 2025–2027.
- Mustafa Denizer (Turkiye) and Yan Yan (China) became vice presidents, with Ernesto Maurer (Switzerland) re-elected as treasurer.
- Dr. K. V. Srinivasan (India) was appointed Honorary Life Member of the Federation in recognition of his outstanding contribution to the Federation as Vice President (2018-2023) and as President (2023-2025).

## **36 apparel factories in Bangladesh earn LEED certifications in 2025**

- A record 36 apparel factories in Bangladesh have earned international environmental compliance certifications this year, surpassing the previous high of 30 awarded in 2022.
- Twenty two factories have bagged the 'LEED platinum' certification, according to the BGMEA.
- Bangladesh now has a total of 268 LEED-certified garment factories.
- Among these, 114 are platinum, 135 gold, 15 silver and four certified.

## **UNEP urged to halt guidelines to distinguish used textiles from waste**

- The UNEP has been urged by several organisations and key individuals from across the globe to suspend the advancement of the global guidelines to distinguish used textiles from textile waste drafted by the UN body's Circularity and Used Textile Trade Project.
- Their concerns include data integrity, insufficient stakeholder inclusion, lack of methodological transparency and risk of conflict of interest.

## **Major challenges ahead of Bangladesh's LDC graduation: ICCB editorial**

- Though Bangladesh has met all three essential UN criteria for graduation from the LDC status, maintaining economic momentum and competitiveness after that needs significant internal restructuring, the International Chamber of Commerce, Bangladesh (ICCB) has said.
- An editorial in its latest newsletter said unless productivity improves and the country diversifies into new markets and higher-value apparel categories, the RMG industry's edge may weaken.

## **Tougher EU supply chain due diligence rules challenge for Vietnam bizs**

- Tougher supply chain due diligence regulations introduced in the EU are a new challenge for Vietnamese businesses.
- The EU and countries like France, Germany and the Netherlands have enacted or proposed laws requiring large firms to identify, prevent and remedy human rights and environmental risks across their global supply chains.

## **India partially exempts synthetic fabric import from MIP**

- India has eased import norms for synthetic fabrics under HS code 60053600 by exempting materials within the 28–48 GSM range from the \$3.5 per kg minimum import price.
- The move aims to balance import control with industry needs while curbing low-cost fabric inflows that threaten domestic producers.
- MIP rules for other fabric codes remain unchanged.

## CHAT BOX ➤➤➤

### GST

#### 1. Can a company claim credit of GST discharged on rent paid for a director's residence?

No, a company cannot claim GST Input Tax Credit (ITC) on rent paid for a director's personal residence.

##### Reasons:

###### 1. Blocked Credit under Section 17(5) of CGST Act, 2017

- ITC is not available on expenses incurred for personal consumption.
- A director's residence is considered a personal benefit, not used in the course or furtherance of business.
- ITC is allowed only if the service is used for business purposes
- Rent for an office premises is eligible but not for personal dwelling.

However, if the accommodation is provided to the Director (as an employee) in terms of contract, as a perquisite, credit of GST paid on rent is eligible.

#### 2. Is there any recent Supreme Court Judgment on ITC eligibility, when the seller has failed to deposit the tax collected from the purchaser?

Yes

In Commissioner of Trade & Tax, Delhi Vs. M/s Shanti Kiran India Pvt. Ltd., the Supreme Court vide its judgement dated 9.10.2025, has held that a bona fide purchaser is entitled to Input Tax Credit (Delhi VAT Act), even if the seller fails to deposit the collected tax, provided that:

- The seller was registered at the time of sale
- The buyer paid the tax against a valid invoice
- The transaction is genuine and verifiable

The said principle applies to similar issues arising under the GST Act as well.

Ref: The Commissioner, Trade & Tax, Delhi vs. M/s Shanti Kiran India Pvt. Ltd.

#### 3. What is the statutory position under GST Enactment, if the supplier has not paid the tax to the Government, which has been collected from the purchaser and what are the best practices to be adopted by the recipients to avoid ITC reversal due to supplier's default?

If the supplier has not remitted the tax to the Government, the Input Tax Credit (ITC) claimed by the recipient must be reversed and interest under

Section 50(1) becomes payable on the reversed ITC. However, the recipient may re-avail such ITC once the supplier actually pays the tax to the Government, as per the proviso to Section 16(2)(c) of the CGST Act.

To avoid ITC reversal due to supplier's default, recipients should adopt the following best practices:

- Vendor Due Diligence: Verify the supplier's GST registration status and compliance record before entering into contracts.
- Regular Reconciliation: Frequently reconcile GSTR-2B with books of accounts and GSTR-3B to identify mismatches or defaults early.
- Protective Contract Clauses: Include tax compliance and indemnity clauses in supplier contracts.
- Timely Follow-up: Act promptly on any discrepancies between GSTR-2B and ITC availed to prevent disputes or reversals.

## LABOUR

### 1. Whether probationers are eligible for bonus?

There is no exclusion of probationers under the definition of 'employee'. Hence, a probationer who has worked for a minimum period of 30 days in an accounting year is also eligible for bonus.

### 2. For the coverage under the ESI Act, whether the employees engaged through contractor should also be taken into consideration?

Yes. The ESI Act defines an employee to include those engaged through a contractor. Hence, contract workers are to be treated as employees of the principal establishment for the purpose of determining coverage under the ESI Act.

Ref: M/s Sales Service Company Vs Deputy Director, ESIC, CMA No.833/2022 dated 12.5.2022 Mad HC

### 3. Can a Resolution Professional, appointed as the occupier of a factory during the insolvency process, be held responsible for violations under the Factories Act, 1948?

Under Section 17 of the Insolvency and Bankruptcy Code (IBC), 2016, from the date of appointment of the Interim Resolution Professional, the management of the affairs of the factory vests with the Interim Resolution Professional. He is deemed to be the occupier of the factory and cannot abdicate or avoid the statutory responsibilities attached to that position.

Ref: Subatara Monindaranath Meiti Vs The State, Cr. Op.2905 Mad HC.

### 4. Can EPF be levied on the labour component/charges?

No, as per 7A of the EPF Act, it is mandatory for the RPFC to conduct an enquiry in accordance with principle of natural justice, without identifying the beneficiary and summoning the relevant individuals no levy can be made on labour component / charges.

Ref: Central Board of Trustees (EPFO) vs M/s ERA infra Engineering Ltd 2022 LLR (SN) 790 Del HC.

**5. Why is a complainant required to submit six copies of the complaint under the POSH Act?**

Under the POSH Act, the complainant is required to submit six copies of the complaint. This is primarily for administrative and procedural purposes: four copies are for the members of the Internal Committee (IC) so that each can review the complaint independently (mandatorily minimum of four members in IC), one copy is provided to the respondent and the sixth copy is retained for record-keeping.

**6. What is the difference in the legal basis for prosecution under the Factories Act compared to prosecution under the IPC/BNS?**

Under the Factories Act, mere omission to provide safety measures or unsafe conditions is sufficient to initiate prosecution. In contrast, prosecution under the IPC/BSN requires proof of negligence in addition to any act or omission that causes death or injury.

Ref: S Aswin Chand and others vs The State Represented by Inspector of Police and other, Cr. 20916/2019 dated 26.6.2022 Mad HC.

**7. Often, occupiers and managers are prosecuted even when they have not committed any offence. Is there any legal remedy available to them?**

Remedy for occupiers or managers prosecuted without fault: Often, occupiers or managers are prosecuted even when they have not personally committed any offence. Under Section 101 of the Factories Act, an occupier or manager has the right to point out the actual offender. This provision, known as the "third-party procedure", serves as a defence. It allows the occupier or manager to avoid punishment by demonstrating that the offence was committed by someone else and providing satisfactory evidence in accordance with Section 101(a) and (b). In this way, the occupier or manager can establish their lack of personal fault while identifying the real offender.

Ref: Mrs Chaya kishore Musale vs Deputy Director, DISH, Pune and other Cr.WP.No.2565 of 2016 dated 5.12.2016 BOM HC.

## JUDGEMENTS ➤➤➤

### GST

- Order dispatched to incorrect address despite updated details being available on GST portal - appeal period be reckoned from date of actual receipt of order, which was not proven by Department - Dismissal of appeal on limitation not tenable: CESTAT

## **Customs**

- Delayed filing of quarterly returns under Customs Rules, 2017 is a bona fide procedural lapse without fraud, gross neglect or intent to evade, penalties imposed under Section 158 cannot sustain: CESTAT

## **Income Tax**

- Deduction of interest expense allowed against interest income, as there existed clear nexus of investment – Rotation of loan is not material – ITAT Mumbai
- Forex fluctuation gain is capital receipt, as underlying expenditure for acquiring capital asset – ITAT New Delhi
- Mere default or delay in payment, without suppression of income, fabrication of documents, or other acts to defeat payment, does not constitute offence: 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	Oct 16 2025	Oct 24 2025	Oct 31 2025
1	P/H/R	Below 22 mm	5.0-7.0	15	47,600	45,900	45,600
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	49,100	48,500	48,300
5	P/H/R(U)	27 mm	3.5-4.9	26	49,700	49,200	49,000
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	49,000
8	P/H/R(U)	28 mm	3.5-4.9	27	50,200	49,800	50,200
9	M/M(P)	28 mm	3.7-4.9	27	51,900	51,500	51,700
10	SA/TL/K	28 mm	3.7-4.9	27	51,000	50,500	50,200
11	GUJ	28 mm	3.7-4.9	27	52,000	Na	Na
12	R(L)	28 mm	3.7-4.9	27	51,500	51,300	51,700
13	R(L)	29 mm	3.7-4.9	28	51,900	51,800	52,200
14	M/M(P)	29 mm	3.7-4.9	28	52,500	52,000	53,000
15	SA/TL/K	29 mm	3.7-4.9	28	51,400	50,900	51,600
16	GUJ	29 mm	3.7-4.9	28	53,100	52,200	53,000
17	M/M(P)	30 mm	3.7-4.9	29	53,500	52,500	53,300
18	SA/TL/K/O	30 mm	3.7-4.9	29	51,800	52,000	52,000
19	M/M(P)	31 mm	3.7-4.9	30	Na	Na	53,900
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	74,000
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	76,000

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)	137/2025	15.10.2025	All Member Mills	Workshop on responsible purchasing practice((RPP)and Mandatory Human right due diligence (mHRDD) on 29 <sup>th</sup> October 2025
2)	138/2025	22.10.2025	All Member Mills	EPFO Launches Employees' Enrolment Campaign 2025 - Campaign to Boost Employee Enrolment under Social Security and help Employers Regularize Past Records
3)	138-A/2025	23.10.2025	Member Mills in Tamil Nadu	Amendment to Tamil Nadu Factories Rules, 1950 Draft Notification – Engagement of Women Workers During Night Hours and in Hazardous Process
4)	138-B/2025	24.10.2025	Member Mills in Tamil Nadu	Amendment to Tamil Nadu Factories Rules, 1950 Obtain women workers consent to work during night hours
5)	139/2025	25.10.2025	All Member Mills	Power – Draft Electricity (Amendment) Bill, 2025
6)	139-A/2025	25.10.2025	Member Mills in Tamil Nadu	Power – Update the Status of paying self-generation tax
7)	140/2025	30.10.2025	All Member Mills	Kasturi cotton opportunities for spinners and the downstream industry through value creation and enhancing market competitiveness with Kasturi Cotton - physical meeting on 5 <sup>th</sup> November 2025 at SIMA conference hall, Coimbatore
8)	140A/2025	30.10.2025	Member Mills In Tamil Nadu	Power – High Court Order – Levy of self-generation tax - Demand set aside
9)	141/2025	31.10.2025	All Member Mills	Export - Trade Connect e Platform of the Government of India - One-stop platform for global buyers to discover Indian exporters and facility for Indian exporters to create their own micro sites to showcase their products on the Platform
10)	142/2025	31.10.2025	All Member Mills	Export - Certificate of Origin (Coo) under the India-European Free Trade Association Trade and Economic Partnership Agreement