

Fortnightly E-REVIEW

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NEWS HIGHLIGHTS ➤➤➤

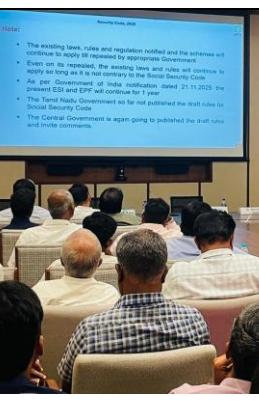
- ❖ **US cotton exports low in Nov 13 week as buyers stay cautious: USDA**
- ❖ **Mexico approves tariff hikes on imports from many Asian nations**
- ❖ **India, EU discuss pending issues on proposed bilateral trade pact**
- ❖ **US announces \$12 bn for farmers affected by unfair market disruptions**
- ❖ **Odisha state approves schemes for silk, handloom sectors**
- ❖ **RBI cuts repo rate by 25 bps to 5.25%**

MEETINGS / WORKSHOPS ➤➤➤

One Day workshop on New Labour Code

Association organized one-day workshop on new labour code at SIMA premises on December 10, 2025. Around 70 participants from 30 organization attended the workshop. The Association had earlier restricted the participants number to 70 for effective interaction. On the request of member mills second batch is repeated on January 10, 2026 (Saturday) at SIMA premises. It is crucial for all stakeholders, especially HR professionals, compliance officers' management, academicians and students, to understand the revised definitions, compliance requirements, and operational impact to ensure a seamless transition and avoid penalties.

	
<p>Inaugural Address by Dr K Selvaraju, Secretary General, SIMA</p>	<p>Dr P Wellington Jebaraj, Addressing the participants</p>

 <p>Industry</p> <ul style="list-style-type: none"> Any systematic activity carried on by co-operation between an employer and another person, whether or not that person is employed by such employer directly or by or through any agency, including a contractor) for the production, supply or distribution of goods or services with a view to satisfy human wants. <p>Excluded</p> <ul style="list-style-type: none"> Institutions owned or managed by organizations engaged in charitable, social, or philanthropic services. Sovereign functions of the Government, including defense, revenue, foreign policy, energy, and space. Any other activity notified by the Central Government 	 <ul style="list-style-type: none"> The existing laws, rules and regulation notified and the reference act mentioned in the notification by the appropriate Government. Even on its repeal, the existing laws and regulation continues to apply as long as it is not contrary to the Social Security Act. As per the notification, the draft rules for the present ESI and EPF will continue to apply. The Tamil Nadu Government so far not published the draft rules for the Social Security Act. The Central Government is again going to published the draft rules and make comments.
<p>Mr P M Jagatheesan, Addressing the participant</p>	<p>Mr V Regurajan, Addressing the participant</p>
	

Outcome of the First Meeting of Committee on Cotton Production and Consumption (COCPC) for the Cotton Season 2025-26 held on 08.12.2025

To deliberate upon the cotton production and consumption for the cotton season 2025-26, the first meeting of the Committee on Cotton Production and Consumption (CoCPC) was held on 8th December 2025 under the Chairpersonship of the Textile Commissioner. The major highlights, as decided during the meeting, for the cotton season 2025-26 as compared to 2024-25 are as below:

Particulars	2024-25 (P)*		2025-26 (P)*	
	(In lakh bales of 170 kg. Each)	(in Thousand Tons)	(In lakh bales of 170 kg. Each)	(in Thousand Tons)
SUPPLY				
Opening Stock	47.47	806.99	45.50	773.50
Crop	297.24	5053.08	292.15	4966.55
Import	41.40	703.80	40.00	680.00
TOTAL SUPPLY	386.11	6563.87	377.65	6420.05
DEMAND				
Non-MSME Consumption	213.04	3621.68	213.00	3621.00
MSME Consumption	93.50	1589.50	93.00	1581.00

Non-Textile Consumption	16.00	272.00	16.00	272.00
Export	18.07	307.19	15.00	255.00
TOTAL DEMAND	340.61	5790.37	337.00	5729.00
Closing Stock.	45.50	773.50	40.65	691.05

State-wise area of Cotton, Production & Yield

Area : in Lakh Hectares
 Production : in Lakh bales of 170 Kg
 Yield : kg per hectare

Name of the State	2024-25 (P)			2025-26 (P)		
	Area	Production	Yield	Area	Production	Yield
Punjab	1.60	4.14	439.88	1.19	2.88	411.43
Haryana	3.98	11.77	502.74	3.94	9.75	420.69
Rajasthan	6.27	17.86	484.24	6.65	19.71	503.86
NORTHERN ZONE	11.85	33.77	484.46	11.78	32.34	466.71
Gujarat	23.72	71.57	512.94	21.40	70.99	563.94
Maharashtra	41.23	73.73	304.00	38.36	72.66	322.01
Madhya Pradesh	5.37	15.35	485.94	5.58	17.10	520.97
CENTRAL ZONE	70.32	160.65	388.37	65.34	160.75	418.24
Telangana	18.12	57.89	543.12	18.35	54.40	503.98
Andhra Pradesh	4.04	11.31	475.92	4.47	9.39	357.11
Karnataka	6.78	22.73	569.93	7.81	25.54	555.93
Tamilnadu	1.02	2.11	351.67	0.43	0.76	300.47
SOUTHERN ZONE	29.96	94.04	533.60	31.06	90.09	493.09
Orissa	2.39	8.23	585.40	2.39	8.42	598.91
Others	0.32	0.55	292.19	0.29	0.55	322.41
TOTAL	114.84	297.24	440.01	110.86	292.15	448.00

P – Provisional |Loose Cotton delivery is based on the survey of "loose cotton delivery and consumption In India" undertaken by Sardar Vallabhbhai Patel International School of Textiles and Management

* - As estimated by Committee on Cotton Production and Consumption in its meeting held on 8th December 2025.

REPRESENTATIONS ➤➤➤

- An appeal was made to Shri Giriraj Singh, Hon'ble Union Minister of Textiles, to recommend to the Hon'ble Minister of Finance and Hon'ble Minister of Farmers and Welfare to continue the exemption of 11% import duty on cotton to mitigate the challenges faced due to the non-availability of quality raw cotton.

TEXTILE SCENE ➤➤➤

US cotton exports low in Nov 13 week as buyers stay cautious: USDA

- US cotton export sales remained low during November, reflecting cautious global buying and limited forward demand.
- Buying was concentrated in Vietnam and Turkiye, with China participation minimal.
- Pima cotton exports also softened, signalling subdued premium demand.

Mexico approves tariff hikes on imports from many Asian nations

- Mexico's Senate has cleared 2026 tariff hikes of up to 50 per cent on imports from many Asian nations, including India, South Korea, China, Thailand and Indonesia.
- The proposal will raise or levy fresh duties on goods like textiles and apparel from nations without trade deals with Mexico.
- Most products will see tariffs of up to 35 per cent.
- Mexico expects the decision to generate \$3.76 billion in 2026.

India, EU discuss pending issues on proposed bilateral trade pact

- Indian Commerce and Industry Minister Piyush Goyal and EU Trade Commissioner Maros Sefcovic have discussed pending issues related to the proposed bilateral trade pact.
- Key differences yet to be resolved include issues related to the EU carbon border tax and non-tariff barriers.
- Sefcovic is leading an EU delegation for talks in New Delhi.
- The pact could boost competitiveness of India's garment exports.

US announces \$12 bn for farmers affected by unfair market disruptions

- The USDA will make \$12 billion available in one time bridge payments to farmers in response to temporary trade market disruptions and raised production costs that are still hitting farmers following four years of 'disastrous' policies by the previous administration that resulted in record high input prices and zero new trade deals.

- Up to \$11 billion will be used for the Farmer Bridge Assistance Programme.

Odisha state approves schemes for silk, handloom sectors

- India's Odisha state cabinet has approved two schemes for the silk and handloom sectors.
- The state will allocate \$54.35 million over five years for attracting investments, empowering local industries and expanding textile-handloom jobs.
- Under the scheme for silk, \$30.4 million will be spent over five years for strengthening sericulture through improved infrastructure and skill-building initiatives.

RBI cuts repo rate by 25 bps to 5.25%

- The Reserve Bank of India has cut the repo rate under the liquidity adjustment facility by 25 bps to 5.25 per cent.
- Real FY26 GDP growth is projected at 7.3 per cent, with Q3 at 7 per cent and Q4 at 6.5 per cent.
- CPI inflation for FY26 is now projected at 2 per cent, with Q3 at 0.6 per cent and Q4 at 2.9 per cent.

CHAT BOX ➤➤➤

GST

1. **Can ITC of GST paid on bank charges be claimed merely on the basis of GSTR-2A/2B, when the bank does not issue a tax invoice?**

No.

- ITC cannot be claimed solely on the basis of GSTR-2A/2B. For bank transactions, a formal tax invoice is not required, but a bank statement or any document issued under Rule 54(2) containing GSTIN, service description, value and GST amount is treated as a valid invoice.
- Therefore, ITC on bank charges is allowed only when supported by the said document and not merely because it appears in GSTR-2A/2B.

2. A registered person imported raw materials under Advance Authorisation without payment of duties but failed to fulfil the export obligation. IGST was later paid on reassessment of the Bill of Entry and the materials were used for domestic taxable supplies. Can ITC of this IGST be claimed and what is the time-limit?

Yes.

- ITC of IGST paid on reassessed Bill of Entry is eligible, because the IGST paid on failure to fulfill export obligation is treated as tax on import, not penalty and the goods were used for taxable domestic supplies.
- For time-limit, Section 16(4) applies with reference to the date of the reassessed / amended Bill of Entry or duty payment challan, not the original import date.
- ITC can be taken upto 30th November of the year following the financial year in which the reassessed BOE/duty payment was issued or before filing the Annual Return, whichever is earlier

3. Whether ITC can be availed on goods/material like safety jacket, safety shoes, safety helmet and goggles, procured to ensure the safety of employees working in the factory?

- Yes, ITC can be claimed on goods like safety jackets, safety shoes, helmets, and goggles procured for ensuring the safety of employees in the factory, subject to the following conditions under Section 16 of the CGST Act
 1. Goods used in business – The safety equipment should be used in the course or furtherance of business. In this case, ensuring employee safety in a factory qualifies.
 2. GST paid and invoice available – ITC can be claimed only if the supplier has charged GST and a valid tax invoice is available.
 3. Not restricted under ITC provisions – GST law restricts ITC on items used for personal consumption. However, safety equipment supplied for mandatory compliance (like factory safety) is considered a business expense, not personal use, so ITC is allowed.

Reference:

- Section 17(5) of GST Act lists items on which ITC is not allowed, mainly for personal use. Safety gear for factory operations does not fall under this category.

Extract of relevant proviso of Section 17 of GST Act

- “Provided that the input tax credit ... shall be available, where it is obligatory for an employer to provide the same to its employees under any law for the time being in force.

4. If depreciation was initially claimed on the GST portion of capital goods, can ITC be claimed later by reversing the availed depreciation?

Yes.

- ITC can be claimed later, only if the depreciation claimed on the GST component is fully reversed in the books.
- Section 16(3) of the GST Act bars ITC only when depreciation is claimed on the tax component of capital goods.
- Once the taxpayer reverses the depreciation relating to the GST portion (i.e., corrects the earlier claim), the restriction no longer applies and ITC becomes eligible.

Advisory

- ITC should be claimed within the time limit under Section 16(4) for the relevant financial year (earlier of the next financial year's November Return or filing the Annual Return of the relevant year).
- Proper documentation and working papers must be maintained to substantiate the reversal of depreciation.

5. Does the time limit (earlier of the next financial year's November Return or filing the Annual Return of the relevant year) for availing credit also apply when a taxpayer re-claims ITC that was earlier reversed because the supplier had not paid the tax collected from the buyer within 180 days?

No.

- The time limit prescribed under Section 16(4) does not apply to re-claiming ITC that was earlier reversed for non-payment within 180 days. Reclaiming the reversed ITC is permissible even after the said deadline, provided the ITC was originally taken in time and actual payment has been made to the supplier.

Reasons:

- The credit should have been originally taken within the statutory time limit (i.e., by 30th November following the end of the financial year).
- When ITC is reversed due to failure to pay the supplier within 180 days, the law treats this reversal as a temporary bookkeeping reversal, not as a loss of eligibility.
- Once the payment to the supplier is made, the taxpayer is allowed to re-avail the same ITC.

- Ref: CBIC clarification vide Circular No. 72/46/2018-GST stating that re-availment after payment is not subject to Section 16(4) because the credit was already originally availed within time.

LABOUR

1. In case the Government amends any provision of the Model Standing Order, will such amendments automatically apply to the certified Standing Order?

Once a Standing Order has been certified and becomes operational under Section 7 of the Industrial Employment (Standing Orders) Act, the Model Standing Orders cease to apply. Only in specific situations where the legislation expressly provides for the adoption of the Model Standing Orders will they prevail. Therefore, any amendment made to the Model Standing Orders does not automatically apply to an already certified Standing Order. To incorporate any new provisions introduced through amendments to the Model Standing Orders, the employer or workmen must follow the prescribed procedure to amend the existing certified Standing Order.

Ref: Hindustan Unilever Ltd Vs Presiding Officer, Industrial Tribunal, Kanpur and others 2016 LLR (SN) 90.

2. Where the employees raise a charter of demands and, through negotiation, arrive at an amicable settlement that is recorded as a settlement under the Industrial Disputes Act, is it mandatory for such a settlement to be registered with the Registrar under the Indian Registration Act, 1908?

The Industrial Disputes Act, 1947 permits settlements between employers and employees under Sections 12(3) and 18(1). In a settlement arrived at under Section 12(3), the Conciliation Officer is a party to the settlement. A settlement under Section 18(1) must be executed in the prescribed Form H, and copies thereof are required to be forwarded to the appropriate Government and the Conciliation Officer. These are mandatory statutory requirements, and non-compliance would render the settlement unenforceable under the Act. There is no legal requirement to register such a settlement under the Indian Registration Act, 1908.

Ref: Keltron Controls Vs Workmen of Keltron Controls and others 2004 LLR 40 Kerala HC.

3. Whether a factory licence is required only when there is a physical building, or also in other situations?

No. The term “premises” under the Factories Act cannot be narrowly interpreted to mean only a building. The Act applies to any place where a manufacturing process is carried on, even if such activity is undertaken on

open land. The Factories Act does not mandate the existence of a building as a precondition for obtaining a factory licence.

Ref: Ardeshir H.Bhiwandi wala Vs State of Bombay 1962 AIR 29

4. **Section 41(C) of the Factories Act mandates specific responsibilities concerning the maintenance of health records and the provision of medical facilities for workers engaged in processes involving hazardous substances. In the event of non-compliance with these obligations, can the Factory Manager be prosecuted for violation of this provision?**

No. Under Section 41(C), the statutory responsibility is specifically imposed on the Occupier of the factory. Consequently, the Manager cannot be held liable or prosecuted for any violation of the obligations prescribed under this provision.

Ref: AK Mugherge vs State of Bihar, 2012 SEC 361.

5. **In the event of failure to maintain the Adult Workers Register as required under the Factories Act, can the DISH authority initiate prosecution against the Occupier of the factory?**

The obligation to maintain the Register of Adult Workers under Section 62 of the Factories Act, 1948 is statutorily imposed on the Manager of the factory and not on the Occupier. Hence, the Occupier cannot ordinarily be held liable for non-maintenance of the said register.

However, the Occupier has a statutory duty to intimate the DISH authorities regarding the appointment of the Factory Manager in Form III. If the Occupier fails to notify such appointment, the liability for non-maintenance of the Register of Adult Workers would, in that circumstance, devolve upon the Occupier.

Ref: State of Maharashtra Vs Sampath Lal Nensukh Bothra 1992 LLR 151, Bom HC.

JUDGEMENTS

GST

- Not issuing separate e-way bills for each invoice is a technical error – No liability of seizure or penalty – Allahabad High Court
- Interest payable when refund delayed due to technical glitch in system – Section 56 is a mandatory provision – Gujarat High Court

Income Tax

- Income Tax Department can conduct surprise searches on family lockers under Section 132 if there is suspicion of undisclosed assets: High Court

- Beneficial scheme like DTVSV is introduced to reduce litigation and provide avenue for taxpayers to resolve disputes, authorities must interpret eligibility provisions liberally and purposively: High Court
- CIT ought to have condoned delay in filing of ITR if that was period of genuine COVID hardships: High Court
- AO could not have assumed jurisdiction u/s 153A in absence of any incriminating material during course of search for unabated assessment: High Court
- No addition shall be made on unaccounted cash loans simply on basis of undated cheques, in absence of any cash trail: High Court

Customs

- Customs or DRI officers cannot declare DEPB scrips issued by DGFT as void – CESTAT New Delhi
- Customs or DRI officers cannot hold BRCs issued by Banks as not valid – CESTAT New Delhi

Labour

- When all the witnesses reside in one state and the complaint was also filed in the same state, the POSH enquiry cannot be conducted in another state. (Mad. HC)
- Once the enquiry is held to be fair and proper, the Court is still required to scrutinize the material in terms of section 11-A of the Act and can come to a different finding. (Jhar. HC)
- A contract of service does give rise to relationship of master and servant contract for service does not give rise to such a relationship. (Or. HC)
- Only an establishment actually employing building workers is covered under the BOCW Cess Act. (Telangana HC)
- Evidence of genuine managerial powers such as the ability to sanction leave or impose discipline to prove that an employee is not "workman". (Del HC)
- Matters of coverage under ESI Act to be withdrawn and be dealt with under the Amnesty Scheme, 2025. (AP HC)
- Commission paid to employees can be 'basic wages' depending upon facts and circumstances. (Karn 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	Nov 30 2025	Dec 5 2025	Dec 13 2025
1	P/H/R	Below 22 mm	5.0-7.0	15	44,200	42,800	42,900
2	GUJ	22 mm	4.0-6.0	20	Na	Na	Na
3	M/M(P)	23 mm	4.5-7.0	22	Na	44,000	44,500
4	P/H/R(U)	27 mm	3.5-4.9	26	47,800	47,900	47,900
5	P/H/R(U)	27 mm	3.5-4.9	26	48,400	48,500	48,500
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	49,300	49,600	49,600
9	M/M(P)	28 mm	3.7-4.9	27	50,600	51,000	51,600
10	SA/TL/K	28 mm	3.7-4.9	27	Na	Na	Na
11	GUJ	28 mm	3.7-4.9	27	Na	Na	Na
12	R(L)	28 mm	3.7-4.9	27	50,000	50,800	50,700
13	R(L)	29 mm	3.7-4.9	28	51,000	51,800	51,300
14	M/M(P)	29 mm	3.7-4.9	28	51,800	52,200	52,800
15	SA/TL/K	29 mm	3.7-4.9	28	51,100	51,500	52,300
16	GUJ	29 mm	3.7-4.9	28	52,100	52,300	52,600
17	M/M(P)	30 mm	3.7-4.9	29	52,700	53,500	53,700
18	SA/TL/K/O	30 mm	3.7-4.9	29	51,700	52,300	53,300
19	M/M(P)	31 mm	3.7-4.9	30	53,200	54,000	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	73,500	72,300	72,300
24	M/M(P)	35 mm	2.8-3.7	35	72,000	71,400	71,400
25	K/TN	35 mm	2.8-3.7	35	75,000	73,900	73,900

Source: Cotton Association of India | Na-Not Available

Hosiery Yarn Price (Rs/Kg) – Including GST

For the Month of December 2025

Count	VL	GL	RL
10	245	-	-
16	245	234	-
20	249	238	256
25	258	247	265
30	270	259	277
32	276	-	283
34	277	266	284
36	284	-	291
40	298	287	305

Prices are only indicative subject to reconfirmation.

CIRCULARS ISSUED DURING THE FORTNIGHT

Sl. No	Cir.No	Date	To	Subject
1)	155/2025	02.12.2025	All Member Mills	Driving Export Growth through Amazon Global Selling – Session for Home Textile Exporters by TEXPROCIL in Karur on 16th December 2025
2)	155A/2025	03.12.2025	Member Mills in Telangana	Power - Revised TOD tariff for FY 2025-26 – Removal of rebate of Rs.1.5 per unit for night hours
3)	155B/2025	03.12.2025	Member Mills in Tamil Nadu	Revision of Minimum Rates of Wages payable for the employment in Home Textiles – Preliminary Notification Issued
4)	156/2025	6.12.2025	All Member Mills	Second batch programme on Four Labour codes
5)	157/2025	10.12.2025	All Member Mills	Outcome of the First Meeting of Committee on Cotton Production and Consumption (COCPC) for the Cotton Season 2025-26 held on 08.12.2025
6)	157A/2025	10.12.2025	Member Mills in Andhra Pradesh & Telangana	Consumer Price Index Number - All India – October 2025
10)	157B/2025	10.12.2025	Member Mills in Tamil Nadu	Consumer Price Index Number - Chennai City – October 2025
11)	157C/2025	10.12.2025	Member Mills in Kerala	Kerala - Consumer Price Index Numbers for the month of September 2025
12)	158/2025	10.12.2025	All Young Directors of Member Mills	Session for NEXTGEN – Cotton Commerce - Hand Stapling of Cotton, Raw Material Management & Price Risk Tools
13)	159/2025	11.12.2025	All Member Mills	EPFO - Webex - Pradhan Mantri Viksit Bharat Rozgar Yojana, EEC 2025 & Labour Reforms 2025 – 11.12.2025 (today) @4 PM
14)	160/2025	11.12.2025	All Member Mills	Minutes of the First meeting of Committee on Cotton Production and Consumption (COCPC) for the season 2025-26 held on 8th December 2025
15)	161/2025	13.12.2025	All Member Mills	2nd Batch - One day workshop on “New Labour Codes-Roadmap” at SIMA premises on January 10, 2026 (Saturday)
16	162/2025	15.12.2025	All Member Mills	Application invited for allocation of land at Virudhunagar PM MITRA Park.