



Fortnightly E-REVIEW

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“SIMA Fortnightly E-Review wishes you A Happy & Prosperous Pongal”

NEWS HIGHLIGHTS >>>

- ❖ China tariff cuts to benefit strategic fibres & textiles, not apparel
- ❖ Brazil cotton prices slide in 2025 as exports absorb surplus
- ❖ Market Access Support to lift India's textile exports drive: CITI
- ❖ India launches 2 key Export Promotion Mission interventions to strengthen exports by MSMEs
- ❖ India apparel exporters rattled by looming 500% US tariffs

REPRESENTATIONS >>>

- Vide a representation dated 5th January 2026, thanked the Hon'ble Union Minister of Textiles for the extension of Production Linked Incentive Scheme Application window till 31st March 2026.
- Vide a representation dated 6th January 2026, an appeal was made to Shri Shivraj Singh Chouhan, Hon'ble Minister of Agriculture & Farmers Welfare to recommend to the Hon'ble Union Finance Minister to remove the 11% import duty on cotton.
- Practical Challenges and Suggested Alternatives in Implementation of Organic Cotton Compliance Requirements under NPOP addressed to Shri Abhishek Dev, IAS., Chairman, Agricultural and Processed Food Products Export Development Authority (APEDA) Ministry of Commerce & Industry on 6th January 2026.
- Parliamentary Standing Committee on Commerce under the Chairpersonship of Smt Dola Sen, visited Coimbatore on 8th January 2026, to conduct a study on Evaluation of India-US Trade Relations, particularly focussed on 50% US Tariff impact. Association appealed the Committee to recommend to Hon'ble Prime Minister for a special relief package comprising of removal of 11% import duty on cotton; Extend 2 years moratorium for the repayment of principal

amount for all textile products in the value chain; Extend 30% collateral free loan under ECLGS with 5% interest subvention (similar to the one extended during Covid both for MSMEs and larger companies).

MEETINGS / WORKSHOPS

The Association organized a one-day workshop on the New Labour Code at the SIMA premises on January 10, 2026. Around 35 participants from 17 organizations attended the workshop. The Association had earlier conducted the programme on December 10, 2025. At the request of member mills, the second batch was repeated on January 10, 2026 (Saturday) at the SIMA premises. It is crucial for all stakeholders — especially HR professionals, compliance officers, management and time office personnels—to understand the revised definitions, compliance requirements, and operational impact to ensure a seamless transition and avoid penalties. The workshop received excellent feedback and a good response from participants.





TEXTILE SCENE

China tariff cuts to benefit strategic fibres & textiles, not apparel

- China's plan to lower import tariffs from January will benefit upstream and intermediate textile inputs, including man-made fibres, speciality yarns, textile chemicals and machinery.
- The policy aims to support industrial upgrading and stabilise supply chains rather than boost finished apparel imports.
- Japan, South Korea, Vietnam, Turkiye and parts of Southeast Asia are among the key beneficiaries.

Brazil cotton prices slide in 2025 as exports absorb surplus

- Brazil's cotton market faced sharp price pressure in 2025 as record output, weak domestic consumption and global headwinds weighed on values.
- Domestic prices fell nearly 17 per cent over the year, despite early gains.
- Strong exports helped absorb surplus supply, lifting Brazil's share of global trade to 31 per cent and reinforcing its position as the world's leading cotton exporter.

Market Access Support to lift India's textile exports drive: CITI

- CITI has welcomed the Market Access Support intervention under the Export Promotion Mission, saying it will help textile and apparel exporters expand into new markets.
- CITI chairman Ashwin Chandran said the move complements recent trade pacts and diversification efforts, supporting export growth, job creation, and resilience despite 50 per cent US tariffs and global headwinds.

India launches 2 key Export Promotion Mission interventions to strengthen exports by MSMEs

- As part of the rollout of the Export Promotion Mission, India has launched two key interventions under the 'Niryat Protsahan' sub-scheme to strengthen exports by MSMEs and improve access to trade finance.
- The first relates to interest subvention for pre- and post-shipment export credit, while the second is about collateral support for export credit, aimed at addressing collateral constraints faced.

India apparel exporters rattled by looming 500% US tariffs

- US brands are delaying or diverting orders, intensifying pressure on exporters already hit by earlier duties.
- With Tiruppur reporting sharp order declines, industry leaders warn prolonged uncertainty could drive large-scale sourcing shifts away from India.

CHAT BOX

EXIM

1. Can an incorrectly filed Shipping Bill be converted later to claim Duty Drawback or other export incentives?

Yes.

No. The credit of GST cannot be denied to a purchaser merely because the supplier's GST registration is cancelled at a later date, provided that:

- Under Section 149 of the Customs Act, 1962, Customs Department may allow post-export conversion of Shipping Bills (e.g. from Free Shipping Bill to Drawback Shipping Bill), to enable claiming export benefits, provided the request is made within the prescribed time (i.e) within three months from the Let Export Order (LEO) date (extensions may be considered by the Commissioner in genuine cases), supported by documentary evidence existing at the time of export.

- Conversion is discretionary and assessed case by case.
- The settled judicial provision is that export incentives cannot be denied merely due to procedural lapse, if substantive conditions were fulfilled at the time of export

Ref: CBIC Circular Nos. 04/2004-Cus dated 16.01.2004 & 36/2010-Cus dated 23.09.2010

LABOUR

1. If an employee has already attained the age of superannuation but continues in service thereafter, is the employer legally liable to pay gratuity for the period of service rendered beyond the age of superannuation?

If an employee continues to work beyond the age of superannuation without any break in service, he is entitled to gratuity for the entire period of continuous service, including the service rendered after superannuation, in accordance with Section 4 of the Payment of Gratuity Act, 1972.

However, where an employee is superannuated and subsequently re-employed by the employer with a break in service, gratuity for the re-employment period will be payable only if the employee completes a minimum of five years of continuous service during such re-employment, as prescribed under the Payment of Gratuity Act.

Ref:

1. Darshan Engineering Work Vs Authority 1984 LLR page 108 P & H HC
 2. Jeevan Lal (1929) Ltd vs Controlling Authority 1982 I LLN 217 Mad HC
- ### **2. When workers express apprehensions about an imminent danger in the factory, what responsibilities and actions are required to be taken by the employer to effectively mitigate the risk and ensure workplace safety?**

When workers raise apprehensions regarding an imminent danger in the factory, the employer is required to act promptly and responsibly to assess the situation.

In terms of Section 41-H of the Factories Act, 1948, where workers express an apprehension of imminent danger and the occupier, agent, manager, or person in charge of the factory is not satisfied that such danger exists, he shall, notwithstanding his own assessment, forthwith refer the matter to the Inspector of Factories. The decision of the Inspector as to the existence of any imminent danger shall be final and binding on all concerned.

3. Following the implementation of the New Labour Codes with effect from 21 November 2025, which statutory rules and regulations will govern employment matters during the transition period?

As per Section 6 of the General Clauses Act, 1897, the existing rules will continue to apply until the new rules under the Labour Codes are formally notified, provided they are consistent/in line with the provisions of the Codes.

4. Whether gratuity should be payable to workers on completion of one year or five years as per the New Labour Code?

There is no change in the gratuity calculation and coverage; gratuity shall be payable to a regular worker on completion of 5 years of service. Only for Fixed-term employees shall gratuity be payable on completion of one year.

5. In the case of a worker who superannuates or retires on or after 20 November 2025, how is gratuity to be calculated under the New Labour Codes?

An employee who retires on or after the implementation of the New Labour Codes (21 November 2025) and has completed a minimum of five years of continuous service is eligible for gratuity.

Since gratuity is calculated based on the last drawn wages, the wage definition prescribed under the New Labour Codes shall be applicable for determining the gratuity payable.

GST

1. Is penalty payable under the GST Act if goods or services or both are supplied without issuing a tax invoice, or if an incorrect or false invoice is issued?

Yes. Under section 122(1)(i) of the GST Act, 2017, any person who supplies goods or services or both without issuing an invoice, or issues an incorrect or false invoice, is liable to a penalty of ₹10,000 or an amount equivalent to the tax evaded, whichever is higher.

Further, as per section 122(1A), any person who retains the benefit of such transaction and at whose instance the transaction is carried out, shall also be liable to a penalty equal to the amount of tax evaded, even if such person is not the actual supplier.

2. Whether refund of accumulated Input Tax Credit (ITC) under GST can be claimed in respect of invoices reflected in GSTR-2B of the current tax period as well as previous tax periods?

Yes

Refund of accumulated ITC with regard to export or inverted duty structure can be claimed in respect of invoices reflected in GSTR-2B of the current tax period as well as previous tax periods, subject to fulfilment of prescribed conditions.

CBIC has clarified vide Circular No. 197/09/2023-GST dated 17.07.2023 that:

- refund of accumulated ITC shall be restricted to ITC which is reflected in GSTR-2B.
- Such ITC need not necessarily pertain only to the current tax period for which refund is being claimed.
- ITC reflected in GSTR-2B of earlier tax periods is also eligible for refund, provided:
 - The ITC has been availed in GSTR-3B
 - The ITC has not been claimed as refund earlier
 - The claim is within the time limit prescribed under Section 54 (within 2 years from the relevant date)
- This clarification is applicable for refund claims from January 2022 onwards, since availment of ITC itself is linked to GSTR-2B from that date.

Ref: Section 54(3) of the GST Act/Circular Nos.197/09/2023-GST dated 17.07.2023 read with Circular Nos.135/05/2020-GST dated 31.03.2020& 125/44/2019-GST dated 18.11.2019

3. During the manufacture of yarn, invisible loss upto 2% is considered normal as per SITRA Norms. Whether input tax credit (ITC) availed under GST on the corresponding quantity of inputs attributable to such invisible loss is required to be reversed under the provisions of the GST Act?

No

- GST credit need not be reversed for invisible loss up to normal limits (2% as per SITRA norms), provided the loss is inherent to the manufacturing process and properly documented.
- Section 17(5)(h) of the GST Act blocks ITC only in respect of goods lost, stolen, destroyed, written off or disposed by way of gift or free samples.
- Invisible/process loss is not “goods lost”. Invisible loss occurring during spinning (moisture loss, fibre fly etc.) is a natural and unavoidable process loss, not a deliberate or identifiable loss of goods. Such loss is inherent to manufacturing and occurs before the emergence of the final product.
- ITC reversal may arise only if:
 - Loss is abnormal or excessive beyond accepted norms
 - Loss is due to negligence, fire, theft or destruction or
 - The assessee fails to maintain proper records to substantiate normal process loss.

Ref: R.K. Ganapathy Chettiar Vs Assistant Commissioner (ST), Kangeyam vide Order dated 11.8.2021(Madras High Court)

JUDGEMENTS

GST

- Sub-leasing of hostel is exempt as 'residential dwelling' under Sl. No. 13 of Notification No. 9/2017-IGST (R) [till 18 July 2022] – Supreme Court
- IGST, and not CGST, is payable when goods are handed over to common carriers for transportation to another State – Karnataka High Court
- GST authorities can consider documents and material seized during Income-tax search – Delhi High Court
- Statements used as evidence in Income-tax proceedings can be starting point for GST investigations – Delhi High Court
- Input Tax Credit – Section 16(2)(aa) - purchaser ought to be given an opportunity to prove his bona fides – Gauhati High Court
- Supply to SEZ – Endorsement by SEZ Commissionerate is not required for period from July 2017 till 20 September 2018 – Karnataka High Court
- Confiscation of goods and conveyance intercepted in transit is permissible in case of intention to evade – Gujarat High Court
- Appeal to Appellate Authority – Limitation – Date of communication of impugned order to be considered as day zero – Punjab & Haryana High Court
- Appeal – Limitation – Date of communication of impugned order by physical mode to prevail over service through electronic mode – Allahabad High Court

LABOUR

- Fixed-term employees are entitled for equal working hours, wages, allowances and other benefits – Guj HC
- Internal Committee cannot conduct its proceedings at the residence of the complainant – MP HC
- Fresh appointment cannot be given when the order was for reinstatement with continuity of services -Guj HC
- When all the witnesses reside in one state and the complainant was also filed in the same state, the POSH enquiry cannot be conducted in another state. -Mad HC
- Unless the punishment is disproportionate to the gravity of the conduct, or there are mitigating circumstances, Labour Court cannot reduce the punishment merely by way of sympathy. -Del HC
- Any demand raised by ESI authorities after five years is not sustainable – Bom HC
- No liability of occupier / manager when the accident was due to the negligence of the deceased worker. - Chhat HC
- It is right of the employer to reduce the age of superannuation of an employee from 60 to 58 years – Bom 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	Dec 31 2025	Jan 7 2026	Jan 13 2026
1	P/H/R	Below 22 mm	5.0-7.0	15	43,400	44,200	46,700
2	GUJ	22 mm	4.0-6.0	20	Na	Na	Na
3	M/M(P)	23 mm	4.5-7.0	22	45,200	46,200	
4	P/H/R(U)	27 mm	3.5-4.9	26	50,600	51,500	52,000
5	P/H/R(U)	27 mm	3.5-4.9	26	51,200	52,500	52,700
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	52,000	53,100	53,400
9	M/M(P)	28 mm	3.7-4.9	27	52,900	53,800	54,300
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	53,000	53,700	54,200
13	R(L)	29 mm	3.7-4.9	28	53,500	54,100	55,100
14	M/M(P)	29 mm	3.7-4.9	28	53,500	54,600	55,300
15	SA/TL/K	29 mm	3.7-4.9	28	52,800	53,300	54,500
16	GUJ	29 mm	3.7-4.9	28	54,000	54,800	55,500
17	M/M(P)	30 mm	3.7-4.9	29	55,000	55,700	56,300
18	SA/TL/K/O	30 mm	3.7-4.9	29	54,200	55,200	56,000
19	M/M(P)	31 mm	3.7-4.9	30	Na	56,000	56,500
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	70,700	70,700
23	K/TN	34 mm	2.8-3.7	34	71,500	71,500	71,500
24	M/M(P)	35 mm	2.8-3.7	35	71,700	71,700	71,700
25	K/TN	35 mm	2.8-3.7	35	73,500	73,500	73,500

Source: Cotton Association of India | Na-Not Available

**Hosiery Yarn Price (Rs/Kg) – Including GST
For the Month of January 2026**

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)	1/2026	2.1.2026	All Member Mills	Draft Central Rules – Code on Wages (Central) Rules, 2025 inviting comments and suggestions
2)	2/2026	2.1.2026	All Member Mills	Draft Central Rules – Code on Industrial Relations (Central) Rules, 2025 inviting comments and suggestions
3)	3/2026	2.1.2026	All Member Mills	Draft Central Rules – Code on Occupational Health, Safety and Working Conditions (Central), 2025 inviting comments and suggestions
4)	4/2026	2.1.2026	All Member Mills	ESIC – Extension of Scheme to Promote Registration of Employers/ Employees (SPREE) Scheme
5)	5/2026	3.1.2026	All Member Mills	Year End Review 2025 – Ministry of Labour & Employment
6)	6/2026	3.1.2026	All Member Mills	DGFT - Interest Subvention Scheme for pre and post-shipment export credit under the Export Promotion Mission
7)	7/2026	3.1.2026	All Member Mills	Extension of time up to 31st March 2026 for receiving Application under the PLI Scheme for MMF Apparel, MMF Fabrics and products of Technical Textiles
8)	8/2026	5.1.2026	All Member Mills	2nd Batch “One day workshop on “New Labour Codes-Implementation” at SIMA premises on January 10, 2026 (Saturday)
9)	9/2026	6.1.2026	All Member Mills	Draft Amendments in Rule 3 of Electricity Rules, 2005 (requirements of captive generation plant)
10)	9A/2026	7.1.2026	Member Mills in Tamil Nadu	Power – Division Bench Order on Deemed Demand benefit
11)	9B/2026	10.1.2026	Member Mills in Tamil Nadu	Consumer Price Index Number - Chennai City - November 2025
12)	9C/2026	10.1.2026	Member Mills in Andhra Pradesh & Telangana	Consumer Price Index Number - All India – November 2025
13)	9D/2026	10.1.2026	Member Mills in Kerala	Consumer Price Index Numbers for the month of November 2025