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NEWS HIGHLIGHTS >>>

- ❖ India to stay fastest-growing major economy in FY26: RBI Bulletin
- ❖ India removes growth penalty, boosts credit flow in export scheme
- ❖ India textile exporters see sharp fallout from US tariffs: CITI
- ❖ Tiruppur poised for major export gains under India-EU FTA
- ❖ India textile & apparel industry to gain under India–EU FTA
- ❖ Are Bangladesh RMG stakeholders divided on the Indian yarn duty issue?
- ❖ How EU's Digital Product Passport will reset textile traceability
- ❖ Will incentivising subcontractors boost Bangladesh's RMG growth

REPRESENTATIONS >>>

- Vide a representation dated 21st January 2026, an appeal was made to the Hon'ble Union Finance Minister and Hon'ble Union Minister for MSME, seeking intervention to cap and rationalise annual working capital renewal fees for textile MSMEs. As the impact of increasing and non-uniform renewal / review fees being levied by banks on working capital limits, which is adversely impacting the cost and Ease of Doing Business for textile MSMEs. Therefore, requested the Government to consider the following measures;
 - To prescribe a regulatory cap on annual working capital renewal/review fees for MSMEs at a maximum of 0.20% of the sanctioned limit, where there is no enhancement or restructuring of credit facilities.
 - To allow levy of processing fees only at the time of original sanction or enhancement, and not for routine annual renewals.
 - To enable multi-year (up to three years) working capital sanctions with annual financial reviews, without fresh processing charges unless limits are enhanced.
 - To ensure uniform implementation across public and private sector banks, creating a level playing field for Textile MSMEs.

- Vide a representation dated 24th January 2026, an appeal was made to the Hon'ble Chief Minister of Tamil Nadu, to recommend Hon'ble Union Finance Minister to remove 11% import duty on all varieties of cotton.
- Vide a representation dated 28th January 2026, addressed to Smt. Neelam Shami Rao, IAS., Secretary Textiles, Government of India, on the impact of cotton import duty on the exports and textile jobs and appealed to recommend to Hon'ble Union Finance Minister to remove 11% import duty on all varieties of cotton.
- Vide a representation dated 30th January 2026, an appeal was made to extend the ESI SPREE Scheme for an additional three months period in alignment with the EPF Enrollment Campaign.

TEXTILE SCENE

India to stay fastest-growing major economy in FY26: RBI Bulletin

- India will stay the fastest growing major economy in FY26 despite elevated geopolitical risks and policy uncertainty ahead, an article in the latest issue of RBI Bulletin said.
- High-frequency indicators for December 2025 suggest continued buoyancy in growth impulses with demand conditions remaining upbeat, it noted.
- Headline CPI inflation edged up in December, but was below the lower tolerance level.

India removes growth penalty, boosts credit flow in export scheme

- India has revised its export credit rules to support MSMEs as they scale up.
- Under a DGFT notification, exporters graduating out of the MSME category can continue availing interest subvention for three years.
- The move ensures continuity of benefits, removes retrospective uncertainty, eases working-capital pressure and signals a policy shift towards supporting MSME-led export growth.

India textile exporters see sharp fallout from US tariffs: CITI

- India's textile and apparel exporters have experienced severe pressure after a cumulative 50 per cent US tariff.
- About one-fourth of firms saw turnover fall over 50 per cent in October–December 2025, driven by order cuts, discount demands and cancellations.
- Nearly 60 per cent reported order shifts to Bangladesh and Vietnam.
- Limited diversification has pushed industry to seek urgent measures.

World growth to ease to 2.6% in 2026, rise to 2.7% in 2027: World Bank

- World economy is proving more resilient than anticipated despite persistent trade tensions and policy uncertainty, the World Bank said.
- Global growth is projected to stay broadly steady over the next two years, easing to 2.6 per cent in 2026 before rising to 2.7 per cent in 2027.
- Global inflation is projected to edge down to 2.6 per cent in 2026, reflecting softer labour markets and lower energy prices.

India textile & apparel industry to gain under India–EU FTA

- India–EU FTA is set to transform India's textile and apparel sector by removing long-standing tariff disadvantages in the European market.
- With duty-free access, Indian exporters expect stronger order flows, higher investments and improved competitiveness.
- Clusters such as Tiruppur are likely to benefit most, supporting MSMEs, job creation and deeper integration into global supply chains.

Tiruppur poised for major export gains under India-EU FTA

- The India-EU FTA positions Tiruppur at the forefront of India's apparel export growth by restoring tariff parity in Europe.
- Industry experts say Tiruppur has a clear edge to rapidly scale apparel exports under the FTA.
- Zero-duty access is expected to drive higher order volumes, fresh investments and deeper integration of Tiruppur's MSMEs into global apparel supply chains.

Are Bangladesh RMG stakeholders divided on the Indian yarn duty issue?

- Stakeholders of the Bangladesh apparel industry are reportedly split on the issue of imposing duty on yarns imported from India.
- Textile mill owners back the duty, arguing subsidised Indian yarn is undercutting local spinners, while garment makers reportedly oppose it, warning higher yarn costs could erode competitiveness, raise losses and push global buyers to shift orders elsewhere.

How EU's Digital Product Passport will reset textile traceability

- The Digital Product Passport (DPP) is rapidly evolving from an EU compliance requirement into a global transparency standard.
- While it presents cost, data and capability challenges, particularly for SMEs, it also unlocks efficiency gains and circular business models.
- Companies that adopt early are better positioned to secure competitive advantage in an ESG-driven textile market.

LABOUR**1. Whether management is required to issue fresh appointment orders to existing workers under the new Labour Codes?**

As per Section 6(1)(f) of the Occupational Safety, Health and Working Conditions Code, 2020, an employer is required to issue an appointment order to every employee within three months from the date of implementation of the Code.

The draft Central Rules prescribe the mandatory particulars to be included in such appointment orders.

Accordingly, once the Rules are finalized and notified, employers will be required to issue a supplementary appointment order to existing employees, covering any additional particulars or subject matters mandated under the new Labour Code that were not included in the original appointment order.

2. Can the management engage Contract workers in Core activities?

As per the new labour code the Contract Labour cannot be engaged in the Core activities. However, in the following occasions they can be engaged

- The normal functioning of the establishment is such that the activity is ordinarily done through contractor; or
- The activities are such that they do not require full time workers for the major portion of the working hours in a day or for longer periods, as the case may be;
- Any sudden increase of volume of work in the core activity which needs to be accomplished in a specified time

3. The new Labour Codes mandate the applicability of Standing Orders for establishments employing 300 or more workers. Where an establishment already has certified Standing Orders in force, what actions, if any, are required to be taken by the management under the new Labour Codes?

As per the new Labour Code, the existing certified Standing Orders can be continued and adopted by the management so long as they are not inconsistent with the provisions of the new Model Standing Orders. The new Model Standing Orders include age-proof documents, transfer policy, retirement age, etc. Management that does not have the necessary provisions on these subjects in their existing Standing Orders may opt for the new certified Standing Orders

4. Earlier, the Factories Act prescribed a daily working hours limit of nine hours. Is this limit retained under the new Labour Codes?

The daily working hours limit has been reduced from nine hours to eight hours under the new Labour Codes. However, the weekly working hours limit continues to remain unchanged at forty-eight hours

5. **Under the Factories Act, a worker who has worked for 240 days in a calendar year is entitled to annual leave with wages. If a worker joins mid-year, entitlement arises only if he has worked for two-thirds of the remaining portion of the calendar year. Does this provision continue under the new labour code, or has it been changed?**

Under the Occupational Safety, Health and Working Conditions (OSH) Code, a worker who has worked for at least 180 days in a calendar year is entitled to annual leave with wages for that year. In the case of a worker joining in the middle of the calendar year, eligibility arises upon completion of at least one-fourth (1/4th) of the remaining portion of the year. Accordingly, the earlier requirement of two-thirds (2/3rd) of the remaining year under the Factories Act has been reduced to one-fourth (1/4th) under the new labour code.

ESG

1. **The Government of India has implemented Greenhouse Gases (GHG) Emission Intensity Target Rules, 2025 vide its Notification dated 13.01.2026, with the objective of directing reduction of the amount of GHG emitted per unit of production by the industries. Is this applicable to the textile sector?**

Yes,

The textile industry in India has been brought under legally binding greenhouse gas (GHG) emission reduction regulations for the first time, but the direction applies only to the notified individual spinners, processors and fabric manufacturers. (list of individual units contained in the link given below). Around 173 textile units (by name) nationwide are included under this compliance framework

- **Baseline and Reduction:** The intensity measured as tonnes of CO₂ equivalent per unit of output will be monitored against a 2023-24 baseline. Targets are set relative to a baseline year of 2023–24, with reduction goals towards 2025–26 and 2026–27.
- **Focus Areas:** Regulations drive the industry towards adopting renewable energy, improving energy efficiency in thermal processes and reducing coal reliance.
- **Compliance Mechanism:** Carbon Market / Carbon Credits: Textile units must either meet their assigned emission intensity targets or acquire and surrender carbon credits under the Indian Carbon Market (ICM) compliance mechanism, linked to the national Carbon Credit Trading Scheme (CCTS).
- **Penalties:** Failure to comply would mandate payment of an environmental compensation (penalty), if targets are not met or if sufficient carbon credit certificates are not submitted.
- **Monitoring - Ministry of Environment, Forest and Climate Change:** Compliance and enforcement are overseen by Authorities such as the Central Pollution Control Board (CPCB) under the Rules implemented under the Environmental Law.

The initiative aligns with India's goal of reaching Net Zero by 2070 and helps the industry meet international sustainability standards.

Notification Link:

<https://drive.google.com/file/d/1axic2cQBSqGsEnm1wGyNszSVSa7hjKZG/view?usp=sharing>

2. Textile Exporters to Europe (directly or supplying to Indian exporters) are bound to comply with EU CBAM provisions, even though a cut-off date for textile sector has not yet been announced. What is the EU CBAM?

The Carbon Border Adjustment Mechanism (CBAM) is a policy of the European Union to ensure that imported products face a carbon cost similar to goods produced within the EU.

Under this system, EU importers must:

- Report the carbon emissions generated while producing the imported goods and
- Purchase and submit CBAM certificates to cover those emissions, similar to how EU manufacturers pay/transact under the EU Emissions Trading System (ETS).
- A transition phase started in October 2023, during which importers were required only to report emissions and no payment was required.
- From 1.01.2026, the full system is in force and EU importers will have to buy CBAM certificates and pay based on the carbon emissions of the goods.

An advisory for textile exporters is set out in the FAQs to be posted during this week.

3. Why textile exporters need to prepare for CBAM even in the absence of direct sectoral coverage?

1. Supply chain emissions pressure

- EU buyers are currently requesting verified emissions data from all suppliers, including textiles, relating to all stages of manufacture (fibres, dyes and other inputs).

2. Future coverage of textiles sector

- The EU has signalled potential extension of CBAM scope to more products over time (additional sectors and downstream goods).

3. Competitive disadvantage

- Textile products with higher embedded carbon could be less competitive compared to low-carbon alternatives, even if not charged a CBAM tariff directly.

4. Export cost impact estimates

- Industry assessments suggest that embedded emissions in textiles could translate to a 2 – 9 % cost burden relative to the FOB value, once carbon pricing Policy applies to textiles sector.

4. What are the key practices textile exporters must implement now to meet European compliance standards and evolving buyer expectations?

1. Measure the carbon footprint

Begin calculating material-level and process-level emissions of the manufactured products:

- Scope 1: direct factory emissions
- Scope 2: electricity/heat used
- Scope 3: bought materials (fibers, dyes), logistics

Build a basic GHG emissions inventory, since EU importers are already asking for this data.

2. Establish MRV (Measurement, Reporting, Verification) systems

EU CBAM enforcement requires verified emissions data from producers:

- Use recognised standards (ISO 14064, GHG Protocol, etc.)
- Partner with accredited verifiers
- Build traceable records for each supplier and product line

Accurate MRV prepares the Indian exporters for both current EU buyer demands and future regulation expansion.

3. Decarbonise production

Priority areas with the biggest emission reduction potential:

a) Energy

- Replace fossil energy with renewable electricity/biomass
- Improve energy efficiency (lighting, HVAC, process heat)

b) Raw materials

- Source low-carbon fibers (e.g., recycled polyester, organic cotton with lower emissions)
- Optimize dyeing/finishing to reduce energy and chemical use

c) Logistics

- Shift to greener transport (rail, cleaner shipping fuels)
- Reducing emissions now can mean commercial advantage and prepare for the future carbon cost regimes.

4. Engage with EU partners and compliance experts

Because CBAM compliance is administered through EU importers:

- Work with the EU customers to understand their reporting requirements

JUDGEMENTS

GST

- Clubbing of Multiple Financial Years in One GST Notice Invalid: Karnataka HC
- ITC Claimed Under Wrong Head Not Excess Where Credit Is Available to claim: Madras HC
- GST TRAN-1 Rejection Cannot Be Challenged After Two-Year Delay: Kerala HC
- Portal Notice Alone Not Enough: GST Assessment Sent Back for Fresh Decision: Madras HC
- Directors Not Automatically Liable for GST Dues During Liquidation: Madras HC
- Writ cannot Continue as GST Appellate Tribunal Starts Functioning: Allahabad HC
- No Signature, No Service: GST Assessment Order Invalid: Andhra Pradesh HC
- No IPC Trial for GST Offences Covered by Special Statute: P&H HC
- GST Penalty Notice Invalid Where Jurisdiction Not Clearly Established: AP HC
- Refund of ITC Barred After Amalgamation Once Scheme Is Approved: Gujarat HC

Income Tax

- Re-assessment notice issued by Jurisdictional AO is not tenable where post implementation of Faceless Assessment Scheme & provisions of Section 151A, such notices are to be issued only by Faceless AO: ITAT
- Mere retention of cash for several months does not justify addition where source is fully explained & unutilised funds are shown: ITAT
- As is trite law, cash redeposited from earlier withdrawals cannot be treated as unexplained in the absence of contrary material: ITAT
- Re-assessment proceedings not tenable where based entirely on information sourced from the Insight portal & when there is no link between such information & actual transactions done: ITAT
- When the alleged escapement of income is less than the statutory threshold, re-assessment notice u/s 148 issued after expiry of three years is time barred: ITAT

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	Jan 16 2026	Jan 23 2026	Jan 30 2026
1	P/H/R	Below 22 mm	5.0-7.0	15	46,700	45,700	45,300
2	GUJ	22 mm	4.0-6.0	20	41,500	41,400	38,800
3	M/M(P)	23 mm	4.5-7.0	22	Na	Na	48,500
4	P/H/R(U)	27 mm	3.5-4.9	26	51,500	50,900	50,400
5	P/H/R(U)	27 mm	3.5-4.9	26	52,200	51,600	51,100
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	53,100	52,500	52,200
9	M/M(P)	28 mm	3.7-4.9	27	54,300	54,200	54,300
10	SA/TL/K	28 mm	3.7-4.9	27	Na	Na	53,700
11	GUJ	28 mm	3.7-4.9	27	Na	Na	54,400
12	R(L)	28 mm	3.7-4.9	27	54,000	53,800	53,200
13	R(L)	29 mm	3.7-4.9	28	54,900	55,100	54,600
14	M/M(P)	29 mm	3.7-4.9	28	55,200	55,000	55,000
15	SA/TL/K	29 mm	3.7-4.9	28	54,500	54,400	54,400
16	GUJ	29 mm	3.7-4.9	28	55,500	55,500	55,100
17	M/M(P)	30 mm	3.7-4.9	29	56,300	56,100	56,000
18	SA/TL/K/O	30 mm	3.7-4.9	29	56,000	56,000	55,800
19	M/M(P)	31 mm	3.7-4.9	30	56,800	57,000	57,200
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	70,700	70,700	71,200
23	K/TN	34 mm	2.8-3.7	34	71,500	71,500	72,000
24	M/M(P)	35 mm	2.8-3.7	35	71,700	71,700	72,200
25	K/TN	35 mm	2.8-3.7	35	73,500	73,500	74,000

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)	10/2026	17.1.2026	All Member Mills	DGFT- Extension of Duty Drawback/ RoDTEP/ RoSCTL benefits to exports through postal channels
2)	11/2026	17.1.2026	All Member Mills	EPFO extends due date for filing ECR for wage month of December 2025 until 20 th January 2026
3)	12/2026	20.1.2026	All Member Mills	BIS – With drawl of QCO on Textile Machinery
4)	12A/2026	21.1.2026	All Member Mills	Power - Amendment to Tamil Nadu Repowering, Refurbishment and Life extension Policy for Wind Power Projects, 2024
5)	13/2026	22.1.2026	All Member Mills	International Textile Summit 360 scheduled on 29-30 January 2026; CODISSIA Trade Fair Complex, Coimbatore.
6)	14/2026	23.1.2026	All Member Mills	POSH Act - Compliance – Annual Return Filing - Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013