



# Fortnightly E-REVIEW

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## »» HIGHLIGHTS OF »»



**SIMA Textfair 2026 - An expo enabled the entire textile value chain to explore technology, networking and industry growth**



The Southern India Mills' Association (SIMA), Coimbatore organized Textfair 2026, 15th of its kind. The largest Expo for Textile Machinery, Accessories, Spares and other supporting services during March 6-9 at CODISSIA Trade Fair Complex, Coimbatore. Textfair 2026 has once again reinforced the importance of technological innovation and collaboration in strengthening India's textile industry the four-day Exhibition brought together Manufacturers, Suppliers and Industry experts from across India and abroad to showcase the latest developments in Textile Machinery, Accessories and Spares.

The event featured over 240 exhibitors and 260 stalls, with participants from Coimbatore, Mumbai, Ahmedabad, Bangalore, etc., including several exhibitors from Countries such as, Switzerland, Germany, Italy, China, Egypt, etc.

At the inaugural function of Texfair 2026 held on 6<sup>th</sup> March 2026, SIMA Chairman, Shri Durai Palanisamy welcomed the Chief Guest Shri P R Venketrama Raja, Chairman, Ramco Group, presided over by Shri Ashwin Chandran, Chairman, Confederation of Indian Textile Industry, Guests of Honour, Shri Suresh Babuji, IEDS, Head of Office, MSME Development and Facilitation Office; Shri Shaleen Toshniwal, Chairman, Man-Made and Technical Textile Export Promotion Council; Shri K R Kanagarajan, President, ITMAA, Shri Omprakash Mantry, President, ITAMMA, Shri Prashant Mangukia, Chairman, TMMA and key note speaker Shri Prashant Agarwal, Joint Managing Director, Wazir Advisors to the inaugural function.



SIMA Chairman, stated that the Central Government should remove the import duty on cotton and increase the Remission of Duties and Taxes he said. Presidents of ITMAA, ITAMMA and TMMA offered felicitations.

SIMA Deputy Chairman, Shri S Krishnakumar, delivered About Texfair 2026.



Chairman of Ramco Group, Shri P R Venketrama Raja in his inaugural address, he said the four-day event is important as it showcases technologies that are available to bring down costs. In the last few



years, the textile mills facing demand volatility, margin pressure and a constant need for investments. In the coming decade, the mills should focus on speed and responsiveness, quality and consistency, sustainable production, operation efficiency and productivity.

The Indian textile and apparel sector is targeting \$350 Billion business size by 2030 and this needs sustained investments in advance machinery, digitization, automation and smart manufacturing systems said.

Shri Ashwin Chandran Chairman of the Confederation of Indian Textile Industry.



Sustainability is a defining trend, it is essential for long term business and involves costs. Businesses should look at it as long term investment he added.



Shri Shaleen Toshniwal, Chairman, Manmade and Technical Textile Export Promotion

Council, said that 70% of global textile business is in the manmade fibre sector as it gives comfort to the users and performance. Technical textiles that uses MMF also has multiple applications. The technical textile industry in India is expected to grow \$50 Billion by 2030.

Joint Managing Director, Wazir Advisors, Shri Prashant Agarwal spoke on the benefits of the India's Free Trade Agreements with the UK and the European Union. The buyers in these Countries are looking at alternatives to China and the Indian companies should offer scale and automation.



Shri S Suresh Babuji, IEDS, Director of MSME

Development and Facilitation Office, said the Central Government is setting up a tool Centre in Coimbatore on 14 acres and it will be helpful for the MSMEs in the engineering sector. This Centre will be operational in two years.



Shri K Sivaraj, Vice-Chairman, SIMA, delivering Vote of thanks. Coinciding with the Texfair 2026, SIMA organized, SIMA AiTex Summit on 6th March 2026 at CODISSIA Trade Fair Complex. Artificial Intelligence (AI) and automation are revolutionizing textile manufacturing by improving productivity, enabling production of high value products with consistent quality, reducing manual intervention and waste and facilitation predictive maintenance. SIMA Chairman, Shri Durai

Palanisamy said, by leveraging AI, ERP integration, intelligent data extraction and real-time analytics, manual, experience - driven processes can be transformed into structured and data - driven systems. He also stated that the Summit underscored the need for widespread adoption of AI and digital technologies in the textile industry to enhance efficiency, strengthen competitiveness and build a resilient and future ready manufacturing ecosystem.

The expert sessions at the summit covered several key topics, including Leveraging Data and AI Technology for Overall Excellence, LMW e-Spares ERP Integration and Tracker, centralized ERP-integrated tool that captures forex exposures and maps them against hedge contracts to provide real-time visibility and improved financial risk management. Other sessions focused on Digital and Operational Automation in Textile Mills with EXIM Automation and Trade Compliance, Cotton Testing through HVI and AFIS Data Integration, Dispatch

Entry Automation, and practical success stories on transforming spinning production from data to decision-making.

We thank all the exhibitors for showcasing their products and services, Top Management of the Industry and CEOs of mills for visiting and deputing their technical personnel and also visitors from various textile clusters across the country and making the Expos yet another success event.

Apart from machinery displays, the fair served as an important networking platform where Manufacturers, Suppliers, and Buyers exchanged ideas and explored new business opportunities. With an expected footfall of around one lakh visitors, the exhibition facilitated knowledge sharing and strengthened collaboration within the textile ecosystem.

### Glimpses of Texfair 2026



## REPRESENTATIONS

- Vide a representation dated 10<sup>th</sup> March 2026 an appeal was made to the RBI Governor to direct State Bank of India for implementation of Export Promotion Mission – NIRYAT PROTSAHAN Scheme
- An appeal was made to Shri Hardeep Singh Puri, Hon'ble Minister of Petroleum and Natural Gas on 12<sup>th</sup> March 2026 for allocation of adequate LPG supply to Textile Processing Units to comply with Environmental Standards mandated by EU and USA
- Appealed Hon'ble Chief Minister of Tamil Nadu on 12<sup>th</sup> March 2026 to keep the captive power producers' deemed demand charges in abeyance for six months
- Vide a representation dated 21st March 2026 an appeal was made Chief Secretary, Government of Tamil Nadu to keep in abeyance the collection of deemed demand charges for atleast six months and waive belated payment surcharge on the said charges
- On 25<sup>th</sup> March 2026, appealed Hon'ble Union Finance Minister for Restoration of Full (100%) RoDTEP Rates and Value Caps for the Period 23.02.2026 to 22.03.2026 and Extension of the Scheme Beyond 31.03.2026 for a Stable and Sustained Duration to Support Exporters and Fulfil Export Commitments

## TEXTILE SCENE

### **Textile chemical costs surge: Apparel FOB impact up 8%**

- Chemical inflation is reshaping garment costing, shifting pricing power towards processing rather than fabric alone.
- Despite a modest cost share, volatility in chemicals is driving disproportionate FOB increases.
- Denim and performance wear remain most exposed, intensifying margin pressure.
- This signals a structural reset, with chemistry-led cost models becoming central to sourcing.

### **US 'high-risk waters' alert triggers apparel lead-time shock**

- US 'High-Risk Waters' alert is turning shipping disruption into a timing crisis for apparel.
- Gulf-linked supply chains are shifting from predictable schedules to security-driven movement, making lead times longer, less reliable and harder to plan.
- Airfreight is increasingly expensive and operationally limited.
- This is raising risks to margins, delivery windows and seasonal relevance.

LABOUR

- 1. Do the principles laid down by the Hon'ble Supreme Court in the Bridge & Roof and Vivekananda Vidyamandir judgments for determining allowances on which provident fund contributions are payable continue to remain applicable?**

No, in the said Supreme Court judgments, the allowance was taken into consideration for provident fund contribution on the ground that it was universally, necessarily and ordinarily paid to all workers across the board. However, the definition of "wages" under the new Labour Codes is not equivalent to this interpretation and is substantially different, thereby altering the basis on which such allowances may be included for PF contribution.

Ref: Bridge and Roof Co. Ltd vs Union of India (1963) 3 SCR 978 (SC)  
RPFC, WB vs Vivekananda Vidyamandir and others, 2019 LLR 339 (SC)

- 2. Section 124 of the Code on Social Security prohibits any reduction in wages on account of provident fund contributions. Where provident fund contributions are being made on the basic salary and such basic salary exceeds Rs.15,000 per month, can the management lawfully restrict its provident fund liability to the statutory wage ceiling?**

Yes, the employer is under no statutory obligation to make provident fund contributions on wages exceeding the statutory ceiling of Rs.15,000 per month. Any contribution made on wages above the prescribed ceiling is purely voluntary. Accordingly, the employer is entitled to restrict or reduce its provident fund contribution to the statutory wage ceiling of Rs.15,000 at any time and no consent of the employee is required for such restriction.

Ref: Marathwada Gramin Bank Karamchari Sanghatana and Another vs Management of Marathwada Gramin Bank and others, 2011 LLR 1130 (SC)

- 3. Are overtime wages at twice the ordinary rate of wages, as provided under the Code, payable to all employees?**

Under the Occupational Safety, Health and Working Conditions Code, overtime wages are applicable only to "workers" and not to employees. Accordingly, the provisions relating to overtime do not apply to supervisory personnel drawing wages above Rs.18,000 per month or to managerial personnel.

However, under Section 14 of the Code on Wages, payment of overtime wages is mandatory for all employees in respect of whom minimum wages have been fixed under the Code.

In view of the differing scopes and coverage under the two Codes, the applicability of overtime provisions will need to be tested and clarified over time, particularly with respect to which category the employee falls

under each Code and how overtime obligations are to be implemented in practice.

**4. Under the Factories Act, every factory employing 500 or more workers are required to maintain an ambulance room. Has this requirement undergone any change under the new Labour Codes?**

No. An ambulance room is required to be constituted in every factory employing 500 or more workers and no change in the prescribed threshold has been carried out under the new Code.

**5. Under the POSH Act, when is the Annual Report required to be submitted, to whom should it be submitted, and what are the mandatory contents of such report?**

The Internal Committee should send the Annual Report for the calendar year (Jan- Dec) to the concerned District Officer on or before 31st January.

The District Officer shall be the District Collector or the District Social Welfare Officer. Additionally, the report shall be sent to DISH Authorities (for factories) and the Commissioner of Labour (for establishments). The content of the Annual Report shall briefly contain the following:

- Number of complaints of sexual harassment received in the year
- Number of complaints disposed off during the year
- Number of cases pending for more than 90 days
- Action taken report on the complaints received
- Details of Internal Committee
- Number of workshops/training sessions conducted and feedback
- Number of IC meetings conducted, suggestions, employer compliance, etc.

**6. Whether an employer can mandate that employees open a bank account in the same bank as the employer for remittance of wages and other monetary benefits? If an employee refuses to do so, can the employer deny payment of wages on that ground?**

No, The Court held that no statute mandates an employee to open a bank account with the same bank in which the employer maintains its account. Therefore, the employer cannot compel an employee to open a bank account with the employer's banker as a condition for disbursement of wages or other monetary benefits.

Ref: Malabar Cancer Society vs DM Dinesh kumar 2018 LLR 625 Kera HCA

**7. If a factory already holds a valid licence under the Factories Act, is it required to obtain a fresh or separate licence under the Occupational Safety, Health and Working Conditions Code (OSH Code)?**

No. The Occupational Safety, Health and Working Conditions Code, 2020 clearly provides that a factory which was already registered and holding a valid licence under the Factories Act, 1948 is not required to obtain fresh registration under the Occupational Safety, Health and Working Conditions Code, 2020.

However, the occupier/employer is required to furnish the details of the existing licence to the prescribed authority, and the licence must thereafter be renewed in accordance with the procedures prescribed under the OSH Code from its commencement date, i.e., 21.11.2025.

**8. After the introduction of the new Labour Codes, if a worker raises a dispute against the management, under which statute will such an industrial dispute be filed and adjudicated? It is understood that the Two-Member Industrial Tribunals contemplated under the Industrial Relations Code have not yet been constituted. In such circumstances, before which authority/forum will the dispute be instituted and who will preside over the matter?**

As per the notification issued by the Ministry of Labour and Employment dated 08.12.2025, the existing Labour Courts, Industrial Tribunals and National Tribunals constituted under the Industrial Disputes Act, 1947 shall continue to adjudicate both pending and newly instituted cases.

This arrangement has been made to ensure continuity of adjudication and to avoid any legal vacuum until the new Industrial Tribunals are constituted under the Industrial Relations Code, 2020.

Ref: United Labour Federation Vs Union of Indian and Anr 2026 LLR 135 (Mad HC)

**9. Is there any prescribed time limit for payment of leave encashment under the new Labour Codes?**

Yes.

As per the new Labour Codes, when a worker is discharged, dismissed, or resigns from employment, wages in lieu of unavailed leave shall be paid within two working days from the date of cessation of employment.

However, in the case of death or superannuation of the worker, the leave wages are required to be paid before the expiry of two months from the date of such superannuation or death, as the case may be, in accordance with the provisions of the Occupational Safety, Health and Working Conditions Code, 2020.

**10. If a dispute arises as to whether a particular activity constitutes a “core activity” under the Occupational Safety, Health and Working Conditions Code, 2020, who is the competent authority to decide such issue?**

Draft Central Rules provide that an aggrieved party may submit an application, along with supporting documents, to the Joint Secretary, Ministry of Labour and Employment, Government of India.

The Joint Secretary shall, after providing an opportunity of hearing to the concerned parties, pass a reasoned order in the matter regarding classification of the activity under the Occupational Safety, Health and Working Conditions Code, 2020

**1. With effect from 13.01.2026, BRC (Bank Realisation Certificate) tracking has shifted from shipping-bill-centric to GST-invoice-centric, resulting in compliance becoming more transaction-level and data-driven, closely aligned with GST returns, ICEGATE and RBI/EDPMS systems. What are the steps to be adopted by the exporters to avoid mismatches?**

- Every export invoice must carry correct and consistent details — GSTIN, invoice number/date, FOB value, currency, port code and shipping bill linkage.
- Ensure one-to-one linkage between documents (i.e)
- GST Invoice ↔ Shipping Bill ↔ eBRC ↔ LUT/Bond ↔ GSTR-1
- Ensure correct invoice numbers are captured in FIRC/eBRC
- Reconciliation between books of accounts, GST and bank realisations is essential

**2. Can the GST Authorities initiate proceedings, if the entire tax liability along with the interest has been paid before issuance of Show Cause Notice?**

No. If the taxpayer discharges the entire tax liability along with applicable interest at any time prior to the issuance of the show cause notice, no further payment by way of penalty or additional interest shall be demanded and the proceedings shall be deemed to be concluded.

Ref: Sections 73&74 of GST Act/M/s. Rays Power Infra Private Limited vs Superintendent of Central Tax (Writ Petition No. 298 of 2024) Telangana High Court

**3. Can renewable energy installations such as windmills or solar power plants be sold or purchased without payment of GST? If yes, what is the mechanism to be adopted?**

Yes.

Under GST law, renewable energy installations can be transferred without payment of GST when they are sold or acquired as a “going concern”, i.e., as a complete and operational business undertaking rather than as individual assets.

Mechanism to be adopted

To qualify for GST exemption, the transfer must be structured as a business transfer (slump sale) of the entire undertaking and not as a piecemeal sale of equipment.

The following steps should be followed:

- Transfer the renewable energy unit as a complete business/undertaking
- Include all assets — land, plant, machinery, transmission infrastructure, etc.
- Transfer related liabilities, loans and statutory obligations
- Assign contracts such as PPAs, grid connectivity agreements and approvals
- Transfer employees, licenses and operational rights
- Ensure continuity of operations without interruption
- Execute a Business Transfer Agreement (BTA) or slump sale agreement
- Fix a lump-sum consideration for the undertaking (not asset-wise values)

**4. Exporters are required to validate their bank account details in the Public Financial Management System (PFMS), the online platform developed by the Controller General of Accounts of the Government of India, for the purpose of receiving export refunds such as IGST refunds and duty drawback. Is this validation required to be updated periodically?**

Exporters need to validate their bank account in PFMS only once for export refunds. This validation remains valid until there is a change in the bank account details.

Updation and re-validation of the bank account in PFMS is required when:

- There is a change in the bank account number
- There is a change in the IFSC code or bank branch
- The existing account becomes inactive/closed
- If PFMS invalidates it because the account no longer exists in core banking
- If the exporter wants the refunds to be credited to a different bank account than the one already validated.

**5. Is the GST department legally empowered to undertake “scrutiny” proceedings after completion of a “departmental or special audit” for the same tax period?**

Yes, the GST department can conduct scrutiny even after an audit, because audit and scrutiny are independent proceedings under GST law.

- An audit under Sections 65 or 66 verifies records, ITC and tax compliance.
- Separately, the officer may initiate scrutiny of Returns under Section 61 based on data mismatches, risk parameters or other discrepancies.
- Completion of an audit does not legally prevent the department from issuing a scrutiny Notice (ASMT-10) or initiating proceedings under Sections 73/74.

However, scrutiny must:

- be within the statutory limitation period (3 years under Sec 73, 5 years under Sec 74) and
- avoid reopening issues already examined and settled during audit, unless fresh evidence exists, as duplication may be challengeable.

Thus, audit does not grant immunity from scrutiny, but repeated action on the same settled issues can be contested.

## **6. Is a separate Recovery Notice mandatory after issuance of an Order determining tax liability under GST?**

No.

Once an Order determining tax liability is passed, a summary in FORM GST DRC-07 is issued.

After issuance of DRC-07, no separate Recovery Notice is required. Recovery can be initiated under Section 79 of the GST Act, if the amount remains unpaid (subject to the time limit under Section 78 - 3 months from the date of service of the Order to make payment).

Ref: Rule 142(6) of GST Rules.

## **7. Is there any change in the order of utilization of SGST and CGST Credit for paying IGST liability under GST?**

Yes, with effect from the January/February 2026 GST filing periods, there is a practical change in how SGST & CGST ITC can be used for paying IGST liability on the GSTN portal.

Before Jan-2026 (Old System)

1. IGST ITC — must be used first
2. CGST ITC — next
3. SGST ITC — only after CGST ITC is fully exhausted

Change Effective January/February 2026

From the January 2026 tax period onwards the GSTN portal has introduced flexibility in ITC utilisation logic when paying IGST liability in Table 6.1 of GSTR-3B.

Current/amended practical order of utilisation:

1. IGST ITC must still be fully utilised first (mandatory).
2. After IGST ITC is exhausted, CGST & SGST ITC can be used to discharge the remaining IGST liability in any order or any proportion at the taxpayer's option.

The statutory provisions (Section 49 & Rule 88A of CGST Rules) continue to govern ITC utilisation, but the portal now reflects practical flexibility in how CGST & SGST credits are applied to IGST once IGST credit is exhausted.

## 8. Is reversal of credit in relation to post-sale discounts mandatory?

Under GST, ITC reversal for post-sale discounts depends on whether the discount satisfies the conditions under Section 15(3) of the Central Goods and Services Tax Act, 2017.

### 1. When ITC Reversal is Required

ITC reversal becomes necessary if the supplier reduces the taxable value through a credit note and the discount qualifies under Section 15(3)(b), i.e.:

- The discount is established in terms of an agreement entered into at or before the time of supply and
- It is specifically linked to relevant invoices and
- The recipient reverses proportionate ITC attributable to the discount.

In this case:

- Supplier issues a GST credit note
- Supplier reduces output tax liability
- Recipient must reverse proportionate ITC

Thus, reversal is mandatory because the taxable value itself is reduced.

### 2. When ITC Reversal is NOT Required

ITC reversal is not required where:

- The post-sale discount was not agreed upon at or before the time of supply or
- It is given as a financial/commercial credit note without GST impact and
- Supplier does not reduce output tax liability.

In such cases:

- Taxable value remains unchanged
- No GST credit note under Section 34
- Recipient need not reverse ITC

Ref: The Central Board of Indirect Taxes & Customs (CBIC) issued Circular No. 251/08/2025-GST, dated 12.09.2025 / Gujarat High Court — Shree Ambica Auto Sales & Service and 1st condition of Section 15 (3)(b) removed by Union Budget 2026.

## 9. Are GST authorities empowered to attach an overdraft (OD) account of a defaulting company under the GST Act for recovery of tax dues?

Under Section 83 and Section 79 of the CGST Act, the GST department can provisionally attach or recover dues by attaching bank accounts and this includes an Overdraft (OD) account, subject to certain conditions.

However, since an OD account primarily contains borrowed funds of the bank, courts have held that:

- Only the credit balance (if any) belonging to the assessee can be appropriated.

- The department cannot compel the bank to pay out of sanctioned but unutilised OD limits, as those are not the taxpayer's own funds.

Madras High Court — Ratna Café vs. Assistant Commissioner

- An overdraft (OD) bank account cannot be attached for recovery of GST dues because the funds in an OD account are credit extended by the bank and do not belong to the taxpayer.
- An OD account is not a taxpayer's property and therefore cannot be subject to attachment under GST recovery provisions.

**10. Can a GST Demand Order be set aside by the department, where input tax credit (ITC) was initially claimed under CGST/SGST instead of IGST, but the error was subsequently rectified and duly certified by a Chartered Accountant in GSTR-9C?**

Yes

A demand order can be set aside if the error is merely a clerical or head-wise misclassification (CGST/SGST instead of IGST) and there is no excess avilment of total ITC, provided the mistake was subsequently rectified and properly disclosed in GSTR-9C with CA certification.

The demand may survive if:

- Credit was availed in excess of eligibility,
- Cross-utilisation violated statutory provisions in force at the relevant time,
- The correction was made only after issuance of Notice and appears non-bona fide,
- Interest liability arose due to wrong utilisation.

**11. What are the key year-end compliance checks under GST for FY 2025–26, particularly with regard to Input Tax Credit (ITC) and ledger reconciliation?**

- Reconcile Purchase Register with GSTR-2B (ITC can be claimed only if it appears in GSTR-2B) Identify:
  - ITC not reflected in GSTR-2B
  - Duplicate ITC
  - Ineligible ITC
- Match ITC General Ledgers with the electronic credit ledger on the GST portal and GSTR-2B. Ensure any ITC not appearing in GSTR-2B is reversed.
- 180 Days Rule - Check aging of vendor payables as of March 31, 2026. Reverse ITC along with interest for invoices unpaid beyond 180 days. This ITC can be reclaimed once payment is made.

- Non-filing by Supplier - Track whether the suppliers have filed their GSTR-3B for FY 2025-26. If they fail to file by 30th September 2026, we must reverse the corresponding ITC by 30th November 2026.
- Check the electronic credit ledger for any ITC that may have been blocked by the tax authorities and take necessary steps to resolve the discrepancies and unblock the credit.
- 1% Cash Payment - Validate if we are required to discharge 1% of the output tax liability in cash. This applies if the outward tax liability exceeds 99% of the electronic credit ledger, unless the assessee is eligible for specific exemptions (e.g., domestic supply below 50 Lakhs or income tax paid > 1 lakh).
- Blocked ITC: Verify that blocked credits under Section 17(5) have not been claimed. If credit availed, reverse them immediately.
- Reverse ITC Where Required (i.e)
  - Non-payment to supplier within 180 days
  - Exempt supplies
  - Personal use
  - Inputs lost/damaged
- ITC on Debit Notes - Ensure ITC on supplier debit notes has been claimed.
- Electronic Cash Ledger - Check:
  - Unutilized balances
  - Wrong tax payments
  - Refund eligibility

#### Reconcile GST Returns with Books

<b>GST Return</b>	<b>Books</b>
GSTR-1	Sales register
GSTR-3B	Trial balance
GSTR-2B	Purchase register
Electronic Ledgers	GL accounts

- Best practice:
  - Complete this checklist before March 31st and again before September/November ITC deadline to avoid ITC loss.

Ref : GST Rules 37, 37A, 42, 43, 86A, 86B

## 12. Should textile mills review the Input vs Output Ratio at the year end? Why?

- Textile mills should review the Input vs Output Ratio to ensure that the quantity of raw cotton/raw material purchased & stock, consumed, yarn produced & waste generated (such as droppings, fly waste, hard waste, etc.) are reasonable and properly recorded in the books. **This reconciliation helps demonstrate that the ITC claimed on raw material purchases corresponds with the actual production and stock records.**
- If there are large or abnormal deviations between input consumption and output production, it may raise concerns during **GST departmental scrutiny or audit**, as Authorities may question whether excess ITC has been claimed or whether there are discrepancies in stock records.
- Therefore, maintaining a **reasonable and technically justifiable input-output ratio**, supported by production records and industry norms, is an important part of the GST year-end compliance checklist for textile mills.

## 13. What should businesses verify at year-end regarding GST compliance under the Reverse Charge Mechanism (RCM)?

- **Review Profit & Loss account and Expense Ledgers** to identify expenses that may be liable for GST under the Reverse Charge Mechanism (RCM). Common categories include security services, advocate or legal fees, Goods Transport Agency (GTA) charges, import of services, renting of residential dwellings for business purposes and other notified transactions.
- Ensure that the applicable GST liability has been **properly discharged under RCM through Electronic Cash Ledger**, as ITC cannot be used for payment of RCM liability

## 14. What should be checked for Job Work transactions during the GST year-end review?

- Verify that **inputs** sent for job work are returned within 1 year and **capital goods** within 3 years from the date of dispatch.
- Ensure that proper **job work challans** are issued and a **job work register** is maintained to track movement of goods.
- Confirm that Form ITC-04 is filed within the due date (i.e) 25th October for the period April to September and 25th April for the period October to March.

## 15. What is the requirement regarding Letter of Undertaking (LUT) for making zero-rated supplies under GST at the year end?

- Businesses intending to make zero-rated supplies (such as **exports or supplies to SEZ units/developers**) **without payment of IGST** must furnish a Letter of Undertaking (LUT) for the **relevant financial year**.

Taxpayers planning to undertake such supplies in FY 2026–27 should ensure that the LUT is submitted on the GST portal on or before 31st March 2026, so that zero-rated supplies can continue to be made without payment of IGST from the beginning of the new financial year

## POWER

### **1. Is it required to maintain separate shares within the group of companies to avail energy via group captive method?**

Existing Rules: YES. Subsidiary company of group entity cannot consume energy without holding any ownership in the captive plant.

Proposed Amendments to Rule 3 of Electricity Rules 2005: Not Required. Group entity (holding company and its subsidiaries) shall be treated as single user. For example, company A has ownership in the PPA. But it is one of the subsidiaries of X company. X has two more subsidiaries, A1 & A2. In this case company X, A1 & A2 has no shareholding in the PPA, however they are allowed to utilize energy. Hence all together X, A, A1 & A2 are treated as single users and there is no need to maintain shares and proportionate consumption within the group entity. The same shall be effective from the 1st April 2026.

*Reference: MOP, Draft amended Rule 3 of Electricity Rules, 2005, dated 2.1.2026*

### **2. Are there any regulatory restrictions or eligibility conditions for availing Open Access power procurement for loads below 1 MW in Tamil Nadu?**

No. All HT consumers within Tamil Nadu are permitted to avail open access power up to their entire sanctioned load, in accordance with the provisions of the Tamil Nadu Electricity Regulatory Commission (TNERC) Intra-State Open Access Regulations, 2014. Prior to the introduction of these regulations, open access procurement was restricted to loads below 1 MW.

However, with respect to inter-State transactions carried out through power exchanges, open access is subject to a different threshold. In such cases, consumers with a sanctioned load of less than 1 MW are not eligible to avail open access, and only those with a sanctioned load of 1 MW or above are permitted to procure power through the exchange mechanism.

*Reference: TNERC Grid Connectivity and Intra-State Open Access Regulations, 2014, dated 13.3.2014*

### **3. How should renewable energy sources such as rooftop solar installations, Renewable Energy Certificates (RECs), and non-REC captive plants be accounted for while calculating compliance with Renewable Purchase Obligation (RPO) targets?**

Consumption of electricity generated from rooftop solar installations and non-REC solar or wind plants shall be eligible to be counted towards fulfillment of the respective Renewable Purchase Obligation (RPO) category.

In respect of energy consumed from REC-accredited plants by a 100% captive user or group captive user, where the Renewable Energy Certificate (REC) benefit has already been claimed, such energy shall not be eligible to be counted towards fulfillment of Renewable Purchase Obligation (RPO) compliance.

*Reference: TNERC Renewable Energy Purchase Obligation - Regulations, 2023, dated 26.10.2023*

#### **4. Is shifting of the metering point mandatory to comply with the provisions of the Tamil Nadu Distribution Code, when applying for additional demand or reduction of sanctioned demand?**

HT service connections effected prior to the date of amendment, i.e., 27.02.2021, shall be exempted from shifting the existing metering point to comply with the distance requirement of within 30 metres from the main gate, while applying for additional demand or reduction of demand in their existing service connections.

Reference:

*TN Distribution Code 2004 as amended by 2020 (Gazette notification on 27.1.2024)*

*Memo no: DD/CE/COML/SE/EE1/AEE2/F.HT SC MP/D.NO.71/24/DT.15.2.2024*

#### **5. Who are classified as Designated Consumers under the Energy Conservation framework? How are textile units identified as Designated Consumers and what compliance obligations apply to them?**

Every energy intensive industry whose annual energy consumption is equal to or greater than the threshold limit specified in the Central Government Notifications shall be deemed to be Designated Consumer (DC) and are bound to follow certain energy-efficiency rules.

Threshold limit for Textile sector is 3000 mtoe (Metric Tonne of Oil Equivalent). Accordingly, any textile mill whose annual energy consumption exceeds 3,000 MTOE would be notified as a Designated Consumer

Designated consumer shall be considered liable under Section 26 (Energy Conservation Act, 2001) for imposition of penalty for his failure to comply with obligations of DC. The obligations include appointment of Energy Manager, conduct of Energy Audit, Reporting & Data Submission and Energy Saving Certificates compliance.

*Reference: MOP, S.O. 394 (E) dated 12th March 2007*

### **GOVT SCHEMES**

Both the Central and State Governments have been extending various support schemes to the industry, including both common industry-level initiatives and schemes applicable to individual units. However, government officials have indicated that many of these schemes are not being widely utilized, primarily due to a lack of awareness. Hence, the details are being shared to help identify relevant schemes and encourage their effective utilization.

**1. Promoting energy efficiency is essential and crucial to contain power costs. Is the Government extending any monetary support for initiatives in this regard?**

Yes (unit-wise incentive), extended by the Government of Tamil Nadu.

- As per the Promotion of Energy Audit and Conservation of Energy (PEACE) scheme, the Government of Tamil Nadu reimburses 75% of the cost of conducting an energy audit, subject to a ceiling of Rs.1.00 lakh per audit.
- Further, for implementing the recommendations arising out of the energy audit, 50% of the eligible components (energy-saving equipment or technologies), subject to a maximum of Rs.10.00 lakh, will be reimbursed.
- The energy audit must be conducted only through a BEE-accredited Energy Auditor. In this connection, the District Industries Centre (DIC) would recommend qualified energy audit teams for conducting audits.
- The subsidy can be claimed through the District Industries Centre by submitting the Energy Audit report duly signed by a BEE-accredited Energy Auditor. The audit team will also assist in guiding the unit through the subsidy claim process.
- There should be a gap of a minimum of three years between the previous energy audit and the subsequent energy audit for claiming the benefit.

Ref: G.O. (Ms) No. 37, MSME (B) Department, dated 06.07.2021

**2. Does the Government provide subsidies to MSMEs for obtaining quality certifications?**

Yes – By the Government of Tamil Nadu for the MSMEs in Tamil Nadu:

- Up to Rs. 2 lakhs for national-level certifications
- Up to Rs. 10 lakhs for international-level certifications
- As per the Quality Certification (Q-Cert) Scheme, MSMEs are eligible for reimbursement of the charges incurred for obtaining recognized quality certifications such as ISO 9000/9001, ISO 14001, Hazard Analysis and Critical Control Point (HACCP), ISO 22000, Good Hygienic Practices (GHP), Good Manufacturing Practices (GMP), Bureau of Indian Standards (BIS) certification, Zero Defect Zero Effect (ZED) certification, or any other international quality certification recognized in India by a competent authority.
- Reimbursement covers payments to consultancy and certification agencies
- Expenditure for renewal and Certifications that are mandatory as per statutory requirement are not eligible.
- Application must be filed within 1 year from the certification date.

Ref: Ref: G.O. (Ms) No. 37, MSME (B) Department, dated 06.07.2021

**3. Does the Central Government provide subsidies to MSMEs to meet the cost of obtaining international certifications required for exports?**

Yes.

- Under the Export Promotion Mission, the Central Government provides subsidy for international certifications through the TRACE Scheme (Trade Regulations, Accreditation & Compliance Enablement).
- The subsidy is to the tune of 60% of actual cost (excluding taxes), with a ceiling of Rs. 25 lakh per exporter per year (effective from 20.02.2026)
- The eligible notified certifications under the scheme are:
  - EU - REACH – Registration, Evaluation, Authorisation and Restriction of Chemicals
  - Global/All countries - TBT/SPS Testing – Technical Barriers to Trade / Sanitary and Phytosanitary Compliance Testing

Ref: DGFT Trade Notice No. 26/2025-26 dated 20.02.2026

**LABOUR**

**1. If an employee is transferred by the employer from one State to another, would such employee be treated as an Inter-State Migrant Worker under the law?**

The definition of “Inter-State Migrant Worker” under the Occupational Safety, Health and Working Conditions Code, 2020 covers only the following situations:

- a) A person who has been recruited in one State for employment in another State; or
- b) A person who has come on his own from one State and obtained employment in another State.

Therefore, a person who is transferred by his employer from one State to another in the course of existing employment does not fall within the scope of the definition and cannot be treated as an Inter-State Migrant Worker under the Code.

**2. Can a mass casual leave taken by workers in an establishment be considered a strike?**

As per the definition under the Industrial Relations Code, 2020, a “strike” includes a situation where 50% or more workers in an establishment take concerted casual leave on a given day, which is deemed to be a strike.

However, it is important to note that the Code does not define the term “casual leave.” Therefore, reference must be made to the relevant State

Shops and Establishments Act or the Model Standing Orders applicable to the establishment.

Generally, casual leave is understood to:

- Be granted for short durations, typically not exceeding 3 days at a time
- Be availed under unforeseen or urgent circumstances
- Does not require prior approval in the same manner as other types of leave

Accordingly, when a large number of workers (50% or more) avail casual leave simultaneously in a coordinated manner, it may lose its individual character as leave and be treated as a strike under the law.

**3. In cases, where an employee is terminated for an offence involving moral turpitude, is the management required to issue a separate notice and should this process be initiated during the course of the enquiry itself?**

The Supreme Court has held that, for the purpose of forfeiture of gratuity on grounds of an offence involving moral turpitude, a criminal conviction is not mandatory. What is required is that the disciplinary authority must determine whether the proven misconduct constitutes an offence involving moral turpitude, warranting forfeiture of gratuity either wholly or partially.

However, before such forfeiture is effected, the principles of natural justice must be followed. Accordingly, the management should:

- Issue a separate notice to the concerned employee, and
- Provide an opportunity to represent, both on:
  - Whether the misconduct amounts to an offence involving moral turpitude, and
  - The extent of gratuity forfeiture proposed

Thus, even if the misconduct is established in the enquiry, a specific notice and opportunity of hearing on gratuity forfeiture is necessary before taking a final decision.

Ref: Western Coal Fields Ltd Vs Manohar Govinda Fulzele, CA No.2608/2025 dated 17.02.2025 (SC)

**4. In matters relating to POSH compliance, on whom does the burden of proof lie?**

In POSH inquiries, the burden of proof does not lie entirely on either party in the strict criminal law sense. The process is investigative rather than argumentative.

- The complainant is required to present the allegations with reasonable detail, but is not required to prove the case beyond reasonable doubt or produce exhaustive evidence.
- The respondent is expected to explain their conduct; however, they are not required to prove their innocence, though a mere denial may carry limited evidentiary value.
- The Internal Committee (IC) bears the primary responsibility to:
  - Examine all evidence,
  - Assess the credibility of both parties,
  - Apply the standard of preponderance of probabilities, and
  - Record a reasoned finding.

Thus, the responsibility of establishing the facts ultimately rests with the Internal Committee, without rigidly shifting the burden of proof onto either party.

**5. If a probationer is not confirmed in writing after the completion of the 6-month probationary period under the Standing Orders, will the employee be deemed to be confirmed?**

No. The Supreme Court has held that where the relevant rules or the appointment letter prescribe specific conditions precedent for confirmation, there is no automatic or deemed confirmation merely because the probationer continues in service beyond the stipulated probation period.

In such cases, confirmation must be expressly granted in accordance with the prescribed conditions and continuation after the probation period, by itself, does not confer confirmed status on the employee.

Ref: Durgabai Deshmukh Memorial Sr. Sec School & anr Vs JAJ Vasu Sena & Anr C.A.No.5926/2029 dated 21.08.2019 (SC)

## JUDGEMENTS

### GST

- Sales tax subsidy granted by the state government, subject to specified fixed capital investment, is a capital receipt not chargeable to tax – Punjab & Haryana High Court
- Refund – Limitation under Section 54 is not applicable when tax mistakenly paid twice, once through ITC and second time by cash – Orissa High Court
- Penalty under Section 122(1A) on employees – Words ‘any person’ in said provision are required to be understood in context of ‘taxable person’ – Bombay High Court

- General penalty under Section 125 is not imposable over and above Late Fees imposed under Section 47(2) for delayed filing of returns – Madras High Court
- Confiscation – Section 130(2) not allows provisional release of goods during pendency of adjudication – Kerala High Court
- GSTAT has jurisdiction to pass interim orders staying recovery proceedings – Bombay High Court

## Customs

- Seizure is to be vacated if SCN is not issued within 6 months, waiver of SCN is not material – CESTAT Ahmedabad
- Customs has no authority to confiscate foreign currency and impose penalties under Customs Act – CESTAT New Delhi

## LABOUR

- Damages can be waived of under the Code on Social Security, 2020 only if resolution plan is sanctioned under the Insolvency and Bankruptcy Cod, 2016 – Mad HC
- A temple is not an Industry - SC
- Pension can be paid to dependent father/mother when claim is received from widow – Mad HC
- Sudden exclusion of allowance for calculating statutory benefits is illegal – SC
- Video recording per se would not fall within the definition of sexual harassment under the POSH Act. – Bom HC
- If a union has 51% or more strength, it must be recognized as the sole negotiating union. – Mad HC
- Mere inadequacy of the record won't confer jurisdiction upon the ESIC to initiate assessment – SC
- A consultant working in a software company is not a workman/worker – Karn HC
- Both Tribunal and the Board of Trustees have the power to reduce damages. – Mad HC
- Defreezing of bank account is proper when Tribunal is not available and appeal has been filed. – 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	Mar 20 2026	Mar 27 2026	Mar 30 2026
1	P/H/R	Below 22 mm	5.0-7.0	15	45,400	48,100	48,700
2	GUJ	22 mm	4.0-6.0	20	37,600	37,400	38,200
3	M/M(P)	23 mm	4.5-7.0	22	48,800	49,000	49,300
4	P/H/R(U)	27 mm	3.5-4.9	26	50,900	52,000	52,400
5	P/H/R(U)	27 mm	3.5-4.9	26	51,600	52,900	53,300
6	M/M(P)/SA/TL/G	27 mm	3.0-3.4	25	48,300	49,000	50,000
7	M/M(P)/SA/TL	27 mm	3.5-4.9	26	53,100	53,300	54,500
8	P/H/R(U)	28 mm	3.5-4.9	27	53,400	54,700	55,200
9	M/M(P)	28 mm	3.7-4.9	27	54,300	54,500	55,700
10	SA/TL/K	28 mm	3.7-4.9	27	54,200	54,100	55,300
11	GUJ	28 mm	3.7-4.9	27	55,100	55,100	56,600
12	R(L)	28 mm	3.7-4.9	27	54,000	54,500	55,000
13	R(L)	29 mm	3.7-4.9	28	55,500	56,000	56,500
14	M/M(P)	29 mm	3.7-4.9	28	55,300	55,500	56,700
15	SA/TL/K	29 mm	3.7-4.9	28	54,700	54,900	56,100
16	GUJ	29 mm	3.7-4.9	28	55,900	56,200	57,700
17	M/M(P)	30 mm	3.7-4.9	29	56,400	56,500	57,700
18	SA/TL/K/O	30 mm	3.7-4.9	29	56,100	56,200	57,400
19	M/M(P)	31 mm	3.7-4.9	30	58,000	58,000	59,500
20	SA/TL/K/TN/O	31 mm	3.7-4.9	30	58,100	57,800	59,300
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	72,700	73,700	74,700
23	K/TN	34 mm	2.8-3.7	34	73,000	74,500	75,500
24	M/M(P)	35 mm	2.8-3.7	35	74,000	75,500	76,500
25	K/TN	35 mm	2.8-3.7	35	75,000	76,500	77,500

Source: Cotton Association of India | Na-Not Available

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

Count	VL	GL	RL
10	252	-	-
16	259	248	-
20	263	252	270
25	272	261	279
30	284	273	291
32	290	-	297
34	291	280	298
36	298	-	305
40	312	301	319

*Prices are only indicative subject to reconfirmation.*

## CIRCULARS ISSUED DURING THE FORTNIGHT

Sl. No	Cir.No	Date	To	Subject
1)	16/2026	1.2.2026	All Member Mills	Highlights of Union Budget 2026-27
2)	17/2026	3.2.2026	All Member Mills	Transformative Supervisory Skill Development – one day workshop on February 21, 2026 (Saturday) at SIMA premises
3)	18/2026	3.2.2026	All Member Mills	Amendment to Air and Water Act, namely Control of Water Pollution (Grant, Refusal or Cancellation of Consent) Amendment Guidelines and Control of Air Pollution (Grant, Refusal or Cancellation of Consent) Amendment Guidelines. 2026
4)	19/2026	5.2.2026	All Member Mills	Union Budget – Changes to the Income Tax Provisions
5)	20/2026	6.2.2026	All Member Mills	Amendment to Industrial Relation Code, 2020 (Removal of Difficulties) (Amendment) Order, 2026
6)	21/2026	6.2.2026	All Member Mills	Code on Wages, 2019 – Wage ceiling notified
7)	22/2026	6.2.2026	All Member Mills	India-US Trade Deal - Textiles & Apparel tariff cut from 50% to 18%
8)	23/2026	10.2.2026	All Member Mills	DGFT - Real-time Bank Account validation process for Importer-Exporter Code (IEC) Applications and Modifications
9)	24/2026	10.2.2026	All Member Mills	DGFT – Extension of time for filing of Annual RoDTEP Return (ARR)
10)	24A/2026	10.2.2026	Mills in Andhera Pradesh & Telangana	Consumer Price Index Number - All India – December 2025
11)	24B/2026	10.2.2026	Member Mills in Tamil Nadu	Consumer Price Index Number - Chennai City – December 2025
12)	24C/2026	10.2.2026	Member Mills in Kerala	Consumer Price Index Numbers for the month of December 2025
13)	25/2026	11.2.2026	All Member Mills	Cotton - Open auction for sale of FP cotton bales on 13th February, 2026 at Coimbatore by CCI
14)	26/2026	16.2.2026	All Member Mills	Power – Draft Order on Wind Turbine Life Extension and Discontinuation, 2026
15)	26A/2026	17.2.2026	Member Mills in Tamil Nadu	Power – Division Bench Final Order in respect of Annual Banking facility for the old windmills
16)	26B/2026	18.2.2026	Member Mills in Tamil Nadu	Tamil Nadu Interim Budget 2026-27 Highlights

17)	27/2026	18.2.2026	All Member Mills	Postponement of one day workshop on Transformative Supervisory Skill Development Programme scheduled to be held on Feb 21, 2026 (Saturday) at SIMA premises
18)	28/2026	18.2.2026	All Member Mills	Compliance Handbook for Employers – New Labour Code
19)	29/2026	18.2.2026	All Member Mills	Association Comments/suggestion on the four Draft Central Rules republished by Gol
20)	30/2026	19.2.2026	All Member Mills	Opportunities for Cotton Purchase and Price Risk Hedging for spinning mills 2025-26 Season
21)	31/2026	23.2.2026	All Member Mills	Textile Expansion and Employment Mission
22)	32/2026	25.2.2026	All Member Mills	Export – Rationalization of RoDTEP Rates
23)	32A/2026	25.2.2026	Member Mills in Tamil Nadu	Power – Guidance to file an SLP before Supreme court in the Deemed Demand matter
24)	33/2026	27.2.2026	All Member Mills	DGFT – Export – Partial Reimbursement of cost of notified certifications
25)	34/2026	27.2.2026	All Member Mills	SIMA AI TexSummit 2026 on March 6,2026 at CODISSIA Trade Fair Complex, Coimbatore
26)	35/2026	28.2.2026	All Member Mills	Export – Coimbatore Regional DGFT - Special drive for expeditious issuance of EODCs
27)	36/2026	28.2.2026	All Member Mills	DGFT - Relief in Average Export Obligation under EPCG Scheme
28)	37/2026	2.3.2026	All Member Mills	SIMA Texfair 2026 - Inaugural Function at 10.00 am on Friday, 6th March, 2026 at Hall A
29)	37A/2026	10.3.2026	Member Mills in Tamil Nadu	Consumer Price Index Number - Chennai City – January 2026
30)	37B/2026	10.3.2026	Member Mills in Kerala	Consumer Price Index Numbers for the month of January 2026
31)	37C/2026	10.3.2026	Mills in Andhera Pradesh & Telangana	Consumer Price Index Number - All India – January 2026

32)	37D/2026	13.3.2026	Member Mills in Tamil Nadu	Revision of DA for the Apprentices in Textile Mills and various scheduled employment in Textile sectors, Security Guards and Shops & Commercial Establishments effective from 01.04.2026 to 31.03.2027 – Notified under the Minimum wages Act, 1948
33)	37E/2026	13.3.2026	Member Mills in Tamil Nadu	Power – Draft reply to be sent to concerned SEs in respect of demand notice issued for claiming of arrears towards deemed demand charges along with belated payment surcharge
34)	38/2026	14.3.2026	All Member Mills	Softcopy of Texfair 2026 Exhibition Souvenir
35)	39/2026	17.3.2026	All Member Mills	Power – Final Notification of MoP on the Amended Rule 3 of Electricity Rules, 2005 in respect of requirements of captive generation plant
36)	39-A/2026	18.3.2026	Member Mills in Tamil Nadu	Power – Deemed demand matter – CFC/Revenue extended the due date to 05.04.2026 from 12.3.2026 to remit the arrears of balance 50% deemed demand charges
37)	39-B/2026	18.3.2026	Member Mills in Tamil Nadu	Power – Draft Electricity (Rights of Consumers) Amendment Rules 2026
38)	40/2026	24.3.2026	All Member Mills	One day workshop on “Transformative Supervisory Skill Development Programme” scheduled to be held on April 10, 2026 (Friday) at SIMA Conference Hall
39)	41/2026	24.3.2026	All Member Mills	Export – Restoration of RoDTEP Rates from 23.03.2026 upto 31.03.2026
40)	41-A/2026	25.3.2026	Member Mills in Tamil Nadu	Extend the engagement of M/s. Leap Green Energy Pvt Ltd as state level QCA for Forecasting and Scheduling of Wind Energy generation for further one year
41)	42/2026	26.3.2026	All Member Mills	Minutes of the 12th Meeting of Inter Ministerial Steering Committee (IMSC) under Amended Technology Upgradation ATUFS held on 10th March, 2026
42)	43/2026	26.3.2026	All Member Mills	Export - Interest Subvention for Pre- and Post-shipment Export Credit under Export Promotion Mission
43)	43-A/2026	27.3.2026	Member Mills in Tamil Nadu	Poll day – Declaring public holiday on 23rd April, 2026 (Thursday) – For the General Elections to the Tamil Nadu Legislative Assembly, 2026
44)	43-B/2026	30.3.2026	Member Mills in Tamil Nadu	Power – Draft reply to be sent to concerned SE/EDCs in respect of demand notice for collection of deemed demand charges along with belated payment surcharge on or before 5.4.2026