



# Fortnightly E-REVIEW

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## NEWS HIGHLIGHTS

- ❖ **Turkiye's apparel exports slip 7.2 per cent in Q1 on soft demand**
- ❖ **India aligns RoDTEP schedules with amended customs tariff**
- ❖ **Brazil's apparel imports double in 5 years, momentum persists**
- ❖ **China loses 4% Canada apparel market share as western buyers diversify**
- ❖ **Cabinet approves "Mission for Cotton Productivity" with Rs.5659.22 crores**

## REPRESENTATIONS

- Vide a letter dated 9<sup>th</sup> May 2026 sent to Commissioner of Textiles, Government of Tamil Nadu shared the highlights of virtual webinar on "Engagement of Migrant labour Do's and Don'ts – Compliance" held on 8<sup>th</sup> May 2026
- Vide a representation dated 11<sup>th</sup> May 2026 Acknowledged the timely support extended to the Textile Industry by continuing ECLGS 5.0
- An appeal was made to Secretary, Textiles, Ministry of Textiles on 13<sup>th</sup> May 2026 to consider the action being taken by the Domestic Industry for re-implementation of QCO on Polyester Products withdrawn by the government in the interest of downstream sectors
- On 14<sup>th</sup> May 2026 a note on industry demands to achieve the target of USD 350 Billion by 2030 was submitted to Textiles Commissioner, on her visit to Coimbatore to meet All Textiles Association at Hotel Lemeridian
- Vide a representation dated 14<sup>th</sup> May 2026 an appeal was made to Hon'ble Chief Minister of Tamil Nadu, Thiru C Joseph Vijay to recommend Hon'ble Prime Minister to remove the 11% import duty on all varieties of cotton.

## MEETINGS / WORKSHOP >>>

**Highlights of the meeting with all Textile Associations and industry stakeholders with the Textile Commissioner, Government of India, organized by The Southern India Mills Association on 14 May 2026 at Le Méridien Coimbatore.**

All Textile Associations and Stakeholders meeting was held on 14<sup>th</sup> May 2026 at Hotel Le Meridien in the august presence of Ms. Vrunda Manohar Desai, IRS, Textile Commissioner, Government of India and Ms. R Lalitha, IAS, Commissioner, Department of Textiles, Government of Tamil Nadu. During the meeting, the industry stakeholders addressed the following critical issues;

- Exempting all cotton varieties from 11% import duty to regain and grab the global market opportunities in cotton textiles
- Mission for Cotton Productivity – to concentrate on quality seeds for enhancing productivity.
- Appealed to direct CCI to sell the MSP procured cotton only to the actual users till the end of the season and commence depot sales in Coimbatore
- Inclusion of Ginning and Spinning under TEEM Scheme
- Cost effective and sustainable hank yarn scheme for handloom sector
- Reduction / abolition of Hank Yarn Obligation
- Note on the need for addressing anomalies in the SION applicable for certain textile products
- Note on Tamil Nadu PM MITRA Park – Suggestions
- Abolish the Cotton Bale Quality Control Order instead of deferment.
- Appeal to recommend for Comprehensive Study prior to Implementation of QCO for Textile Machines (Weaving and Embroidery Machines)
- GST - Inverted Duty Structure
- RoDTEP for the suspended period

During the interaction Textile Commissioner has responded positively, we may expect some relief measures to mitigate the current crisis.



SIMA Deputy Chairman, Shri S Krishnakumar, welcoming Textile Commissioner, MoT, Ms Vrunda Manohar Desai, IRS, with a flower bouquet



SIMA Vice-Chairman, Shri K Sivaraj, welcoming Textile Commissioner, GoTN, Ms R Lalitha, IAS., with a flower bouquet



SIMA Chairman, Shri Durai Palanisamy, welcoming the gathering with a special address

Ms R Lalitha, IAS., Textile Commissioner, Government of Tamil Nadu interacting with stakeholders



Ms Vrunda Manohar Desai, IRS, Textile Commissioner, Government of India, interacting with the stakeholders

## TEXTILE SCENE

### Turkiye's apparel exports slip 7.2 per cent in Q1 on soft demand

- Turkiye's apparel exports declined 7.2 per cent year-on-year to \$3.801 billion in January–March 2026 reflecting continued demand pressure in key markets.
- The decline extends the weak trend seen through 2024–2025, when high inflation, elevated production costs, and currency volatility eroded export competitiveness.

### India aligns RoDTEP schedules with amended customs tariff

- India has aligned the schedules of the Revised Remission of Duties and Taxes on Exported Products (RoDTEP) scheme with the amended customs tariff structure. This move is expected to streamline export processes and improve the business environment. The changes come into effect from May 1, 2026.

- The Department of Commerce has notified the revisions through a Notification dated April 30, 2026.
- The government emphasised that the measure is RoDTEP-specific and aimed at enhancing ease of doing business. By minimising system-level discrepancies and ensuring continuity in duty remission, the initiative is expected to support exporters and maintain efficiency in trade operations.

### **Brazil's apparel imports double in 5 years, momentum persists**

- Brazil's apparel imports have expanded sharply over the past five years, indicating sustained demand momentum.
- T-shirts recorded one of the strongest gains, rising over 52 per cent year-on-year in Q1 and increasing their share from 7.02 per cent to around 9 per cent. This highlights a growing preference for affordable, high-turnover products aligned with mass consumption trends.
- Overall, Brazil's import basket is increasingly skewed towards mid-to-low value, high-volume apparel, signalling a shift towards affordability, faster inventory cycles, and volume-driven sourcing rather than premium or fashion-led segments.

### **China loses 4% Canada apparel market share as western buyers diversify**

- Canada's apparel import market is undergoing a visible sourcing shift, with China losing over 4 per cent market share in the first two months of 2026 as Western buyers accelerate diversification strategies across Asia.
- The shift reflects a broader structural realignment in global sourcing. Western buyers are increasingly diversifying supply chains to reduce dependence on China amid geopolitical tensions, rising production costs, and stricter compliance requirements. Preferential market access has further supported competitors such as Bangladesh and Cambodia who benefit from Canada's duty-free access for least developed countries, while Vietnam leverages scale, product diversity, and stable trade linkages.

### **Cabinet approves "Mission for Cotton Productivity" with Rs.5659.22 crore Outlay for Self-Sufficiency in Cotton and Competitiveness in Global Textile Markets by 2030-31 with focus on the following major aspects:**

- Development of High-yielding, climate resilient, pest-resistant seeds, and other production/protection technologies
- Upscaling improved cotton production technologies like High Density Planting System (HDPS), Closer Spacing (CS), Integrated Cotton Management, and promotion of Extra Long Staple (ELS) Cotton
- Augmenting quality of cotton through capacity building and promoting modernization of ginning and processing factories, including adoption of best processing practices.

- Strengthening cotton testing infrastructure across the country with modern, standardized, and accredited facilities to ensure reliable quality assessment and global benchmarking.
- Robust branding and traceability initiatives under Kasturi Cotton Bharat to position Indian cotton as a premium, sustainable, and globally trusted product.
- Empowering farmers through digital integration of market yards (mandis), enabling transparent price discovery, direct market access, and improved realization through e-platforms
- Promotion of cotton waste recycling and circular economy practices to enhance resource efficiency, reduce environmental footprint, and generate additional value streams for the industry
- Diversification of India's fibre base by including natural fibres like flax, ramie, sisal, milkweed, bamboo and banana and advancement of environmentally sustainable textile production and innovations. Its strategic integration and promotion to complement cotton and align India's textile sector with evolving global demand patterns.

## CHAT BOX

### GST

#### 1. **Whether Notification No. 14/2022–CT dated 05.07.2022, which allows refund of unutilized input services under inverted duty structure, is applicable retrospectively or only prospectively?**

- In the absence of an express applicability clause in Notification No. 14/2022–CT dated 05.07.2022, the Central Board of Indirect Taxes and Customs, vide Circular No. 181/13/2022-GST dated 10.11.2022, clarified that the Notification would apply prospectively, i.e., applicable to refund Applications filed on or after 05.07.2022.
- The issue was appealed the Bombay High Court.
- The Court held that the Notification is curative & clarificatory in nature and therefore has retrospective effect.
- Accordingly, taxpayers are entitled to claim inverted duty refund on input services using the revised formula for periods prior to July 2022, subject to the statutory limitation period of two years.
- The Court overruled the interpretation adopted by the CBIC in the aforesaid circular.

Ref: Bombay High Court in the case of M/s CHEC-TPL Line 4 Joint Venture v. Union of India & Ors. Vide its Order dated 23.04.2026

## 2. Is there any change in the time limit for issuance of Show Cause Notices and adjudication under GST, both for non-fraud and fraud cases?

Yes. With effect from FY 2024–25 onwards, a unified demand provision has been introduced through Section 74A. Sections 73 and 74 shall continue to apply for periods up to FY 2023–24.

### Key Impacts of Section 74A (Effective FY 2024-25)

- **Unified Timeline (42 Months):** Notices for tax shortfalls (both fraud and non-fraud) must be issued within 42 months (3.5 years) from the due date of the Annual Return (GSTR-9).
- **Final Order Deadline:** The final Adjudication Order must be passed within 12 months from the date of the SCN issuance (extendable by 6 months in special cases).
- **Restructured Penalties & Extended Windows:**
  - Non-fraud cases: No penalty if tax + interest is paid before the SCN, or within 60 days (previously 30) of SCN issuance.
  - Fraud cases: Penalties retain a tiered structure (15%, 25%, 50%, 100%) depending on when tax/interest is paid, with a 60-day window for reduced penalties after the notice.
- **Automatic Conversion/Modification:** Allows cases initially alleged as fraud to be converted to non-fraud, ensuring penalties are proportional.
- **Minor Relief:** No Show Cause Notice will be issued if the tax amount involved is less than Rs. 1,000.

## 3. What is the structure of the Penalty when goods/conveyances are detained or seized in-transit due to non-compliance (e.g., missing documents, e-way bill issues, etc) and what steps should be taken to handle such situations at the point of interception by the GST officials?

### 1. When owner of goods comes forward to pay (i.e) owner accepts the liability:

- Penalty = 200% of tax payable on such goods (Earlier it was 100%)

### 2. When owner of goods does NOT come forward

- Penalty = 50% of value of goods OR 200% of tax payable, whichever is higher

### Handling at Point of Interception

- All consignments must be accompanied by mandatory documents (physically or electronically), including the tax invoice or delivery challan, valid e-way bill number, Job work challan,

EXIM documents and vehicle registration papers, at all times during transit.

- On receipt of Form GST MOV-02 (Order for physical verification / inspection of the conveyance, goods and documents), the consignor/taxpayer should be informed immediately, and the goods must not be moved without obtaining the release order in Form GST MOV-05.
- To secure the release of goods, the taxpayer may either execute a Bond in Form GST MOV-08 or discharge the applicable penalty through payment as determined in Form GST MOV-09.
- An appeal against the Order issued in Form GST MOV-09 may be filed under Section 107 of the GST Act, 2017 before the First Appellate Authority within a period of three months from the date of communication of the Penalty Order.

Ref: Section 129 of GST Act

#### **4. Can personal penalty be imposed on an employee for tax evasion by the company?**

- An employee cannot be automatically subjected to penalty for tax evasion committed by the company. Under the GST Act, personal liability arises only in specific circumstances.
- An employee cannot be held personally liable for tax evasion by the company, when their role is restricted to administrative or compliance functions (i.e) liability cannot be fixed on employees who merely assist in tax compliance.
- Employees who neither exercise control over business operations nor derive any personal benefit from fraudulent activities cannot be held personally liable for tax violations by the company.
- The principle of vicarious liability applies to individuals such as directors, partners or employees who are in charge of and responsible for the conduct of the business. Such persons may be held liable where the offence is committed with their knowledge, consent, connivance or due to their negligence.
- To attract penalties, it must be proved that the individual employee, retained the benefit of the transaction and that the transaction was conducted at his/her instance.

Ref: Sections 122(1A) and 137 of the GST Act. M/s Shantanu Sanjay Hundekari vs. Union of India (SC) and M/s Shemaroo Entertainment Ltd (High Court)

**5. Can a person appointed as a director by the company, after the coming into force of GST Act (1.07.2017) be held personally liable for the company's past VAT dues?**

No. The Gujarat High Court has upheld as follows:

- A director cannot be held personally liable for VAT dues that arose before his/her appointment, unless there is a specific statutory provision creating such liability (as per the principle of limited liability).
- There is no provision under the VAT Act to impose personal liability on directors for the dues of the company in such circumstances.
- Recovery proceedings against the director were held invalid, especially since he was not in charge during the relevant period.

Ref: Rajveer Jayrendrasingh Parmar vs State of Gujarat, Order dated 14.06.2024 (In this case, the petitioner was appointed as an Additional Director in December 2020, whereas the VAT dues related to FY 2014–15 and 2015–16.)

**Labour**

**1. When employees covered under the ESI scheme meet with an accident, what is the role of the employer in such situations and what responsibilities does the employer bear in such cases?**

Employers are required to arrange for first aid, immediate medical care and transportation to facilitate timely treatment, depending on the nature and circumstances of the accident, until the injured employee is attended to by the Insurance Medical Officer.

The employer is entitled to reimbursement of the expenses incurred for such arrangements, subject to the limits prescribed by the ESI Corporation from time to time.

This provision is stipulated under Regulations 69 and 70 of the ESI Regulations.

**2. What options are available to workers under the Occupational Safety, Health and Working Conditions (OSH) Code for encashment of leave during the course of employment and after cessation of employment?**

The OSH Code provides for leave encashment both during employment and after cessation of employment. During the course of employment, a worker is entitled to encash earned leave at the end of the calendar year, subject to making a request for such encashment.

Further, if the accumulated leave exceeds 30 days, the excess leave beyond 30 days must be compulsorily encashed by the employee. In the case of post-employment, no request from the employee is required and the employer is obligated to mandatorily settle the leave encashment dues.

**3. Since the Grievance Redressal Committee is meant to resolve issues/disputes within the organization (in-house), can workers who have already been terminated also approach the committee?**

Section 4(11) of the Industrial Relations Code permits even workers who have been discharged or dismissed to approach the Grievance Redressal Committee, provided the Application is made within one year from the date on which the dispute arises.

If the Committee fails to resolve the grievance within 30 days, or if its decision is not in favour of the worker, the concerned worker may approach the Conciliation Officer to initiate conciliation proceedings.

Further, if no settlement is reached within 45 days from the date of applying to the Conciliation Officer, the worker is also permitted to directly approach the Tribunal for adjudication of the dispute.

The Tribunal can adjudicate and decide the dispute once an Application is filed before it. It is also important to note that such an Application must be made within two years from the date of termination.

**4. If a settlement is signed with a union under the Industrial Disputes Act, 1947, and later the unit no longer qualifies as an “industry” under the Industrial Relations Code, 2020, will that settlement continue to remain binding?**

As per Section 104(2) of the Industrial Relations Code, 2020, notwithstanding the repeal of the Industrial Disputes Act, 1947, any action taken or settlement entered into under the repealed Act shall be deemed to have been made under the corresponding provisions of the Code and shall continue to be enforceable, so long as it is not inconsistent with the provisions of the Code.

Further, in terms of Section 6 of the General Clauses Act, 1897, such a settlement will continue to remain valid and binding, even if the establishment subsequently ceases to fall within the definition of an “industry”.

**5. If a probationary employee is terminated due to poor performance, does it mean that their record carries a negative mark or stigma?**

No. The Supreme Court clarified that if a probationer is terminated because their performance is found unsatisfactory, it does not amount to attaching a negative remark on their character or conduct.

It is simply an assessment that the employee was not suitable for the role during the probation period and such termination is not considered punitive.

Ref: Mathew P. Thomas v. Kerala State Civil Supply Corpn. Ltd., and others 2003 (96) FLR 1166SC

## JUDGEMENTS

### GST

- GST Adjudication Order Invalid as proper consideration of objections was missing: HC
- Provisional attachment of bank accounts under Section 83 of the GST Act, 2017 and blocking of the petitioner's Electronic Credit Ledger (ECL) under Rule 86A of the Central Goods and Services Tax Rules, 2017 quashed, since restriction continued beyond one year: HC
- When goods were merely transiting through Andhra Pradesh with requisite documents, APGST officers intercepted same and initiated proceedings invoking Sections 129 and 130, cross-empowerment did not permit them to levy penalties or cost on inter-State consignments originating and ending outside Andhra Pradesh and their role was limited only to document verification and forwarding discrepancies: HC
- Where assessee's bank accounts were successively provisionally attached despite assessment having concluded and prior attachment period expiring by efflux of time, with no change in factual matrix or new material, such re-invocation of attachment power was unjustified and unsustainable: HC
- Where petitioner, a GST-registered insurance brokerage, received scrutiny notice for discrepancies and replied with supporting documents, but demand order ignored these without reasoned consideration and relied on mere assertion of inadequacy, order was unreasoned, non-speaking and violative of natural justice: HC
- Where assessee replied to SCN with reconciliation of ITC mismatch between GSTR-3B and GSTR-2A but order-in-original ignored enclosed reconciliation and denied personal hearing, breach of natural justice occurred, necessitating reconsideration of reply and annexures, as opportunity to reconcile and explain alleged ITC discrepancy must be effectively provided before demand is upheld: HC

### Income Tax

- Sales tax subsidy received under incentive scheme constitutes capital receipt - not taxable: HC
- Every assessee is entitled to arrange affairs in a tax-efficient manner and that corporate veil can be lifted only where transaction is fraudulent, sham or designed for tax evasion: ITAT

## LABOUR

- Industrial Tribunals constituted by the ID Act can adjudicate industrial disputes under the IR Code. -2026 LLR 478 CALCUTTA HIGH COURT
- Gratuity can be set off against rent in cases of unauthorized retention of company quarters. - 2026 LLR 473 SUPREME COURT OF INDIA
- Pre-deposit requirement for entertaining appeal under the EPF Act must be read in light of the Social Security Code, which mandates 25% of the assessed amount. - 2026 LLR 538 MADRAS HIGH COURT
- Retrospective resignation acceptance illegal if it deprives employees of monetary benefits already earned. - 2026 LLR 519 PUNJAB AND HARYANA HIGH COURT
- Gratuity forfeiture does not require separate opportunity of hearing beyond disciplinary enquiry. - 2026 LLR 491 CALCUTTA HIGH COURT
- Attachment order which does not specify the name of the bank account is illegal. - 2026 LLR 567 CALCUTTA HIGH COURT
- Pre retiree employees of 2014, who did not exercise the option, are not entitled to higher pension. - 2026 LLR 557 PUNJAB AND HARYANA HIGH COURT
- When employer could not file appeal, representation for waiving damages can be made before EPFO. - 2026 LLR 551 - MADRAS HIGH COURT
- The aspect of coverage of establishment with respect to PF must be decided keeping in mind worker's welfare. - 2026 LLR 539 DELHI HIGH COURT
- Higher pension cannot be denied only because matter was pending before the Supreme Court. 2026 LLR 576 CHHATTISGARH HIGH COURT

## DATA CORNER:

### Analysis of Exports and Imports of T&A for April 2026

- During Apr'26, Indian Textiles exports registered a growth of 3.59% over the previous year while Apparel exports registered a degrowth of -11.66% during the same time period.
- Cumulative Exports of Textiles and Apparel during Apr'26 have registered a degrowth of -3.42% over Apr'25.

#### Exports (Million USD)

Particulars	April 2025	April 2026	% Change
Cotton Yarn/Fabrics/made-ups, Handloom Products etc	962.93	968.38	0.57
Man-made Yarn/ Fabrics / made-ups etc.	383.80	392.77	2.34
RMG of all Textiles	1371.34	1211.47	-11.66
Jute Manufacturing Floor Covering	28.36	28.21	-0.53
Carpet	114.87	126.28	9.93
Handicrafts excluding handmade carpet	122.59	154.73	26.22

#### Imports (Million USD)

Particulars	April 2025	April 2026	% Change
Cotton Raw & Waste	86.88	81.58	-6.10
Textile yarn Fabric, made-up articles	193.12	179.27	-7.17

Source: DGCIS/MOC

## 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	May 02 2026	May 08 2026	May 15 2026
1	P/H/R	Below 22 mm	5.0-7.0	15	52,000	52,000	52,700
2	GUJ	22 mm	4.0-6.0	20	42,400	43,800	45,000
3	M/M(P)	23 mm	4.5-7.0	22	53,000	54,500	56,000
4	P/H/R(U)	27 mm	3.5-4.9	26	58,400	61,800	62,700
5	M/M(P)/SA/TL/G	27 mm	3.0-3.4	25	54,000	55,800	58,000
6	M/M(P)/SA/TL	27 mm	3.5-4.9	26	59,300	61,000	62,700
7	P/H/R(U)	28 mm	3.5-4.9	27	61,100	64,100	64,900
8	M/M(P)	28 mm	3.7-4.9	27	61,100	63,800	65,100
9	SA/TL/K	28 mm	3.7-4.9	27	60,600	62,300	64,600
10	GUJ	28 mm	3.7-4.9	27	62,000	63,600	64,300
11	R(L)	28 mm	3.7-4.9	27	60,400	63,200	64,500
12	R(L)	29 mm	3.7-4.9	28	62,100	65,000	66,300
13	M/M(P)	29 mm	3.7-4.9	28	63,000	66,500	67,800
14	SA/TL/K	29 mm	3.7-4.9	28	62,000	65,300	67,600
15	GUJ	29 mm	3.7-4.9	28	63,500	65,800	66,500
16	M/M(P)	30 mm	3.7-4.9	29	64,500	67,700	69,200
17	SA/TL/K/O	30 mm	3.7-4.9	29	64,000	66,900	68,600
18	M/M(P)	31 mm	3.7-4.9	30	65,000	68,000	70,000
19	SA/TL/K/TN/O	31 mm	3.7-4.9	30	64,600	67,500	69,400
20	SA/TL/K/TN/O	32 mm	3.5-4.9	31	Na	Na	Na
21	M/M(P)	34 mm	2.8-3.7	33	82,000	83,000	84,500
22	K/TN	34 mm	2.8-3.7	34	83,000	84,000	85,500
23	M/M(P)	35 mm	2.8-3.7	35	84,000	85,000	87,000
24	K/TN	35 mm	2.8-3.7	35	85,000	86,000	88,000

Source: Cotton Association of India | Na-Not Available

## Hosiery Yarn Price (Rs/Kg) – Including GST

For the Month of May 2026

Count	VL	RL	GL
10	308	-	-
16	308	-	297
20	312	319	301
25	322	328	310
30	333	340	322
32	339	346	-
34	340	347	329
36	347	354	-
40	361	368	350

*Prices are only indicative subject to reconfirmation.*

## CIRCULARS ISSUED DURING THE FORTNIGHT

Sl. No	Cir.No	Date	To	Subject
1)	56/2026	04.05.2026	All Member Mills	Engagement of Migrant Labour - Compliance Guidelines – Dos and Don't
2)	57/2026	09.05.2026	All Member Mills	Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 – Operational Guidelines
3)	57-A/2026	09.05.2026	Member Mills in Andhra Pradesh & Telangana	Consumer Price Index Number - All India – March 2026
4)	57-B/2026	09.05.2026	Member Mills in Tamil Nadu	Consumer Price Index Number - Chennai City – March 2026
5)	57-C/2026	09.05.2026	Member Mills in Kerala	Consumer Price Index Numbers for the month of March 2026
6)	58/2026	09.05.2026	All Member Mills	New Labour Code- Draft Central Rules notified by Gol
7)	59/2026	13.05.2026	All Member Mills	Cotton - Request to submit State-wise Fortnightly Cotton Requirement for Direct Purchase from CCI MSP Stock
8)	59-A/2026	14.05.2026	Member Mills in Andhra Pradesh	Minimum rates of wages for “Spinning Mills” for the period 01.04.2026 to 30.09.2026
9)	59-B/2026	14.05.2026	Member Mills in Telangana	Minimum rates of wages for “Spinning Mills” for the period 01.04.2026 to 30.09.2026