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NEWS HIGHLIGHTS >>>

- ❖ India exempts customs duties on cotton imports from Jun 1 to Oct 31
- ❖ China's T&A exports slightly up at \$91 bn in January-April 2026
- ❖ China's cotton price floor is reshaping apparel sourcing
- ❖ Australia's Q1 cotton exports rise 16% despite price pressure
- ❖ West Asia conflict raises cost pressure on Indian textiles: Crisil
- ❖ Brazil cotton exports near seasonal record as shipments stay strong

REPRESENTATIONS >>>

- Vide a representation dated 16th May 2026, an appeal was made to Shri Ashwini Vaishnaw, Hon'ble Minister for Railways, Government of India, for expediting rail connectivity for industrial workforce from Bihar and Eastern India to Coimatore.
- Submitted a GST related issues faced in the textile sector on 18th May 2026 to Shri Asit Gopal, Special Secretary & Financial Advisor, Ministry of Textiles, Government of India.
- Vide a representation dated 20th May 2026, an appeal was made to the Hon'ble Chief Minister of Tamil Nadu, Thiru C Joseph Vijay, to resolve certain power related issues to make power intensive textile industry competitive and prevent job losses.
- Representation regarding disruption in polyester raw material imports due to interim continuation of QCOs in lieu of the Order of the Hon'ble Gujarat High Court submitted to Smt Neelam Shami Rao, Secretary, Ministry of Textiles, Government of India on 22nd May 2026
- An appeal was made to Smt Nirmala Sitharaman, Hon'ble MIniser for Finance, Government of India for Retention of RoSCTL Benefits for Made-up Sector
- Submitted inputs for Tamil Nadu State Budget 2026-27 pertaining to textiles and clothing industry to Thiru C Joseph Vijay, Hon'ble Chief Minister of Tamil Nadu on 25th May 2026

- Submission of views on Import of used and worn clothing policy – Review of SEZ Rule to Shri Bipin Menon, Trade Advisor, Ministry of Textiles, Government of India on 25th May 2026
- Vide a representaion dated 28th May 2026 an appeal was made to Smt. Nirmala Sitharaman, Hon'ble Minister for Finance, Government of India, seeking to restore refund of GST accumulated on account of inverted duty structure in respect of imitation zari yarn/thread manufactured from Metallised strip / upper layer wrapping material.
- Vide a representation dated 29th May 2026 submitted to Thir C T R Nirmal Kumar, Hon'ble Minister for Electricity, Government of Tamil Nadu, appealed to exempt already Committed Renewable Energy Projects from the Proposed Suspension of Approval Process
- Vide a letter dated 31st May 2026, thanked the Hon'ble Finance Minister, Government of India, for exempting all varieties of cotton from 11% import duty for the period 1st June to 31st October 2026.

MEETINGS

SIMA Delegation meets Tamil Nadu Hon'ble Chief Minister and appeals for resolving Power related issues

SIMA Delegation comprising of Mr. T. Rajkumar, Former Chairman, SIMA; Mr. Ravi Sam, Vice Chairman, The Cotton Textiles Export Promotion Council (TEXPROCIL) Mumbai and Former Chairman, SIMA; Mr. Ashwin Chandran, Chairman, Confederation of Indian Textile Industry (CITI), New Delhi and Former Chairman, SIMA; Mr. S. Krishnakumar, Deputy Chairman SIMA; Mr. K. Sivaraj, Vice-Chairman, SIMA and Dr K Selvaraju, Secretary General, SIMA, today (20th May 2026) met the Hon'ble Chief Minister of Tamil Nadu at his office and thanked him for sending a D.O letter to the Hon'ble Prime Minister recommending to remove 11% import duty on cotton that has been adversely affecting the entire textile value chain.

The Delegation briefed about the general textile industry scenario particularly with regard to Tamil Nadu and the emphasised the need for proactive initiatives and policy support to sustain competitiveness and realise its full growth potential, thereby retaining its status as the of numero uno State in textile manufacturing in the country.

Highlighting the steep increase in power cost and certain adverse decisions relating to non-conventional energy, the Delegation appealed the Hon'ble Chief Minister to address the following issues immediately:

- To withdraw the collection of network charges for the rooftop solar power generation (as per the High Court Order)
- To keep in abeyance the collection of arrears of deemed demand charges until issuance of final Order by the APTEL
- To freeze the demand charges at the existing rate of Rs.608 per kVA per month for a period of three years

The Delegation also appealed to allocate adequate fund and facilitate speedy implementation of PM Mitra Park Scheme, Tamil Nadu Integrated Textile Policy and other schemes



TEXTILE SCENE >>>

India exempts customs duties on cotton imports from Jun 1 to Oct 31

- To augment availability of cotton for the Indian textile sector, the Government has exempted all customs duties on import of cotton from June 1 to October 31 this year.
- The decision is expected to reduce input costs across the textile and apparel sector, thereby providing a targeted relief to manufacturers and consumers, while also keeping the interests of domestic farmers in mind, a Ministry of Finance release said.
- Overall, the measure is anticipated to have a positive impact on the performance of the domestic textile industry, especially small and medium enterprises, by ensuring better availability of cotton in the market.

China's T&A exports slightly up at \$91 bn in January-April 2026

- China's textile and apparel exports inched up 0.75 per cent during January-April 2026, signalling a steadier trend after a subdued 2025.
- Combined exports of textiles, garments and accessories rose year-on-year to \$91.127 billion, compared with \$90.445 billion in the same period of 2025.
- China's shipments of garments and accessories eased 0.9 per cent year-on-year to \$44.231 billion from \$44.610 billion. Meanwhile, exports of textile products, including yarns, fabrics and related articles, rose 2.3

per cent to \$46.896 billion from \$45.835 billion, supported by improved downstream manufacturing activity across Asia.

China's cotton price floor is reshaping apparel sourcing

- China's extension of Xinjiang cotton support pricing mechanism strengthens supply visibility for the global cotton-to-yarn value chain amid tightening fibre markets.
- Rising cotton prices and uneven downstream pass-through are reshaping sourcing economics across yarns, fabrics and apparel.
- The policy reinforces China's strategic role as a key textile input hub.

Australia's Q1 cotton exports rise 16% despite price pressure

- Australia's cotton exports rose 16 per cent year-on-year to \$210.3 million in Q1 2026, driven by a sharp increase in shipments to China, which regained its position as the top buyer.
- However, lower average export prices reflected softer global cotton markets.
- Exports to Bangladesh and India declined, highlighting changing sourcing patterns and shifting trade competitiveness.

West Asia conflict raises cost pressure on Indian textiles: Crisil

- The prolonged conflict in West Asia is increasing cost pressures on India's textile and readymade garment (RMG) sectors as companies contend with supply-chain disruptions, higher fuel and freight costs, and depreciating rupee, according to Crisil Ratings.
- Crude-linked sectors, including polyester textiles, are expected to face pressure on operating profitability as companies may only be able to partially pass on higher input costs, and that too with a lag.

Brazil cotton exports near seasonal record as shipments stay strong

- Brazil's cotton exports are moving close to a record level, supported by strong shipment activity and firm domestic prices.
- Strong export demand, limited offseason supply and gains in international cotton markets continued to support prices.
- Brazil exported 370.4 thousand tonnes of cotton in April 2026, up 6.5 per cent from March and 54.9 per cent higher than April 2025, data. It marked the highest export volume ever recorded for April, although it remained 18 per cent below the all-time monthly record of 452.5 thousand tonnes, reached in December 2025.
- Cotton prices continued to strengthen during the first half of May as sellers-maintained firm offers amid tight spot availability. However, buyers, particularly from the textile industry, continued to face challenges in passing higher raw material costs on to finished goods prices.

GST**1. Can GST authorities deny transitional input tax credit claimed through TRAN-1 on the ground of sales or purchase mismatches identified under the VAT regime?**

- No, GST Authorities cannot deny transitional credit claimed through TRAN-1 solely on the basis of VAT (sales/purchase) mismatches.
- Transitional credit under Section 140 of the GST law must be examined within the framework of GST provisions. Issues arising under the earlier VAT regime, like assessment or reconciliation of mismatches, cannot be imported into GST proceedings unless specifically provided for.
- If the Authority relies on VAT issues to deny the carryover of the credit earned during the pre-GST regime, such an Order is legally unsustainable and liable to be quashed.

Ref: M/s Gunjan Surgical and Scientific Co. Vs. State of Maharashtra

2. When can the bank account of an assessee be provisionally attached under GST?

The power to freeze a bank account is an extraordinary measure and not a routine recovery tool. It is generally invoked when there is a risk that the taxpayer might dispose off assets to evade tax, specifically during pending proceedings (such as assessment, inspection, search, seizure, or demand & recovery) and only if the authority believes it is necessary to protect government revenue, specific scenarios being:

- Fake Invoicing / Evasion Rings: Suspected involvement in issuing or availing fake invoices and wrongful availing of credit without actual supply of goods or services.
- Disposal of Assets: Tangible evidence or "reason to believe" that the taxpayer is deliberately liquidating stock or siphoning off funds to avoid paying future GST dues.
- Habitual Non-Compliance: A history of intentionally defaulting on tax payments or being a known habitual offender in tax evasion.
- Collected any amount as tax but has failed to pay the same to the Government beyond a period of three months from the date on which such payment becomes due.
- Fraudulently obtained refund.
- Passed on input tax credit fraudulently to the recipients but has not paid the proportionate tax.

Ref: Section 83 of the GST Act, 2017 and M/s Radha Krishan Industries v. State of Himachal Pradesh (SC)

3. Can GST Authorities provisionally attach both movable and immovable properties of the defaulting assessee (proportionate to the estimated tax liability) and prioritize attachment among available properties?

- GST authorities are empowered to attach both movable and immovable properties of the taxable person.
- As per the statutory provisions, movable property should be attached only where the available immovable property is insufficient to safeguard revenue.
- Such attachment should, as far as possible, avoid disruption of normal business operations, and ordinarily the attachment should not be extended to raw materials, inputs or finished goods essential for production.

Ref: Section 83 of the GST Act, 2017

4. How can an assessee correct the mistake of using more than 99% of Input Tax Credit to pay GST, instead of paying at least 1% in cash as required under Rule 86B of the CGST Rules, 2017?

Under Rule 86B of the GST Rules, 2017, excess use of ITC beyond 99% does not invalidate the ITC, but results in short payment of the mandatory 1% in cash (procedural non-compliance).

To regularise:

- Recompute tax liability for the relevant period.
- Pay the shortfall (minimum 1% cash requirement) through Form DRC-03.

After payment:

- Claim refund under Section 54(1) of the GST Act, 2017 for the excess ITC utilised (to the extent of 1%) or
- Request re-credit of such amount to the Electronic Credit Ledger via Form PMT-03, subject to approval.

This ensures compliance without treating the ITC as ineligible.

5. Can credit of IGST paid on import of goods be claimed in Form GSTR-3B, if the Bill of Entry is not reflected in Form GSTR-2B?

Yes.

- ITC can still be claimed even if the Bill of Entry is not reflected in GSTR-2B (often due to ICEGATE data transmission delays).
- The GSTR-2B matching restriction primarily applies to domestic, supplier-reported invoices.

- ITC can be claimed in GSTR-3B based on:
 - Bill of Entry (BoE)
 - Proof of IGST payment
 - Proper accounting records
- To avoid departmental scrutiny, the taxpayer must ensure the following:
 - Utilize Portal Utilities (i.e) the "Search BoE" functionality available on the GST portal to manually fetch the missing BoE data from ICEGATE.

Labour

1. Whether the Minimum Wages Notifications issued by the respective State Governments for scheduled employments continue to remain valid in law, in view of the fact that the Code on Wages had already come into force with effect from 25.11.2025 and the corresponding Rules under the Code were subsequently notified and confirmed with effect from 08.05.2026?

- Section 69(2) of the Code on Wages states that notwithstanding the repeal of the Minimum Wages Act, 1948, anything done or any action taken thereunder, including Notifications issued, shall be deemed to have been done or taken under the corresponding provisions of the Code.
- Accordingly, the Minimum Wages Notifications issued by the respective State Governments under the erstwhile/old Minimum Wages Act would continue to remain valid and enforceable in law until such time, new Notifications are issued under the Code on Wages.

2. Is it possible to improve the emotional intelligence of managers, which is essential for employee retention and effective team building, in organizations? If so, how can organizations systematically develop and strengthen the emotional intelligence of their managers?

- Yes, it is possible. Emotional Intelligence (EI) is not a fixed trait, but a set of learnable skills that can be developed through continuous practice and structured interventions. Managers with high EI are better able to build cohesive teams, handle conflicts effectively and create psychologically safe work environments. As a result, they often achieve higher employee retention and improved team performance.
- Organizations can strengthen managers' emotional intelligence through several approaches. Tools such as 360-degree feedback, psychometric assessments and reflective journaling help managers gain an honest understanding of how they are perceived by others and how their emotions influence their decisions and behaviour. Coaching and mentoring are among the most effective methods for developing self-awareness, empathy, communication and relationship-management skills. However, emotional intelligence cannot be developed overnight; sustained learning, regular

feedback and consistent practice over time are essential for meaningful improvement.

3. In cases where the respondent has resigned or left the organisation before completion of the POSH inquiry, and there are conflicting statements between the complainant and witnesses, what procedure should the Internal Committee follow for concluding and closing the matter?

- In such cases where the respondent has exited the organisation, the safest and most appropriate approach is for the Internal Committee (IC) to complete the inquiry, apply the test of preponderance of probabilities and record reasoned findings in the inquiry report.
- Where contradictions persist and no independent corroborative evidence emerges, the IC may conclude either that:
 1. the allegation is not proved due to insufficient evidence; or
 2. the allegation is proved, if the balance of probabilities favours the complainant's version.
- The emphasis should be on a detailed and reasoned analysis of the evidence and statements, rather than a mere summary of proceedings.
- If the organisation is aware of the respondent's last known address or contact details, the IC should issue written communication seeking the respondent's response, provide a reasonable opportunity to participate in the inquiry and duly record any non-response or non-cooperation.
- Upon finalisation of the report, the IC should share its findings and recommendations with the employer & the complainant and also forward a copy to the respondent's last known address, in compliance with Section 13 of the POSH Act.

4. If the Internal Committee is informed that the respondent had faced similar allegations in a previous organisation, but there is no substantiated evidence or formal finding against him, can the Committee take cognisance of such information while conducting the present POSH inquiry?

- Under the POSH Act, the jurisdiction of the Internal Committee (IC) is confined to the complaint presently under inquiry and the proceedings must strictly adhere to the principles of natural justice.
- Past allegations against the respondent may be considered only if they are supported by credible documentary evidence or substantiated findings from prior proceedings. Mere rumours, unverified claims or informal information regarding alleged misconduct in a previous organisation should not influence the inquiry.

- Where such information is brought to the notice of the IC, it should be recorded cautiously and without prejudice, ensuring that the Committee does not form a biased view against the respondent. Declaring or treating a person as a “habitual offender” without substantiated proof would be contrary to the principles of fairness, may expose the organisation to defamation claims and could render the inquiry challengeable before a Court or appropriate authority.
- 5. In cases where a property belonging to an establishment has been leased out, can the lessor also, under certain circumstances, be held liable for the dues of the lessee-establishment?**

- To recover the arrears of EPF dues, the movable and immovable property of the leased establishment belonging to the lessor can be proceeded against, even if the lessee has severed his ties with the establishment due to efflux of period of lease.
- Recovery of EPF dues can be proceeded against the personal properties of the lessee / transferee. However, where the lessee / transferee has already alienated such properties in favour of a third party purchaser, recovery cannot ordinarily be enforced against the said property, if the purchaser establishes that the transaction was bona fide, for valuable consideration, and effected without notice or knowledge of the subsisting EPF arrears attached to the property.

Ref: Sec 17B, Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

JUDGEMENTS

GST

- Adjudication orders passed by successor officer despite hearing by predecessor Commissioner, violates natural justice principles – HC
- Tax paid under protest anterior to demand-order adjustable against mandatory pre- deposit for appeal filing – HC
- Blocking ITC without recording reasons or passing order violates Rule 86A, Illegal HC
- Excess DRC-03 payment during investigation satisfies pre-deposit requirement – HC
- Once audit concludes with no further liability, same issues for similar period cannot be reopened u/s 73 - HC

LABOUR

- The existing ESI Rules and Regulations will continue to remain in force till 25.11.2026. MP HC
- The burden of proving the status of "worker" lies upon the employee and not the management. SC
- Existing forums can adjudicate both pending and fresh matters after Labour Codes' implementation. MP HC
- Change in manpower agencies is not termination at the hands of Principal employer. DEL HC
- Mere mention of Director in Form 5A would not make him personally liable for non-deposit of PF dues. GUJ HC
- Imposing damages is discretionary, the power of which vests with the PF authorities. Mad HC
- No PF dues recovery against third party unless it owes money to the defaulting employer. Bom HC
- Central Board of Trustees can authorize RPFC to file a writ petition against an order passed by the CGIT. Mad HC
- The labour authorities cannot refuse to accept new claims because of the implementation of Labour Codes. MP HC
- Cancellation of contractor's licence, for filing delayed annual return, without hearing him is illegal. Guj HC
- Abusing a female employee, without sexual intent, is not sexual harassment. Pun & HR HC
- Confirmation not automatic on continuation of probation beyond period mentioned in appointment letter. Del HC
- Refund of excess ESI amount mistakenly deposited proper when ESIC failed to provide information. Tel HC
- Gratuity cannot be forfeited only because there is a likelihood of a loss. Kar HC
- Shifting of an establishment to another location is not closure. Del HC

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 16 2026	May 22 2026	May 29 2026
1	P/H/R	Below 22 mm	5.0-7.0	15	52,000	52,100	52,500
2	GUJ	22 mm	4.0-6.0	20	44,000	42,500	41,700
3	M/M(P)	23 mm	4.5-7.0	22	56,000	53,500	51,700
4	P/H/R(U)	27 mm	3.5-4.9	26	61,800	60,900	60,200
5	M/M(P)/SA/TL/G	27 mm	3.0-3.4	25	57,500	55,900	54,500
6	M/M(P)/SA/TL	27 mm	3.5-4.9	26	62,200	60,400	59,100
7	P/H/R(U)	28 mm	3.5-4.9	27	64,000	63,200	62,500
8	M/M(P)	28 mm	3.7-4.9	27	64,800	64,200	63,000
9	SA/TL/K	28 mm	3.7-4.9	27	64,300	63,800	62,300
10	GUJ	28 mm	3.7-4.9	27	63,800	63,400	62,600
11	R(L)	28 mm	3.7-4.9	27	63,500	62,700	61,700
12	R(L)	29 mm	3.7-4.9	28	65,500	64,900	63,800
13	M/M(P)	29 mm	3.7-4.9	28	67,500	66,000	64,500
14	SA/TL/K	29 mm	3.7-4.9	28	67,300	65,500	64,000
15	GUJ	29 mm	3.7-4.9	28	66,000	65,400	63,800
16	M/M(P)	30 mm	3.7-4.9	29	68,900	67,400	66,000
17	SA/TL/K/O	30 mm	3.7-4.9	29	68,300	66,900	65,400
18	M/M(P)	31 mm	3.7-4.9	30	69,500	68,100	67,500
19	SA/TL/K/TN/O	31 mm	3.7-4.9	30	69,000	67,400	66,800
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	84,500	85,000	85,500
22	K/TN	34 mm	2.8-3.7	34	85,500	86,000	86,000
23	M/M(P)	35 mm	2.8-3.7	35	87,000	87,500	87,500
24	K/TN	35 mm	2.8-3.7	35	88,000	88,000	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)	59C/2026	19.5.2026	Member Mills in Tamil Nadu	Power –TNERC (Terms and Conditions for Green Energy Open Access) Regulations, 2025
2)	60/2026	20.5.2026	All Member Mills	ESIC - Admission to MBBS/BDS/BSc Nursing under 'Ward of Insured Persons' Quota – ESI Scheme – Academic Year 2026-27
3)	60A/2026	22.5.2026	Member Mills in Tamil Nadu	Applications are invited for the Good Industrial Relations Awards (GIRA) for the year 2021, 2022, 2023 & 2024 by Govt. of Tamil Nadu
4)	61/2026	28.5.2026	All Member Mills	Advisory – Declaration / Labelling / Marking of composition of fibre used in yarn and supplied to fabric manufacturers
5)	62/2026	28.5.2026	All Member Mills	HGH India 2026 – Trade Show - Home Textile & Furnishing Products