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NEWS HIGHLIGHTS

- **Two mini-textile parks inaugurated at Karur**
- **World cotton output may rise, but supplies set to fall: WASDE Report**
- **Is Vietnam's apparel growth story running into a labour crunch?**
- **Tariff refunds: Bangladesh garment makers face a new hurdle**
- **US tariff update keeps pressure on apparel, cotton sourcing costs**

REPRESENTATIONS

Date		Representations	
Aug 3, 2026	Subject	A request was made to process the pending applications in respect of renewable energy Generators / Captive consumers.	
	Represented to	Dr V Arun Roy, IAS., Chairman and Managing Director, Tamil Nadu Electricity Board (TNEB) Tamil Nadu Power Distribution Corporation Limited (TNPDCL) 144, Anna Salai, Chennai.	Thiru P N Sridhar, IAS., Managing Director, Tamil Nadu Green Energy Corporation Limited (TNGECL) TRANSCO Building, 144, Anna Salai, Chennai.
Aug 5, 2026	Subject	A request was made to the Hon'ble Union Minister for Commerce, Textiles and Agriculture to recommend to the Hon'ble Union Finance Minister to extend the duty-free cotton imports until 31st December 2026, to ensure raw material security and sustain India's textile and clothing exports.	
	Represented to	Shri Piyush Goyal, Hon'ble Minister for Commerce & Industry, Government of India, New Delhi	Shri Giriraj Singh, Hon'ble Minister for Textiles, Government of India New Delhi

		Shri Shivraj Singh Chouhan, Hon'ble Minister of Agriculture & Farmers Welfare, Ministry of Agriculture, Government of India, NEW DELHI	
Aug 5, 2026	**Subject**	Invited the Secretary, Ministry of Textiles, Government of India, to Grace SIMA Texpin 2026 – 15th CEO Conference at Coimbatore as the Chief Guest.	
	Represented to	Smt. Neelam Shami Rao, IAS., Secretary, Ministry of Textiles, Government of India, New Delhi.	
Aug 5, 2026	**Subject**	Thanked the Hon'ble Chief Minister of Tamil Nadu for the growth oriented maiden revised Tamil Nadu budget 2026-27	
	Represented to	Thiru C Joseph Vijay, Hon'ble Chief Minister of Tamil Nadu, Secretariat, Chennai.	

TEXTILE SCENE

Two mini-textile parks inaugurated at Karur

- The two mini textiles parks were part of the eight sanctioned for the Karur district, the Hon'ble Minister for Handlooms, Textiles and Khadi inaugurated the park.
- Financial support up to 50% of the eligible project cost, subject to a maximum of Rs. 2.50 Crores is provided under the initiative.

World cotton output may rise, but supplies set to fall: WASDE Report

- World cotton output for 2026-27 is raised to 117.63 million 480-pound bales, but supplies are lowered as beginning stocks fall.
- Consumption is raised to 122.9 million bales, supported by higher mill use in China, India, Vietnam and Indonesia.
- Global ending stocks are cut to 69.7 million bales, while the US production forecast is reduced to 13.61 million bales.

Is Vietnam's apparel growth story running into a labour crunch?

- Vietnam's textile and garment exports rose to an estimated $4.672 billion in July 2026, with seven-month shipments at $27.02 billion.
- Labour shortages are emerging as 130,000-150,000 Vietnamese reportedly take overseas jobs each year, while electronics and machinery firms compete for workers.
- Garment factories may struggle to meet order deadlines or secure new contracts if manpower gaps persist.

Tariff refunds: Bangladesh garment makers face a new hurdle

- Bangladesh garment exporters reportedly cut prices or offered discounts to retain US orders after the tariff shock, absorbing part of buyers' higher import costs.
- Relief is expected via future price hikes, larger orders or freight-cost concessions.

US tariff update keeps pressure on apparel, cotton sourcing costs

- US tariff updates on 24th July 2026 leave many locations facing 10 or 12.5 percentage-point additions over MFN rates, adding 10 to 12.5 per cent of customs value to sourcing costs.
- Apparel spending rose 1.1 per cent month on month in June and 4.5 per cent year on year.
- Higher inflation, energy costs and weaker labour data may pressure demand planning.

CHAT BOX

GST

1. **Can a purchaser avail Input Tax Credit (ITC) of GST paid to the supplier, even if the supplier has not deposited the tax with the Government? Is there any change in the current practice being followed, that a bona fide purchaser should not be denied ITC due to the supplier's default?**

   The Supreme Court has delivered a judgement holding that:

   - Purchaser is not entitled to avail Input Tax Credit (ITC) merely because GST has been paid to the supplier along with the invoice value and a valid tax invoice has been received.
   - ITC available only if the supplier has actually paid the tax collected to the Government.

- If the supplier defaults in remitting the tax, the recipient may be denied ITC, even though the recipient has paid the invoice value including GST to the supplier.
- If the credit is reversed due to a supplier's default, the buyer can reclaim the credit later, once the supplier finally pays the tax to the government.
- ITC is a statutory benefit subject to fulfilment of the conditions prescribed under the GST law and is not an unconditional right.

Advisory to Members:

- Conduct due diligence before engaging suppliers and deal only with credible and GST-compliant vendors.
- Periodically verify that suppliers are filing GST Returns and paying tax within the prescribed time.
- Regularly reconcile purchase records with GSTR-2B and promptly follow up on any mismatches or missing credits.
- Incorporate suitable contractual clauses requiring suppliers to comply with GST laws, timely deposit of GST collected and indemnify the purchaser against any loss of ITC arising from supplier's default.
- Maintain documentary evidence of supplier due diligence and follow-up communications, which may be useful in demonstrating bona fide conduct in the event of any future litigation or policy relief.

Ref: Section 16 of GST Act & M/s Bhandari Scrap Traders v. Union of India & Ors. (SLP (C) No. 23931 of 2026, decided on 24th July 2026)

2. Can GST export refund claim be denied solely because the exporter does not produce a Foreign Inward Remittance Certificate (FIRC)?

No.

The Karnataka High Court has decided as follows:

- GST Authorities cannot reject an export refund claim solely on the ground that the exporter has not produced a Foreign Inward Remittance Certificate (FIRC).
- Where the exporter submits other reliable evidence of receipt of export proceeds, such as bank certificates, Foreign Inward Remittance Advice (FIRA), SWIFT messages or other

authenticated banking records, the Authorities are required to examine those documents before taking an adverse decision.

- Substantive compliance should prevail over procedural formalities, particularly in view of evolving banking practices where FIRCs are no longer routinely issued.

Accordingly, export benefits cannot be denied merely for the absence of an FIRC, if the receipt of export proceeds is otherwise satisfactorily established.

Ref: M/s Emisha Technology Solutions LLP v. Commercial Tax Officer – Karnataka High Court - Judgment dated 23.06.2026

3. **Can an employer avail Input Tax Credit (ITC) of GST paid on train fare or air fare, incurred for providing the annual to-and-fro journey to the native place of inter-State migrant workers, such expenditure being mandated under Section 61 of the Occupational Safety, Health and Working Conditions Code, 2020?**

Yes.

Since the employer is legally required to incur this expenditure for employing inter-State migrant workers, the travel expense is considered to be incurred in the course of business and for complying with the statutory requirement governing employment.

Section 17(5)(b)(iii) of GST Act blocks ITC on "travel benefits extended to employees on vacation such as leave or home travel concession (LTC)." However, travel arranged by an employer for:

joining duty;

deployment or transfer; or

statutory transportation or repatriation of inter-State migrant workers,

cannot be regarded as a vacation or leave travel benefit.

Accordingly, travel undertaken to comply with the statutory requirements under Section 61 of the OSH Code and the applicable Rules is distinguishable from Leave Travel Concession (LTC) and therefore would not attract the restriction contained in Section 17(5)(b)(iii).

Further, Railway passenger transport is not specifically blocked under Section 17(5).

To support the ITC claim, employers should maintain:

- documentary evidence establishing the statutory obligation under Section 61 of the OSH Code and the applicable Rules;
- travel policy or internal approvals linking the travel to statutory compliance;
- tax invoices issued in the name of the employer;
- proof of payment and accounting entries treating the expenditure as a business expense.

4. **Can interest payable under the GST Act be waived/reduced by the GST Authorities?**

No.

GST Authorities do not have the power to waive statutory interest payable under Section 50 of the GST Act. Interest is a mandatory levy that arises automatically on delayed payment of tax and neither the Proper Officer nor the Appellate Authorities can waive or reduce it.

However, interest may be contested if it is not legally payable or has been incorrectly computed.

A waiver of interest is possible only where the Central Government, on the recommendations of the GST Council, issues a Notification under Section 128 of the GST Act granting such relief to specified classes of taxpayers.

Ref: Karnataka High Court in The Commissioner of Central Tax & Ors. v. Sadguru Infratech Pvt. Ltd. [Writ Appeal No. 1076 of 2023 dated June 10, 2026]

5. **All garments and made-ups made of cotton, polyester or viscose attract GST at 5% where the sale value of each piece does not exceed ₹2,500 and 12% where the sale value of each piece exceeds ₹2,500. What is the applicable GST rate when two sets of garments or made-ups are packed and sold together as a single retail pack and the combined sale value of the pack exceeds ₹2,500?**

The Tamil Nadu State Appellate Authority for Advance Ruling (AAAR), in Appeal No. 09/2025 AAAR dated 09.03.2026 (Link Up Textiles Pvt. Ltd.) has held that:

- The GST rate must be determined based on the sale value of each individual "piece" and not on the total value of the multi-pack.

- A pyjama set consisting of one top (kurta/shirt) and one bottom (pyjama/trouser) constitutes one "piece" for the purpose of the GST rate Notification.
- Merely packing two such sets together in one retail package at the buyer's request does not convert them into a single piece.
- The sale value threshold prescribed in Notification No. 1/2017-CT (R) dated 28.06.2017, as amended, must therefore be applied to each pyjama set separately and not to the combined pack value.
- In the case before the AAAR, although the pack value was ₹1,371, it contained two pyjama sets, making the sale value per piece ₹686. Since the sale value per piece was below the applicable threshold, the goods were classifiable under HSN 620721 (men's or boys' nightshirts and pyjamas made of cotton (not knitted or crocheted) and attracted GST at 5% (2.5% CGST + 2.5% SGST).

Thus, garments sold as a matching pyjama set (one kurta/shirt and one pyjama/trouser), each set is treated as one "piece". Where multiple such sets are packed together, the GST rate is determined with reference to the value of each individual set and not the aggregate pack value.

LABOUR

1. **What are "Core Activities" under the Occupational Safety, Health and Working Conditions (OSH) Code, 2020?**

   Under Section 2(1)(p) of the OSH Code, 2020, a core activity is the primary operation for which an establishment is set up, including any activity essential or necessary to carry out that main work.

   Example (Textile Industry): Spinning, weaving, knitting, processing, dyeing, garment manufacturing etc.., are considered to be primary work or core activity in a factory.

2. **Can contract labour be engaged in core activities?**

   No. Section 57 of the OSH Code prohibits engaging contract labour in core activities. However, the proviso to Section 57 permits engagement of contract labour in core activities under these three specific exceptions:

- The activity is ordinarily performed through contractors in that industry.
- The activity does not require a full-time worker.
- There is a sudden, temporary increase in workload.

3. **What are "Non-Core Activities" as per Occupational Safety, Health and Working Conditions (OSH) Code, 2020?**

   As per Section 2(1)(p) of the OSH Code, 2020, non-core activities are support functions explicitly designated as non-essential to the establishment's primary purpose. Employers are legally permitted to engage contract labour for these tasks.

   Examples of Permitted Non-Core Activities:

   - Sanitation and cleaning services
   - Security (Watch and Ward) services
   - Canteen and catering services
   - Loading and unloading operations
   - Running of hospitals, educational, and training institutions
   - Guest house and club management
   - Gardening and landscaping
   - Courier and postal services
   - Housekeeping and laundry services
   - Transport services
   - Intermittent or temporary activities (such as time-bound projects or seasonal workload surges)

   Important Note:

   If an establishment is primarily set up to perform one of these services (for example, a commercial security agency or a professional waste management firm), the said activity becomes its core activity under Section 2(1)(p) and the prohibition against subcontracting core processes under Section 57 will apply.

4. **Who is a Contractor as per Occupational Safety, Health and Working Conditions (OSH) Code, 2020?**

   Under Section 2(1)(n) of the OSH Code, 2020, a contractor (including a sub-contractor) is a person or agency that:

- Undertakes to produce a specific result or output for an establishment through contract labour, or
- Supplies contract labour to an establishment as human resources.

5. **Who is a Contract Worker and who is NOT considered a Contract Worker?**

   Under Section 2(1)(m) of the OSH Code, 2020, a contract worker (contract labour) is an individual hired in connection with the work of an establishment by or through a contractor, with or without the knowledge of the principal employer. This definition explicitly includes inter-state migrant workers.

   Under Section 2(1)(m), a worker is not treated as contract labour if they are a regular, permanent employee of the contractor. To qualify for this exception, the worker must:

   - Be regularly employed by the contractor on mutually agreed terms.
   - Receive periodical pay increments.
   - Be covered under social security schemes (such as EPF, ESI, etc.) and welfare benefits as mandated by law.

JUDGEMENTS

GST

- Bank account attachment without prior hearing held prima facie unsustainable; attachment kept in abeyance – High Court
- Where petitioner's refund claims for were rejected due to portal glitches and lack of manual redressal, refund statutorily recognized could not be denied on such technical grounds, and respondent was required to accept physical documents, process claims manually, and issue refund orders in accordance with statutory entitlements – High Court
- Returns for January to March 2020 filed on 25-12-2020 and 29-12-2020 were within cut-off prescribed under retrospective Section 16(5) of CGST Act; hence, petitioner was entitled to ITC notwithstanding expiry of CBIC circular's rectification window regarding GST demand orders relating to Section 16(4) time-barred ITC – High Court
- Where sole proprietorship discontinued on death of proprietor and adjudication orders for tax, interest and penalty were passed against deceased without notice or hearing to legal heir, section 93(1)(b) imposed

recovery from estate through legal representative, subject to procedural requirements of proper notice, opportunity of hearing and a reasoned order under section 75 – High Court

- Where ex parte orders and rectification orders were served solely by upload on GST Common Portal and petitioner claimed illiteracy and lack of knowledge, mere portal upload was insufficient for valid service for limitation as serious civil consequences were involved, and retrospective legal changes did not alter this position, thus portal-only service was not legally valid in these circumstances – High Court

Service Tax

- Dept. cannot deny Cenvat credit to recipient after retaining service tax collected from supplier; credit admissible: CESTAT

FTP

- unless DGFT cancelled Duty Free Replenishment Certificate (DFRC), Customs could not refuse exemption on allegations of misrepresentation used to obtain DFRC; it was more so when DGFT supported assessee's position contrary to DRI claims – High Court

Customs

- Where appellant failed to fulfil export obligations under Advance Licence due to financial crisis and sought extension which was ultimately rejected, statutory interest accrued as per scheme and could not be waived or reduced since delay was not due to factors beyond control, pendency of review did not halt accrual and exclusion of February 2008 to May 2013 was inapplicable – High Court
- Where importer, upon audit objection regarding IGST rate, paid entire differential duty with interest and informed Department, closure of audit objection precluded any further proceedings, as statute prohibits issuance of show cause notice for duty, interest or penalty once full payment is made and acknowledged under Section 28 read with Section 28AA of Customs Act, 1962 - High Court

LABOUR

- Wages during the strike period are payable only if the strike is both legal and justified. – GAUHATI HIGH COURT
- A Director, who functions under the management's supervision, is not an 'employer' under the PoSH Act. – KERALA HIGH COURT
- Application for prosecution may be deferred while the industrial dispute is pending. – KARNATAKA HIGH COURT

- Contractor cannot refuse to pay PF dues owing to a contractual dispute. – TELANGANA HIGH COURT
- Financial hardship and liquidity constraints are grounds for allowing payment in instalments. – MADRAS HIGH COURT
- Damages should be reduced when there is no intentional delay in payment of contribution. – KARNATAKA HIGH COURT
- Demand notice issued by the EPFO must contain reasons as to why the employer is liable to pay PF dues. – MADRAS HIGH COURT
- Damages cannot be imposed for a period before the allotment of an identification number. – KERALA HIGH COURT
- Subsequent payment of EPF dues does not put an end to the offence of criminal breach of trust. – CALCUTTA HIGH COURT
- Damages imposed on the principal employer would be reduced when the contractor failed to remit PF dues. – MADRAS HIGH COURT

Data Corner

Analysis of Exports and Imports of T&A for July 2026

- During July'26, Indian Textiles exports registered a growth of 5.94% over the previous year while Apparel exports registered a significant degrowth of -4.48% during the same time period.
- Cumulative Exports of Textiles and Apparel during July'26 have registered a growth of 1.44% over July'25.
- During Apr-July'26, Indian Textiles exports registered a growth of 5.38% over the previous year while Apparel exports registered a degrowth of -10.52% during the same time.
- Cumulative Exports of Textiles and Apparel during Apr-July'26 registered a degrowth of -1.84% as compared to Apr-July'25.

Exports (Million USD)

Particulars	July 2025	July 2026	% Change
Cotton Yarn/Fabrics/made-ups, Handloom Products etc	1020.74	1106.51	8.40
Man-made Yarn/ Fabrics / made-ups etc.	422.24	424.13	0.45
RMG of all Textiles	1338.57	1278.59	-4.48
Jute Manufacturing Floor Covering	32.37	27.53	-14.95
Carpet	132.99	131.04	-1.47
Handicrafts excluding handmade carpet	153.23	177.06	15.55

Imports (Million USD)

Particulars	July 2025	July 2026	% Change
Cotton Raw & Waste	120.31	175.67	46.01
Textile yarn Fabric, made-up articles	233.26	237.08	1.64

Source: DGCIS/MOC

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

Count	VL	RL	GL
10	308	-	-
16	308	-	297
20	312	319	301
25	321	328	310
30	333	340	322
32	339	346	-
34	345	352	334
36	347	354	-
40	361	368	350

Prices are only indicative subject to reconfirmation.

COTTON AND COTTON YARN PRICES

Cotton – Spot* (Rs/Candy)

- Given below are the cotton and cotton yarn prices prevailed at various dates for thebenefit of the members:

S. No	Growth	Staple	Micronaire	Strength/ GPT	Aug 01 2026	Aug 07 2026	Aug 13 2026
1	P/H/R	Below 22 mm	5.0-7.0	15	52,900	53,500	53,300
2	GUJ	22 mm	4.0-6.0	20	46,300	47,000	47,300
3	M/M(P)	23 mm	4.5-7.0	22	54,000	54,000	55,000
4	P/H/R(U)	27 mm	3.5-4.9	26	61,400	62,100	63,300
5	M/M(P)/SA/TL/G	27 mm	3.0-3.4	25	55,300	56,000	55,500
6	M/M(P)/SA/TL	27 mm	3.5-4.9	26	61,400	62,000	62,600
7	P/H/R(U)	28 mm	3.5-4.9	27	63,600	64,400	65,500
8	M/M(P)	28 mm	3.7-4.9	27	66,100	67,100	67,800
9	SA/TL/K	28 mm	3.7-4.9	27	65,900	66,400	67,000
10	GUJ	28 mm	3.7-4.9	27	65,900	66,700	67,400
11	R(L)	28 mm	3.7-4.9	27	63,000	65,000	65,800
12	R(L)	29 mm	3.7-4.9	28	66,000	67,200	67,800
13	M/M(P)	29 mm	3.7-4.9	28	67,200	68,000	68,800
14	SA/TL/K	29 mm	3.7-4.9	28	66,600	67,100	67,800
15	GUJ	29 mm	3.7-4.9	28	66,800	67,700	68,500
16	M/M(P)	30 mm	3.7-4.9	29	68,200	69,000	69,800
17	SA/TL/K/O	30 mm	3.7-4.9	29	67,800	68,400	68,800
18	M/M(P)	31 mm	3.7-4.9	30	Na	69,500	70,400
19	SA/TL/K/TN/O	31 mm	3.7-4.9	30	Na	Na	Na
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	87,300	89,000	89,500
22	K/TN	34 mm	2.8-3.7	34	87,500	90,000	90,500
23	M/M(P)	35 mm	2.8-3.7	35	89,500	90,800	91,500
24	K/TN	35 mm	2.8-3.7	35	90,000	92,000	92,500

Source: Cotton Association of India | Na-Not Available

CIRCULARS ISSUED DURING THE FORTNIGHT

Sl	Cir.No	Date	To	Subject
1)	94/2026	01.08.2026	All Member Mills	Certifications - Details of Quality, Environmental, Sustainability and Social Compliance Certifications transacted by members for export or domestic markets
2)	95/2026	04.08.2026	All Member Mills	Extension of Atal Beemit Vyakti Kalyan Yojana (ABVKY) Scheme by ESIC
3)	96/2026	04.08.2026	All Member Mills	Survey on Exports to USA and Adoption of Certification for Forced Labour Compliance
4)	96A/2026	05.08.2026	Member Mills in Tamil Nadu	Capacity building programme on Fundamental Principles and Rights at Work (FPRW)
5)	97/2026	05.08.2026	All Member Mills	Capacity building programme on Fundamental Principles and Rights at Work (FPRW)
6)	98/2026	06.08.2026	All Member Mills	Launch of New Textile Commissioner Website for Filing Hank Yarn Obligation and Annual & Monthly TSRS Returns
7)	99/2026	06.08.2026	All Member Mills	DGFT – Advance Authorisation and EPCG Schemes - Facility for expeditious disposal of EODC Applications where customs duties have been paid voluntarily
8)	100/2026	06.08.2026	All Member Mills	Mandatory Online Submission of Statutory Annual Statistical Returns (ASR) and Monthly Statistical Returns (MSR) through TSRS Portal of Office of the Textile Commissioner
9)	101/2026	07.08.2026	All Member Mills	7th Bi Annual All India Cotton Conference by Indian Cotton Federation on 21st and 22nd August 2026 at Coimbatore
10)	102/2026	07.08.2026	All Member Mills	Extension of timeline up to 12th August 2026, for Participation as an exhibitor under Tamil Nadu Pavilion with Government Subsidy at Heimtextil 2027, Frankfurt, Germany (12th -15th January 2027)
11)	102A/2026	10.08.2026	Member Mills in Andhra Pradesh & Telangana	Consumer Price Index Number - All India – June 2026
12)	102B/2026	10.08.2026	Member Mills in Tamil Nadu	Consumer Price Index Number - Chennai City – June 2026
13)	102C/2026	10.08.2026	Member Mills in Kerala	Consumer Price Index Numbers for the month of June 2026
14)	103/2026	13.08.2026	All Member Mills	Minutes of the third meeting of Committee on Cotton Production and Consumption (COCPC) for the season 2025-26 held on 28th July 2026