

Indian govt may allow duty-free cotton imports to spinning mills



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[Indian textile industry](#), which has been demanding duty-free imports of cotton for the last several months, is hopeful that the government will consider its demand and provide some respite very soon. A delegation of the [National Committee of Textiles and Clothing \(NCTC\)](#) recently met minister of textiles and commerce and industry Piyush Goyal in this regard.

Raja M Shanmugam, president of Tiruppur Exporters Association (TEA), who was part of the delegation, told *Fibre2Fashion* that the minister of textiles agreed with the industry's contention that farmers do not have much stock of cotton in the off-peak season, thus removal of import duty is not likely to affect them. About 4-5 months ago, the government had not accepted this demand on the grounds that removal of import duty would pressurise farmers to reduce the price of their cotton in the domestic market.

T Rajkumar, chairman of the Confederation of Indian Textile Industries (CITI), said that access to duty-free cotton should only be given to spinning mills between July and September. On an average, only about one million bales (170 kg each) of cotton are imported into the country every year. The coming months will be tough for the industry this year due to a shortage of cotton. The new cotton will arrive only at the end of October. Therefore, the government should allow duty-free imports of about 40 lakh bales of cotton between July and September.

On the possibility of relief from the government, Rajkumar said that minister Goyal as well as the Prime Minister's Office seem to be taking an interest in this matter. Hopefully, the government will provide relief soon. If the government does not accept this demand, the export of textiles and clothing may decrease in the new financial year 2022-23. The rising prices of cotton are already causing production cuts, which may also lead to an unemployment crisis.

Shanmugam added that Bangladeshi exporters enjoy duty-free imports of cotton as well as relief from 9.6 per cent duty on Bangladeshi garments in Europe. Indian exporters are losing

opportunities to exporters from neighbouring countries due to high prices of cotton in domestic market.

The industry may face more challenges in the coming months as cotton prices have already breached ₹90,000 per candy of 356 kg, while certain varieties of cotton yarn have crossed ₹400 per kg. Apart from this, the steep hike in crude oil price has also caused prices of polyester and other man-made cotton yarns to increase. Industry fears that cotton and yarn prices will rise further between June and September if import duty is not waived, thus making it more difficult for Indian exporters to compete in the export market.

“We have apprised the minister of textiles about the concerns and challenges of the industry. The minister has assured that the government will consider the demand and take a decision very soon. The government seems to agree with the industry’s point of view,” **Manoj Patodia, chairman, The Cotton Textiles Export Promotion Council (Texprocil)**, told *F2F*.

Patodia added that the waiver of import duty on cotton imports is the industry’s only demand, and the industry will be able to meet the current challenges of the international market if the government accepts it.