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### India cotton yarn prices fall up to 2% after RoDTEP cut squeezes export margins

India's cotton yarn market has weakened after the recent reduction in benefits under the Remission of Duties and Taxes on Exported Products scheme. Export rebates for cotton yarn have been reduced from around 3.4% of FOB value to 1.7%. The 50% cut has immediately narrowed exporter margins.



*Courtesy: Pinterest*

South India, which accounts for nearly 60% of India's spinning capacity, has seen slower trade over the past week. In key hubs such as Coimbatore and Tiruppur, traders report that yarn prices have declined by ₹2 to ₹5 per kilogram across several commonly traded counts.

In Mumbai, prices of 30 count carded cotton yarn fell by about ₹3 per kilogram, while 40 count combed yarn dropped by around ₹4 per kilogram compared with the previous week of February 2026. Overall, spot yarn prices corrected by 1% to 2% in the short term.

India's cotton yarn exports reached about \$3.77 billion in FY2023–24, according to Texprocil trade statistics. A 1.7% reduction in export rebates could cut about \$60 million from industry earnings each year. Since most mills work with profit margins of only 3% to 5%, this loss is very significant.

Domestic demand has also remained cautious. Fabric and garment units have adequate inventory and are not placing aggressive fresh orders. Capacity utilization in several spinning units has reportedly slipped to 75% to 80%, compared with over 85% during stronger export cycles.

The competitiveness gap is a growing concern. Competing producers in Bangladesh and Vietnam continue to benefit from stable export support structures and trade advantages. Even a 1% pricing difference can influence sourcing decisions in large volume contracts.

Industry associations have appealed to the Government of India to review the revised rates. They argue that the spinning sector supports more than 50 million jobs across the textile value chain and contributes substantially to rural employment and cotton procurement.

In the near term, price recovery will depend on three variables. These include clarity on export incentives, stability in domestic cotton prices, and improvement in global apparel demand. Until then, Indian yarn markets are expected to remain soft with limited upward momentum.