Ministry of Textiles

Import duty exemption on Cotton extended till 31st December 2025

The Strategic intervention to help make Indian textiles more competitive in the international market while safeguarding the interests of domestic cotton farmers

Duty-free imports to stabilize raw material costs, strengthen global competitiveness, and sustain employment in textile-apparel value chain

Cotton textile exports account for 33% of India's total textile exports, helping sustained demand of cotton benefiting farmers directly

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India's textile industry, the country's second-largest employment provider, requires stable access to high-quality cotton. In view of the persistent demand–supply gap, the Government has extended the import duty exemption on cotton until 31st December 2025. The decision, notified by the Central Board of Indirect Taxes and Customs, is expected to stabilise the input costs across the textile value chain, including yarn, fabric, garments, and made-ups, providing relief to manufacturers and consumers alike.This strategic intervention ensures that the textile sector remains globally competitive while safeguarding the interests of domestic cotton farmers. Most imports cater to specialized industrial requirements or brand-linked export contracts and do not replace domestic cotton.

Affordable, high-quality cotton strengthens India's position in export markets, reviving orders for small and medium enterprises as well as export-oriented units. The textile-apparel value chain employs over 45 million people, and stable cotton supply is crucial to prevent job losses and encourage industry growth. Consistent raw material supply expected to spur the production of higher-value fabrics and garments, supporting the government's 'Make in India' and domestic manufacturing goals.

Farmers' interests are safeguarded through the Minimum Support Price (MSP) mechanism operated by the Cotton Corporation of India Ltd. (CCI), which ensures that farmers receive at least 50% above their cost of production. Imported cotton often caters to specialized industrial requirements and does not substitute domestic cotton. Most imports occur during lean periods or when domestic stocks are insufficient, which minimizes competition with peak domestic procurement periods. The government monitors cotton prices closely and retains the flexibility to impose safeguards as and when required.

Cotton textile exports accounted for approximately 33% of India's total textile and apparel exports during April–October 2024–25, valued at USD 7.08 billion, making it the second-largest contributor after readymade garments. With 95% of domestic cotton consumed by the textile industry, the duty exemption is expected to indirectly benefit farmers as global competitiveness enables mills to pay better prices to cotton farmers.

Various textile associations have welcomed the government's move to exempt all varieties of cotton from the 11% import duty up to 31st December 2025 and expressed gratitude to the Prime Minister Shri Narendra Modi and the Union Minister Shri Giriraj Singh for addressing the long-standing demand of the industry.

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