

sima REVIEW

Vol. - XXX No. 8

SIMA
August
2025

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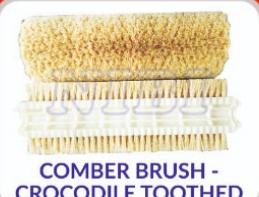
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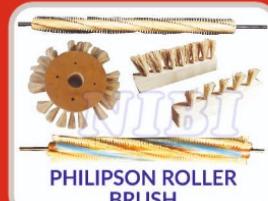
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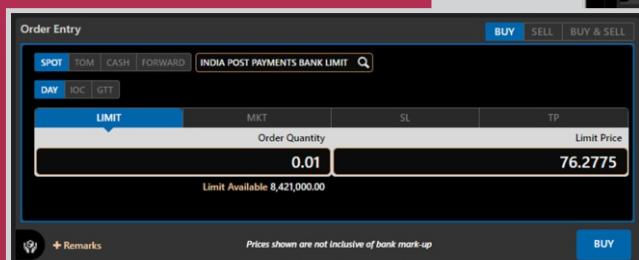
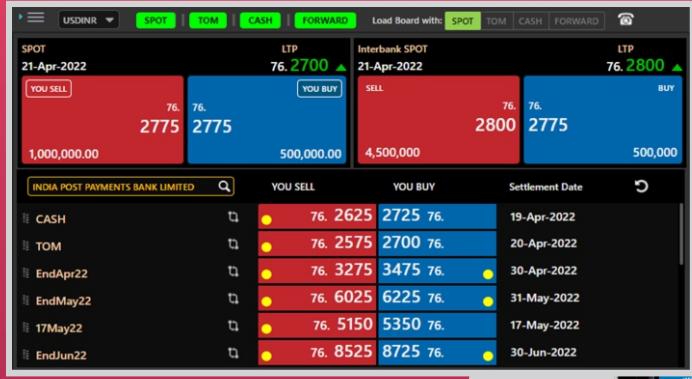
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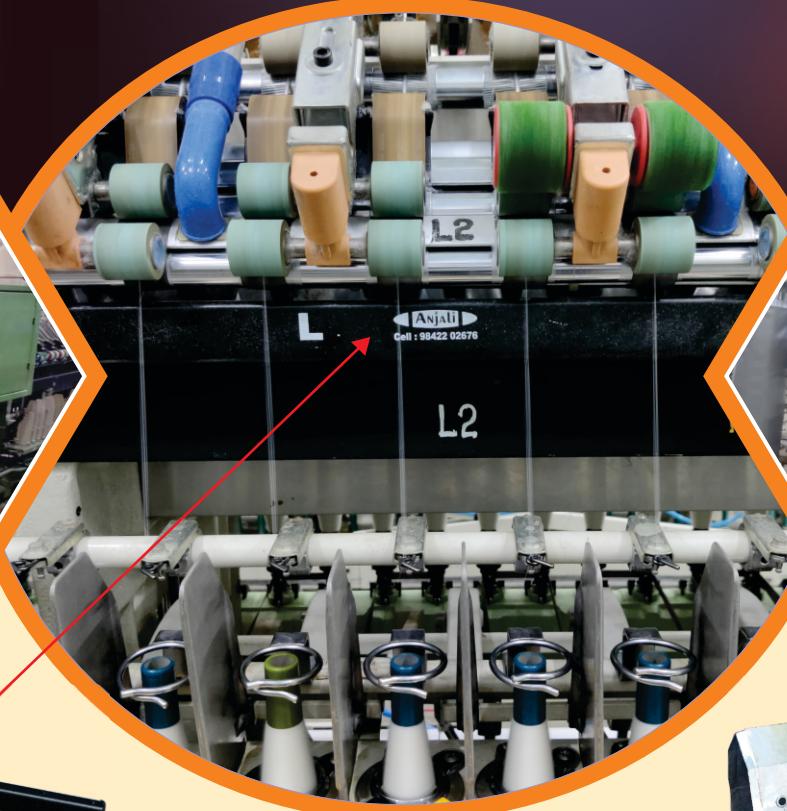
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From the Chairman



Friends,

The exemption of 11% import duty on cotton and the rollout of GST 2.0 mark bold and progressive steps that align with the vision of Atma Nirbhar Bharat and open new avenues for growth in the textile industry. At the same time, the sector continues to grapple with the accumulation of GST at 18% on textile machinery, a challenge that weighs heavily on this capital-intensive industry and restricts fresh investments, especially in the absence of the Technology Upgradation Fund Scheme since 2022 and under the pressure of high interest rates. Equally pressing are the issues linked to the implementation of QCOs on MMF and its products, which demand urgent attention to safeguard competitiveness. Overcoming these hurdles will not only strengthen the foundation for sustained growth but also empower the Indian textile industry to scale new heights and secure a stronger presence in the global market.

We sincerely thank the Hon'ble Prime Minister Shri Narendra Modiji, Hon'ble Union Minister of Finance Smt. Nirmala Sitharaman, Hon'ble Union Minister of Commerce & Industry Shri Piyush Goyal and Hon'ble Union Minister of Textiles Shri Giriraj Singh for the bold and historical tax reform for slotting the entire MMF textile value chain in the 5% slab, thereby addressing the MMF raw material structural issues. Though PTA & MEG and wood pulp, the raw materials for manufacture of polyester and viscose respectively, continue to attract 18%, the revised change in the law to provide 90% provisional refund in 7 days, which was not prevalent in the case of inverted duty refund, appears to be the solution for addressing the duty inversion for the MMF producers.

We also place on record our sincere gratitude to Hon'ble Prime Minister, Shri Narendra Modiji, Hon'ble Union Minister of Finance, Smt Nirmala Sitharaman, Hon'ble Union Minister of Commerce and Industry, Shri Piyush Goyal, Hon'ble Union Minister of Textiles, Shri Giriraj Singh and Hon'ble Union Minister of Agriculture and Farmers Welfare Shri Shivraj Singh Chouhan for the timely extension of the exemption of 11% import duty on cotton till December 2025, so as to enable the textile exporters, not only to meet the existing export commitments but also to grab the summer market opportunities. We also thank the Hon'ble Member of Legislative Assembly, Coimbatore South Constituency, Smt. Vanathi Srinivasan and Mr. Nainar Nagendran, BJP, TN State President, for the support extended in this regard.

These relief measures are expected to mitigate the adverse impact of the tariffs imposed by the U.S. Despite President Trump's tariff hikes and reshoring promises, most U.S. firms remain cautious, citing trade uncertainty, high costs and inadequate domestic incentives.

From the Chairman

On the sustainability front, France has introduced a law prohibiting fast fashion promotions and requiring brands to display environmental scores, with penalties for poor ratings to discourage overproduction and pollution. This development holds significant implications for Indian garment exporters.

The quick estimates released by the Ministry of Commerce and Industry during Apr - July 2025, exhibits that the exports of cotton yarn/fabrics/made-ups, handloom products have slightly declined by (-) 0.17%. Overall, textiles exports have registered a positive growth of 0.77% over the previous year while apparel exports registered a growth of 7.87% during the same time period. Overall T&A registered a growth of 3.87% during Apr-July 2025. While the trend above points to a resilient export performance, it remains to be seen how the exports will perform in the next quarter, especially in the wake of higher tariffs on Indian exports into the US market.

A change of guard at the helm of the Association is on the horizon. Change, being constant, often ushers in renewed hope and fresh enthusiasm. Much is expected from our new team of Committee Members and Office Bearers, elected to steer the industry under the leadership of Mr Durai Palanisamy in a fast-changing business and trade scenario, with numerous challenges and opportunities. I profusely thank all the Member Mills for the confidence reposed in me and for entrusting me with the responsibility of leading the Association over the past two years. It has truly been a privilege to serve during a period that posed several challenges, particularly on account of global geopolitical uncertainties. I feel a sense of satisfaction and relief that, with collective efforts, we were able to successfully navigate these turbulent times. The timely policy support and proactive measures extended by the Central and State Government greatly helped in cushioning the impact and creating an enabling environment for growth.

I am confident that the Indian textiles and clothing industry have tremendous opportunities for growth and the industry would be in a position to achieve the envisaged business size of USD 350 Bn in the next five years.

Wishing the incoming office-bearers and the industry, all the very best for the rest of this financial year and onwards.



Dr S K Sundararaman
Chairman

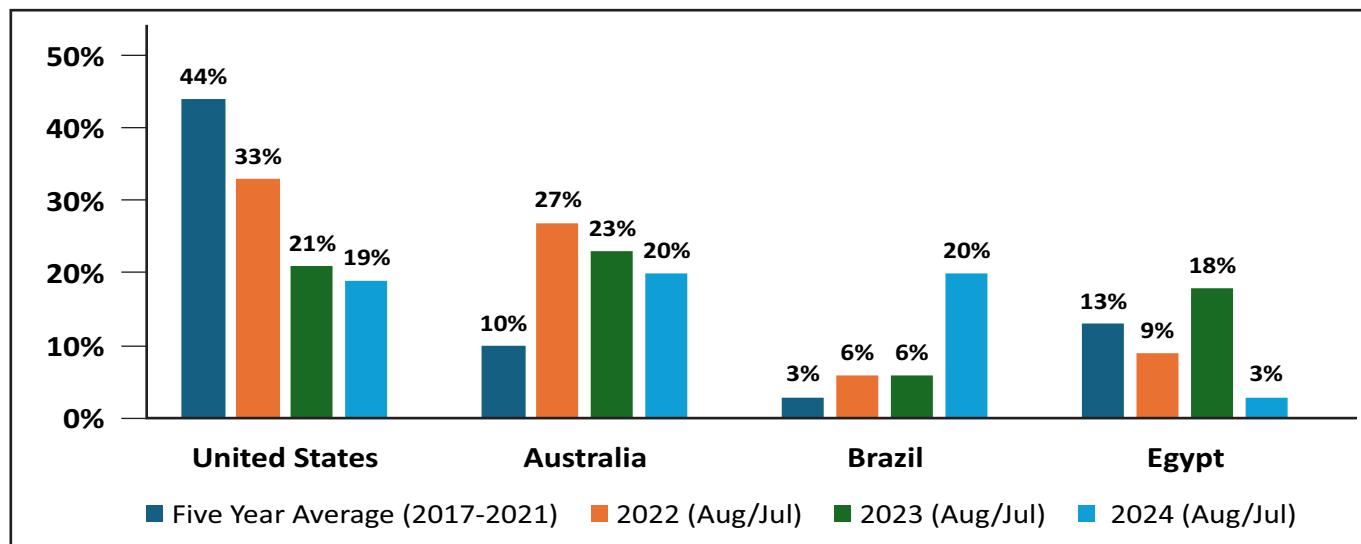
Developments on Cotton Front

Removal of Import Duty on Cotton – Boost Textile Exports

On August 19, 2025 the Government of India temporarily removed the 11 percent import duty on cotton until September 30, 2025 and further the Central Government extended the duty-free import of cotton until December 31, 2025, through Notification No. 36/2025-Customs dated August 28, 2025, by the Ministry of Finance's Department of Revenue.

This extension applies to basic customs duty, agriculture infrastructure and development cess, and social welfare surcharge, making cotton effectively duty-free for an additional three months to support the textile industry. The decision aims to lower raw material costs, stabilize prices, and enhance the global competitiveness of Indian textiles.

Figure 1. Market Share (by volume) of Top Cotton Suppliers to India



Source: MoC

Government Defers the Cotton Bales Quality Control Order upto August 27, 2026

On July 3, the Ministry of Textiles postponed the implementation of the Cotton Bales Quality Control Order (QCO) by one year, setting the new enforcement date as August 27, 2026. Introduced in February 2023, the QCO mandates compliance with specific quality parameters such as moisture content, trash levels, and fiber quality based on Bureau of Indian Standards (BIS) norms. Its objectives include improving the quality of Indian cotton exports, preventing the entry of low-grade imported cotton, and ensuring a consistent

supply of high-quality raw material to the textile industry. However, domestic stakeholders—including ginners, exporters, merchants, and textile mills have strongly opposed the QCO, citing increased compliance costs and logistical challenges. Due to this industry pushback, the government has now delayed enforcement for over three years since the order's inception. Once implemented, the QCO could serve as a significant non-tariff barrier to cotton imports.

Developments on Cotton Front

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

Notification No. 35/2025-Customs

New Delhi, the 18th August, 2025

G.S.R.(E).— In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) read with section 124 of the Finance Act, 2021 (13 of 2021), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts the goods of the description specified in column (3) of the Table below, falling under the heading of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the ‘Customs Tariff Act’), specified in the corresponding entry in column (2) of the said Table, when imported into India, from the whole of the duty of customs leviable thereon under the First Schedule to the Customs Tariff Act and from the whole of the Agriculture Infrastructure and Development Cess leviable thereon under the said section of the Finance Act, 2021 (13 of 2021), namely: -

TABLE

Sl. No.	Heading	Description of goods
(1)	(2)	(3)
1.	5201	Cotton

2. This notification shall come into force with effect from the 19th day of August, 2025, and shall remain in force up to and inclusive of the 30th day of September, 2025.

[F. No. CBIC-190354/288/2021-TO(TRU-I)]

(Dheeraj Sharma)
Under Secretary

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

Notification No. 36/2025-Customs

New Delhi, the 28th of August, 2025

G.S.R.... (E). - In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) read with section 124 of the Finance Act, 2021 (13 of 2021), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 35/2025-Customs, dated the 18th August, 2025, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 561(E), dated the 18th August, 2025, namely: -

In the said notification, in paragraph 2, for the figures, letters and words “30th day of September, 2025”, the figures, letters and words “31st day of December, 2025” shall be substituted.

[F. No. CBIC-190354/288/2021-TO(TRU-I)]

(Dheeraj Sharma)
Under Secretary

Impact on US Tariff

50% USA Tariff Hike to 50% Threatens India's \$10+ billion Textile Export

Indian textile and apparel industry size stands at USD 172 Billion, of which the domestic industry accounts for approximately 80%. India's textile and apparel exports were USD 36 Billion in FY25. The USA remains the largest export destination for Indian textile and apparel products, accounting for approximately 28% (USD 10-11 Billion) of India's total textiles and clothing exports. Of this ready-made garments constitute around 60%, while yarn, fabric and made-ups contribute about 32%.

Following 50% tariff hikes by the USA on Indian goods including textiles, Indian textile exporters face a significant cost disadvantage in the USA market compared to its peers. This abnormal tariff would severely impact not only growth of exports but also the financial viability of thousands of textile units catering to the U.S. market, particularly those in the powerloom, independent weaving, readymade garment, made-up and kitchen linen segments. These units are concentrated in major clusters across the Tamil Nadu including, Coimbatore, Tiruppur, Erode, Karur, Madurai, Theni and Virudhunagar.

A significant decline in exports to the USA is expected in 2025 following a sharp rise in tariff rates, potentially reducing overall textile exports. Mitigating factors include India's strong presence in the cotton-based textile value chain, especially in the home textile segment, being the second largest supplier to the USA, currency depreciation and expected

increase in exports to the EU, UK, and the Middle East under Free Trade Agreements (FTAs). Additionally, the export loss of RMG and home-textile products is likely to be compensated by growth in exports of cotton yarn and fabric as the competing nations lack backwards integration in these products.

The USA is a key Market for Indian Textile Exports

Following the Executive Order issued by U.S. President Donald Trump, a secondary tariff of 25% on Indian goods has come into effect from August 27, 2025 due to India's purchase of Russian oil taking aggregate tariff to 50%. The textile industry is expected to be significantly affected by the additional tariff. Since the 50% tariff is on top of the previous Most Favoured Nation (MFN) duty, the effective tariff on Indian textile products now ranges between ~52% to 64%.

The USA has been the largest export market for Indian textile and apparel, accounting for 28% - 29% of exports over the last four years ended CY24. India primarily exports cotton-based textile products to the USA, predominantly home textiles and apparel, which together accounted for ~90% of Indian textile exports to the USA in CY24. Besides the USA, the other key export Markets for India's textile sector are Bangladesh (7%), the UK (6%), the UAE (5%), and Germany (4%), among others.

In the USA textile market, India competes with countries like China, Vietnam, Bangladesh,

Impact on US Tariff

Pakistan, Turkey, Mexico, etc. In the short term, higher tariffs on textile imports from India would increase the cost of Indian textiles in the USA market, reducing their price competitiveness against other exporting countries. This increase in cost is likely to dampen demand for Indian textiles, potentially affecting export volumes.

Competing countries, such as Vietnam, Bangladesh, Pakistan and Indonesia, face secondary tariffs of 19% - 20%, whereas China's secondary tariffs are capped at 30% at present. Consequently, orders for RMG are likely to shift toward these countries unless Indian exporters absorb through steep discounts. China has a tariff disadvantage compared to other exporting nations, but a lower secondary tariff than India. Some orders in home textiles may also shift to China if buyers can't get Indian prices down. The effective tariff rates (Base duty + Secondary tariff) by US for import of textile products from

China stands at ~46% to 52% compared to ~52% to 64% for India.

Impact on Indian Textile Export

Until August 2025, Indian textile exports have largely remained unaffected, as tariffs were broadly in line with those of key competing nations. In H1CY25, India's aggregate exports to the USA increased by ~7% over H1CY24, reaching USD 5.45 Billion.

However, in CY26, Indian textile and RMG exports to the USA could decline significantly due to unfavourable tariff rates compared to competing nations and the expected decline in consumer demand driven by rising prices in the US market. This would be despite India's strong foothold in the cotton-based textile value chain and its dominant position in the home textile segment, limited capacity of competitors to meet quality and specific customer requirements for certain orders and the benefit

Cost Control Study

SIMA Conducts "Cost Control Study" and works out cost of production of yarn for individual counts by critically analyzing shop floor performance, details of yarn realization, waste level in different departments, machine productivity, spindle utilization, labour engagement, units per kilogram, etc collected from mills.

The report would identify areas for cost reduction and ways and means of reducing the cost. The report would also give information on various textile industry standards on productivity and productivity levels possible for the mills to attain along with data on mills with high productivity.

Interested mills are requested to contact the Association for more details.

Impact on US Tariff

from the potential depreciation of the Indian Rupee. Trade agreements with other countries, such as the FTAs with the UK, and ongoing negotiations with the EU, could help offset some of the losses in US exports.

The volume loss to the USA is expected to be partially offset by the expected increase in exports to the EU, UK and the Middle East.

India's textile and apparel exports, valued at USD 35 billion in CY24, have a significant dependency on the USA, as it accounts for ~28% to 29% of India's overall exports in this sector. The US Government's decision to raise tariffs on Indian goods to 50% from August 27, 2025, will affect the competitiveness of Indian textile exporters. This is expected to shift some orders towards competing nations, such as Vietnam, Bangladesh, Pakistan and China, among others.

The expected decline in exports is likely to be compensated by increase in exports to UK aided

by India-UK FTA, and ongoing FTA negotiations with the EU. The India-UK FTA is a game changer for India's RMG and home textile sectors, creating a level-playing field vis-à-vis key competing nations for accessing the nearly USD 23 billion UK import market.

"The Government of India has removed 10% import duty on cotton till December 31, 2025. Additionally, expected support from the Government in the form of expanding export markets through its dedicated outreach programme to 40 nations, as well as export incentives and interest subsidies, can support the competitiveness and profitability of Indian textile exporters.

Moreover, the export loss of RMG and home-textile products is likely to be compensated by growth in exports of cotton yarn and fabric as the competing nations lack backwards integration in these products. Extent of benefit from India-UK FTA and potential trade agreement with EU remain key monitorable".

News Snippets

India in dialogue with US for bilateral trade agreement: Piyush Goyal

- ❖ India is in talks with the US on a bilateral trade pact, Minister Piyush Goyal reiterated at CII's 20th Global Sustainability Summit.
- ❖ While 5 rounds of negotiations since March are complete, the 6th remains pending after Washington postponed its August visit.
- ❖ The delay follows the US imposing a 50% tariff on Indian exports.
- ❖ Goyal also noted India's widening FTA network with global partners.

Foreign Trade Performance

India's textile & apparel exports rise 3.8% to \$12 bn in Apr-July 2025

- ❖ India's textile and apparel exports grew 3.87 per cent to \$12.18 billion in April-July FY26, with apparel up 7.87 per cent and textiles 0.77 per cent.
- ❖ July saw apparel gains but textile declines. Cotton exports stayed flat, while man-made rose.
- ❖ Imports of raw cotton surged 60.81 per cent, highlighting rising dependency.
- ❖ T & A share in India's exports climbed to 8.17 per cent.

India's textile and apparel (T&A) exports rose by 3.87 per cent to \$12.182 billion during the first four months of the current fiscal 2025-26. Of the total, apparel exports increased by 7.87 per cent to \$5.531 billion, while textile exports inched up by 0.77 per cent to \$6.651 billion in April-July 2025.

In July 2025, apparel exports increased by 4.75 per cent to \$1.338 billion, up from \$1.277 billion in July 2024, whereas textile exports rose by 5.84 per cent to \$1.761 billion from \$1.664 billion. The share of T&A in India's total merchandise exports rose to 8.17 per cent during April-July 2025, according to the latest trade data released by the Ministry of Commerce and Industry.

Within the textile segment, exports of cotton yarn, fabrics, made-ups, and handloom products eased by 0.17 per cent to \$3.880 billion in the first four months of FY26. Exports of man-made yarn, fabrics, and made-ups rose marginally by 1.13 per cent to \$1,588.84 million, while carpet exports

increased by 3.57 per cent to \$503.88 million. In July 2025, exports of cotton yarn, fabrics, made-ups, and handloom products rose by 5.17 per cent to \$1,020.72 million, while exports of man-made yarn, fabrics, and made-ups gained by 4.05 per cent to \$422.04 million.

Imports of raw cotton and waste surged by 60.81 per cent to \$383.22 million during April-July 2025, compared to \$238.30 million in the same period of the previous fiscal. Imports of textile yarn, fabrics, and made-ups rose by 11.44 per cent, from \$765.50 million to \$853.08 million. In July 2025, imports of raw cotton and waste increased by 39.43 per cent, from \$86.29 million to \$120.31 million. Imports of textile yarn, fabrics, and made-ups rose by 11.86 per cent to \$233.48 million.

In FY25, the country's apparel exports rose by 10.03 per cent to \$15.989 billion, while textile exports grew by 3.61 per cent to \$20.617 billion. Imports of raw cotton and waste surged by 103.67 per cent to \$1.219 billion, and imports of textile yarn, fabrics, and made-ups increased by 8.69 per cent to \$2.476 billion. Table - 1 shows quick estimates for selected major Commodities.

Commodity Group wise Performance (FTPA)

According to the Foreign Trade Performance Analysis of principal commodities data released by the Department of Commerce, the country's total exports stood at USD 149 billion during April - July 2025, 2 per cent higher than corresponding period of the previous fiscal of

Foreign Trade Performance

Table - 1 : Quick Estimates for Selected Major Commodities

Exports (Million USD)	April July '24	April July '25	% Change
Cotton Yarn / Fabrics / made-ups, Handloom Products etc	3887.15	3880.64	-0.17%
Man-made Yarn / Fabrics / made-ups etc.	1571.04	1588.84	1.13%
RMG of all Textiles	5127.70	5531.19	7.87%
Jute Manufacturing Floor Covering	108.92	126.11	15.78%
Carpet	486.49	503.88	3.57%
Handicrafts excluding handmade carpet	546.91	551.96	0.92%

Imports (Million USD)	April July '24	April July '25	% Change
Cotton Raw & Waste	238.30	383.22	60.82%
Textile yarn Fabric, made-up articles	765.50	853.08	11.44%

Source: DGCIS/MOC

USD 147 billion. At the same time, the country's import had increased at a faster rate during the period. Country's total import during the period has been estimated at USD 245 billion, 6 per cent higher than corresponding period import of USD 232 billion in the previous fiscal.

As far as the export of textile & allied products are concerned, while their export during first four

months of the 2025-26 had increased by 4 per cent, their import increased by 20 per cent over previous year corresponding period export and import.

Table-2 shows comparison of provisional on item wise export of commodities under textiles & allied products category during April - July 2025 with corresponding period export in the previous year.

News Snippets

Government Extends duty free cotton imports till Dec 2025

- ❖ The Government of India has extended duty-free cotton import window until December 31, 2025.
- ❖ The move ensures raw material availability, supports jobs across the sector, stabilises prices and boosts competitiveness, aligning with India's \$100 billion export target and Cotton Productivity Mission.

Foreign Trade Performance

Table - 2 : Export of commodities under Textiles & Allied Products Group (USD Million)

Commodity	Apr - July 2024	Apr - July 2025	% Growth
Textiles & Allied Products	11,739.63	12,167.12	3.64
Manmade Staple Fibre	154.63	132.58	-14.26
Cotton Yarn	1,205.29	1,084.92	-9.99
Cotton Fabrics, Made-ups Etc.	2,194.04	2,291.13	4.43
Other Textile Yarn, Fabric Made-up Articles	287.39	318.68	10.89
Silk, Raw	1.74	0.15	-91.21
Natural Silk Yarn, Fabrics, Made-ups	38.02	68.45	80.06
Manmade Yarn, Fabrics, Made-ups	1,571.26	1,588.84	1.12
Wool, Raw	Neg	Neg	Neg
Wollen Yarn, Fabrics, Made-ups, etc.	54.08	56.87	5.17
RMG Cotton Including Accessories	2,982.71	3,313.43	11.09
RMG Silk	24.97	25.89	3.72
RMG Manmade Fibres	931.58	902.37	-3.14
RMG Wool	56.93	68.85	20.94
RMG of Other Textile Material	1,131.63	1,220.61	7.86
Coir And Coir Manufactures	128.55	209.29	62.81
Handloom Products	46.14	53.34	15.60
Silk Waste	11.91	13.05	9.54
Jute, Raw	2.66	3.98	49.59
Jute Yarn	3.51	9.50	170.77
Jute Hessian	30.72	38.31	24.72
Floor Covering of Jute	28.67	27.47	-4.18
Other Jute Manufactures	46.03	50.84	10.46
Carpet (Excluding Silk) Handmade	475.16	487.52	2.60
Silk Carpet	11.34	16.36	44.26
Cotton Raw Including Waste	320.58	184.50	-42.45

Source: MOC

Foreign Trade Performance

Table-3: Import of commodities under Textiles & Allied Products Group (USD Million)

Commodity	Apr - July 2024	Apr - July 2025	% Growth
Textiles & Allied Products	2,524.68	3,035.99	20.25
Manmade Staple Fibre	160.82	173.70	8.01
Cotton Yarn	8.40	5.86	-30.29
Cotton Fabrics, Made-ups Etc.	203.57	205.91	1.15
Other Textile Yarn, Fabric Made-up Articles	392.71	467.63	19.08
Silk, Raw	38.99	45.90	17.71
Natural Silk Yarn, Fabrics, Made-ups	16.60	19.06	14.83
Manmade Yarn, Fabrics, Made-ups	834.10	1,055.15	26.50
Wool, Raw	74.16	82.77	11.62
Wollen Yarn, Fabrics, Made-ups, etc.	36.22	43.74	20.76
RMG Cotton Including Accessories	225.11	217.04	-3.59
RMG Silk	2.43	2.35	-3.18
RMG Manmade Fibres	120.54	161.74	34.17
RMG Wool	5.92	5.71	-3.44
RMG of Other Textile Material	70.31	65.31	-7.11
Coir And Coir Manufactures	Neg	Neg	Neg
Handloom Products	Neg	Neg	Neg
Silk Waste	0.61	0.76	24.76
Jute, Raw	33.12	28.37	-14.37
Jute Yarn	17.41	19.29	10.79
Jute Hessian	11.95	17.34	45.12
Floor Covering of Jute	Neg	Neg	Neg
Other Jute Manufactures	23.74	25.01	5.37
Carpet (Excluding Silk) Handmade	8.32	7.92	-4.79
Silk Carpet	Neg	Neg	Neg
Cotton Raw Including Waste	238.30	383.22	60.82

Source: MOC

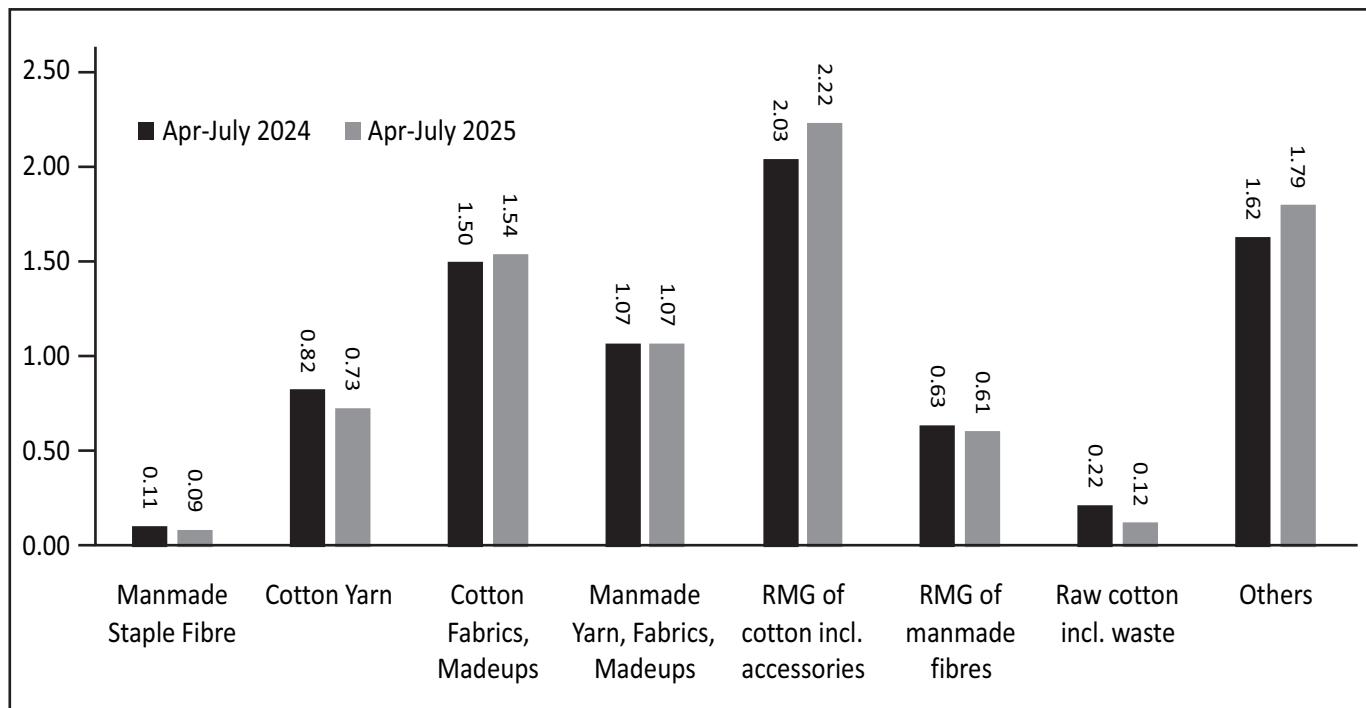
Foreign Trade Performance

Table - 3 shows comparison of item wise import of commodities under textiles & allied products category during April - July 2025 with corresponding period Import in the previous year.

The export share of textile and allied products during the first four months of the 2025-26 fiscal, had increased to 8.16 per cent from previous year corresponding period share of 8 per cent. At the same time import share had also increased to 1.24 per cent from previous year share of 1.09 per cent.

Charts 1 and 2 show per cent share of major textile allied products in the country's export and import during the first four months of 2025-26 compared with the corresponding period share in the previous fiscal. It may be observed that except share of RMG of cotton including accessories, other groups export share was lower than previous year's share. In the case of import while the share of cotton yarn, cotton fabrics and RMG of manmade fibres remained at previous year's level.

Chart - 1 : % Share of Country's Export



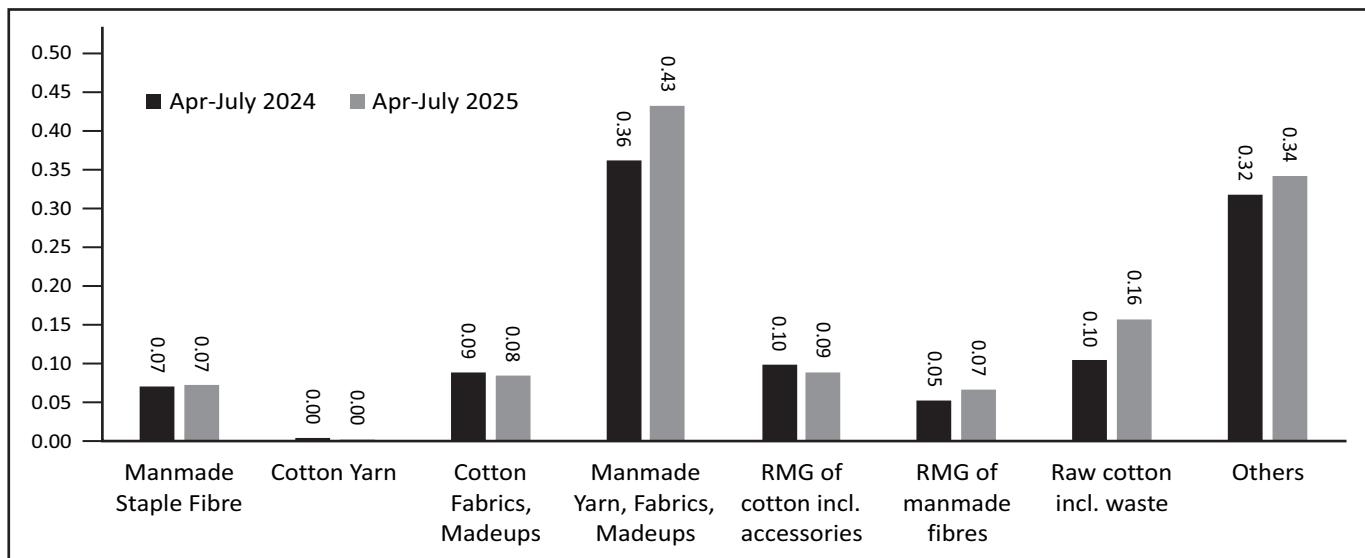
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Foreign Trade Performance

Chart - 2 : % Share of Country's Import



HS Code wise Performance

In quantitative terms, export of cotton covered under HS Code 5201 came down to 18.98 million kgs in July 2025, 49 per cent lower than previous year same month export level of 36.88 million kgs. Export of cotton in all forms covered under HS Codes 5201 to 5203 during the month came down to 24.96 million kgs, 45 per cent lower than previous year same month export level of 45.46 million kgs.

Export of cotton yarn covered under HS Code 5205 came down to 83.45 million kgs during the month, about 5 per cent lower than previous year same month export level of 87.63 million kgs. Export of cotton yarn in all forms covered under HS Codes 5204 to 5207 during the month worked out to 88.08 million kgs, 6 per cent lower than previous year same month export level of 93.72 million kgs.

Export of woven fabrics of cotton covered under HS Codes 5208 and 5212 during the month stood

at 173.96 million square metres, 10 per cent higher than previous year same month export level of 157.44 million square metres.

Cumulative export of cotton covered under HS Codes 5201 to 5203 during the first four months of 2025-26 stood at 82.28 million kgs, 40 per cent lower than previous year corresponding period export of 138.76 million kgs. At the same time, export of cotton yarn covered under HS Codes 5204 to 5207 during the period came down to 271 million kgs, 5 per cent lower than previous year corresponding period export of 285.80 million kgs. Export of woven fabrics of cotton covered under HS Codes 5208 to 5212 during the period worked out 548.88 million square metres, 8 per cent higher than previous year corresponding period export of 506.55 million square metres. As far as imports are considered, cotton import covered under HS Code 5201 during July 2025 stood at 34.90 million kgs as against the same period of the previous year

Foreign Trade Performance

import level of 25.27 million kgs.

India's export of Cotton - Top 10 Countries

- ❖ India's cotton exports observed a 46% decline during Apr-Jun 2025 compared to the same period in 2024.
- ❖ Bangladesh, the top export destination, saw a significant decline of 41%.
- ❖ Major declines were observed in:
- ❖ Vietnam (69%)
- ❖ Indonesia (37%)

- ❖ China (54%)
- ❖ Nepal (46%)
- ❖ Thailand (38%)
- ❖ Among the top 10, only Maldives recorded progressive growth, with a 49% increase.

All other countries, including, Greece, Japan, Belgium and UK experienced significant drop ranging from 20% to 90%. Table-4 shows the details of cotton export to major countries in quantitative terms.

Table - 4 : Cotton Export-Major Countries (5201)

(Million Kgs)

Rank	Country	Apr - Jun '24	Apr - Jun '25	% Growth
1	BANGLADESH PR	9,37,67,618	5,54,88,954	-41
2	VIETNAM SOC REP	91,66,309	28,12,080	-69
3	INDONESIA	39,77,734	25,21,272	-37
4	CHINA P RP	11,80,987	5,39,709	-54
5	NEPAL	3,83,357	2,08,897	-46
6	THAILAND	3,02,873	1,87,683	-38
7	GREECE	1,10,909	88,585	-20
8	JAPAN	1,28,049	56,975	-56
9	ARGENTINA	-	26,670	-
10	BELGIUM	2,78,295	12,456	-96
11	U K	6,770	1,190	-82
12	MALDIVES	251	374	49
13	SRI LANKA DSR	1,058	320	-70
	TOTAL	11,52,82,497	6,19,46,157	-46

Source: MOC

Foreign Trade Performance

Cotton Yarn Export - Major Countries

- ❖ India's cotton yarn exports recorded a marginal decline of 4%, during Apr-Jun 2025 compared to the same period in 2024, dropping from 266 million kgs to 255 million kgs.
- ❖ Bangladesh remained the largest importer, registering a healthy 6% growth.
- ❖ Strong growth was observed in:
 - ❖ Egypt: up by 58%
 - ❖ Peru: up by 36%
- ❖ Several Major markets witnessed sharp declines:
 - ❖ Turkey (57%)
 - ❖ Portugal (36%)
 - ❖ Vietnam (32%)
 - ❖ Colombia (24%)

Table - 5 shows the details of cotton yarn export to major countries in quantitative terms.

Table - 5 : Export of Cotton yarn (HS Code 5205)

(Million Kgs)

Rank	Country	Apr - June '24	Apr - June '25	% Growth
1	Bangladesh PR	12,08,50,315	12,83,84,546	6
2	Egypt A RP	1,29,30,738	2,03,85,712	58
3	China P RP	2,01,14,564	1,57,99,949	-21
4	Peru	99,94,022	1,36,14,384	36
5	Vietnam Soc Rep	1,39,11,954	94,25,880	-32
6	Portugal	1,32,16,145	84,71,746	-36
7	Colombia	93,91,114	71,73,864	-24
8	Korea Rp	68,89,553	57,42,545	-17
9	Sri Lanka DSR	56,04,389	50,82,191	-9
10	Morocco	31,21,176	31,29,286	0
11	Turkey	69,32,640	29,73,590	-57
12	Mauritius	30,56,041	24,76,884	-19
13	Thailand	35,93,841	22,08,640	-39
	Total	26,66,06,038	25,50,01,359	-4

Source : MOC

Foreign Trade Performance

Cotton Import - Major Countries

- ❖ India's cotton imports surged expressively rising from 53 million kgs in Apr-Jun 2024 to 130 million kgs in Apr-Jun 2025.

- ❖ The USA continued the top cotton supplier.

Table - 6 shows the details of cotton import to major countries in quantitative terms.

Table - 6 Import of Cotton (5201)

(Million Kgs)

Rank	Country	Apr - June '24	Apr - June '25
1	U S A	1,15,72,748	4,60,08,490
2	Brazil	30,42,228	2,47,31,516
3	Mali	29,80,137	97,19,135
4	Australia	83,11,262	87,00,007
5	Singapore	14,59,449	75,84,852
6	Switzerland	3,37,536	73,44,872
7	Egypt A RP	1,51,00,181	72,27,835
8	Togo	5,97,206	50,16,486
9	Turkey	1,95,959	34,25,375
10	Burkina Faso	3,99,754	21,83,133
	Total	5,30,54,274	13,05,34,363

Source : MOC

News Snippets

US tariffs cast shadow on Tamil Nadu's textile industry

- ❖ Imposition of a 50% tariff on Indian imports by US severely impacted Tamil Nadu.
- ❖ Tiruppur and Coimbatore are particularly vulnerable, with Tiruppur alone accounting for nearly 60% of India's knitwear exports.
- ❖ FTA with UK and a potential EU deal may offer long-term relief, but immediate challenges remain acute, even as calls for diversification of export markets grow strong.

Index of Industrial Production

India's IIP shows upward trend with 3.5% growth in July 2025

India's industrial production registered a year-on-year growth of 3.5% in July 2025, according to data released by the Ministry of Statistics and Programme Implementation (MoSPI). This marks a notable improvement from the 1.5% growth showed in June 2025, highlighting a steady upward trend in the country's industrial activity.

The manufacturing sector emerged as the key driver of this growth, posting a robust 5.4% increase compared to the same month last year. However, this overall expansion was somewhat offset by a significant contraction in mining output, which declined by 7.2%. Additionally, electricity generation registered only a marginal rise of 0.6% during the month.

The General Index of Industrial Production (IIP) for July 2025 stood at 155.0, compared to 149.8 in July 2024. Sector-wise, the indices were recorded at 107.7 for Mining, 156.9 for Manufacturing, and 221.5 for Electricity. These figures indicate a strong performance from manufacturing despite the slog from other sectors.

Within the manufacturing sector, 14 out of the 23 industry groups posted positive year-on-year growth. Notable contributors included the manufacture of wood and products of wood and cork (excluding furniture), as well as articles of straw and plaiting materials, which saw a 17.3% increase. The manufacture of electrical equipment followed closely with a 15.9% rise, while the manufacture of basic metals grew by 12.7%.

Despite the overall growth in manufacturing, certain segments reported declines of which the index of manufacturing of textiles stood at 107.6 points during the month, reflecting a slight decrease of 0.19%. At the same time, the manufacture of wearing apparel fell by 9.57%, with the index falling to 115.3 points from 127.5 points in June 2025 index.

The manufacture of textiles showed a slight year-on-year decline, with the index falling to 107.6 from 109.1 in July 2024, reflecting a contraction of 1.4%, possibly due to subdued export demand and increased reliance on imported raw cotton. In contrast, the manufacture of wearing apparel registered a 3.2% growth, with the index rising to 115.3 from 111.7 in the same period last year. This improvement aligns with stronger apparel export performance during the month, supported by healthy global demand and competitive pricing.

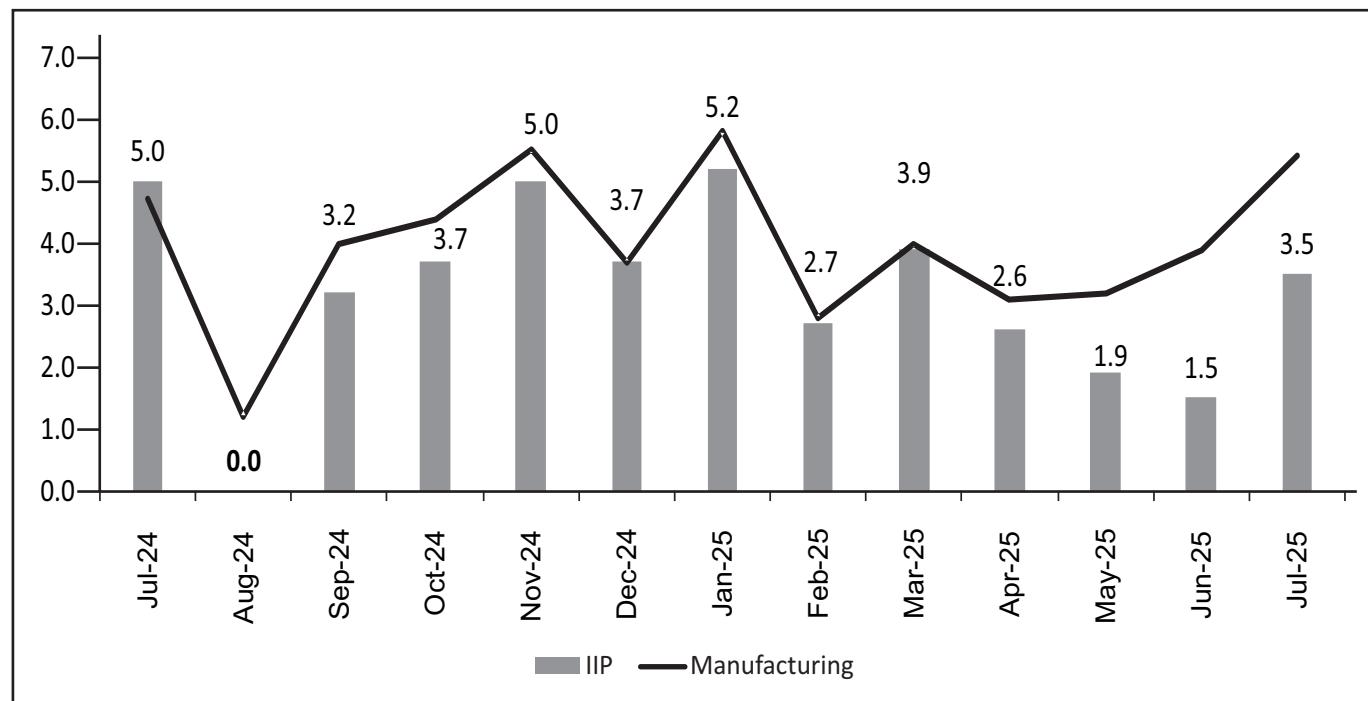
India's industrial sector showed signs of steady recovery in July 2025, with manufacturing emerging as the key growth engine despite setback in mining. The overall IIP growth of 3.5% reflects improving economic momentum, supported by strong performances in manufacturing industries. However, the mixed trends within the sectors including textiles and apparel highlight the need for continued policy support and resilience in global demand to sustain this growth trajectory.

Index of Industrial Production

Table - 1 : Component -wise breakup of IIP Growth (%)

Sectoral	Mar '25	Apr '25	May '25	Jun '25	Jul '25
Mining & quarrying	1.2	-0.2	-0.1	-8.7	-7.2
Manufacturing	4.0	3.1	3.2	3.9	5.4
Electricity	7.5	1.7	-4.7	-2.6	0.6
Primary goods	3.9	-0.2	-1.4	-3.0	-1.7
Capital goods	3.6	14.0	13.3	3.5	5
Intermediate goods	3.8	4.9	4.7	5.5	5.8
Infrastructure/construction goods	9.9	4.7	6.7	7.2	11.9
Consumer durables	6.9	6.2	-0.9	2.9	7.7
Consumer non-durables	-4.0	-2.7	-1.0	-0.4	0.5
Overall IIP	3.9	2.6	1.9	1.5	3.5

Exhibit - 1 : Index of Industrial Production (Y-o-Y%)



Index of Industrial Production

Table - 2 : Index of Industrial Production (Base 2011-12 =100)

NIC 2008	Description	Weights	July 2024	July 2025	% Change
10	Manufacture of food products	5.3025	119.9	118.4	-1.3
11	Manufacture of beverages	1.0354	112.9	105.8	-6.3
12	Manufacture of tobacco products	0.7985	81.3	90.1	10.8
13	Manufacture of textiles	3.2913	109.1	107.6	-1.4
14	Manufacture of wearing apparel	1.3225	111.7	115.3	3.2
15	Manufacture of leather and related products	0.5021	102.0	98.9	-3.0
16	Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	0.193	99.1	116.2	17.3
17	Manufacture of paper and paper products	0.8724	81.7	79.4	-2.8
18	Printing and reproduction of recorded media	0.6798	84.4	75.4	-10.7
19	Manufacture of coke and refined petroleum products	11.7749	140.9	142.4	1.1
20	Manufacture of chemicals and chemical products	7.873	135.2	132.6	-1.9
21	Manufacture of pharmaceuticals, medicinal chemical and botanical products	4.981	224.7	232.9	3.6
22	Manufacture of rubber and plastics products	2.4222	116.9	113.4	-3.0
23	Manufacture of other non-metallic mineral products	4.0853	136.3	149.2	9.5
24	Manufacture of basic metals	12.8043	223.7	252.1	12.7
25	Manufacture of fabricated metal products, except machinery and equipment	2.6549	93.7	103.1	10.0
26	Manufacture of computer, electronic and optical products	1.5704	130.9	136.3	4.1
27	Manufacture of electrical equipment	2.9983	131.8	152.8	15.9
28	Manufacture of machinery and equipment n.e.c.	4.7653	126.2	133.7	5.9
29	Manufacture of motor vehicles, trailers and semi-trailers	4.8573	133.5	143.2	7.3
30	Manufacture of other transport equipment	1.7763	155.0	172.8	11.5
31	Manufacture of furniture	0.1311	209.2	223	6.6
32	Other manufacturing	0.9415	83.3	71.4	-14.3
	<i>Mining</i>	14.3725	116.1	107.7	-7.2
	<i>Manufacturing</i>	77.6332	148.8	156.9	5.4
	<i>Electricity</i>	7.9943	220.2	221.5	0.6
	<i>General</i>	100.0000	149.8	155.0	3.5

Global Cotton Stocks Reduced as Projected Production Declines

The latest U.S. Department of Agriculture (USDA) cotton projections for 2025-26 (August-July) indicate that world cotton ending stocks are expected to decrease by 1.5% from the previous year to 16.09 million tonnes. The stock decline results from a global production forecast that is below the mill use projection. Global cotton production in 2025-26 is projected at 25.39 million tonnes, about 2% below the previous year but 1% above the 5-year average. For 2025-26, cotton production prospects for most of the major producing countries are projected to decrease. The global decline is primarily the result of reductions in Australia, the United States, India, and China, offset slightly by an increase in Brazil. World cotton harvested area in 2025-26 is forecast at 29.6 million hectares, 2% below the previous year. The 2025-26 global cotton yield is forecast at 858 kilograms (kg) per hectare, 7% above the 5-year average and the second highest on record.

World cotton production remains concentrated among a few countries, with the top four countries (China, India, Brazil and the United States) accounting for 74% of total expected production in 2025-26. China and India are expected to continue as the leading cotton producers in 2025-26, accounting for 27% and 20%, respectively, of the global total. China is projected to produce 6.85 million tonnes of cotton, down 1.6% from 2024-25. China's harvested area is expected to increase slightly 1.7% in 2025-26 to 2.95 million hectares.

In 2025-26 cotton production is projected to decrease for the United States while increasing for Brazil. Brazil's production is estimated to rise nearly 7.4% from the previous year to a record 3.97 million tonnes due to an 8% expansion in harvested area to 2.1 million hectares. The area increase more than offsets a marginal yield decline. Yield is forecast at 1,892 kg per hectare, compared with 1,903 kg per hectare realized in 2024-25 and 2023-24's record of 1,911 kg per hectare.

For Pakistan, 2025-26 cotton production is expected to remain unchanged from 2024-25 at 1.08 million tonnes. Harvested area in Pakistan is expected to decrease 2.5% to 1.95 million hectares in 2025-26, offset by an increase in yield that results in the unchanged production. Yield is expected to increase to 558 kg per hectare. Australia's cotton production is expected to decrease 27% in 2025-26. A reduction in both harvested area and yield is responsible for the decline. Australia's harvested area is expected to decrease 23% in 2025-26 while yield is forecast to decline 4.5% to 1,941 kg per hectare.

World 2025-26 Cotton Mill Use Projected to Remain Flat

Global cotton mill use in 2025-26 is forecast at 25.68 million tonnes, marginally above the revised 2024-25 estimate and the highest since the COVID-19 rebound of 2020-21. Steady global economic growth expectations and stable

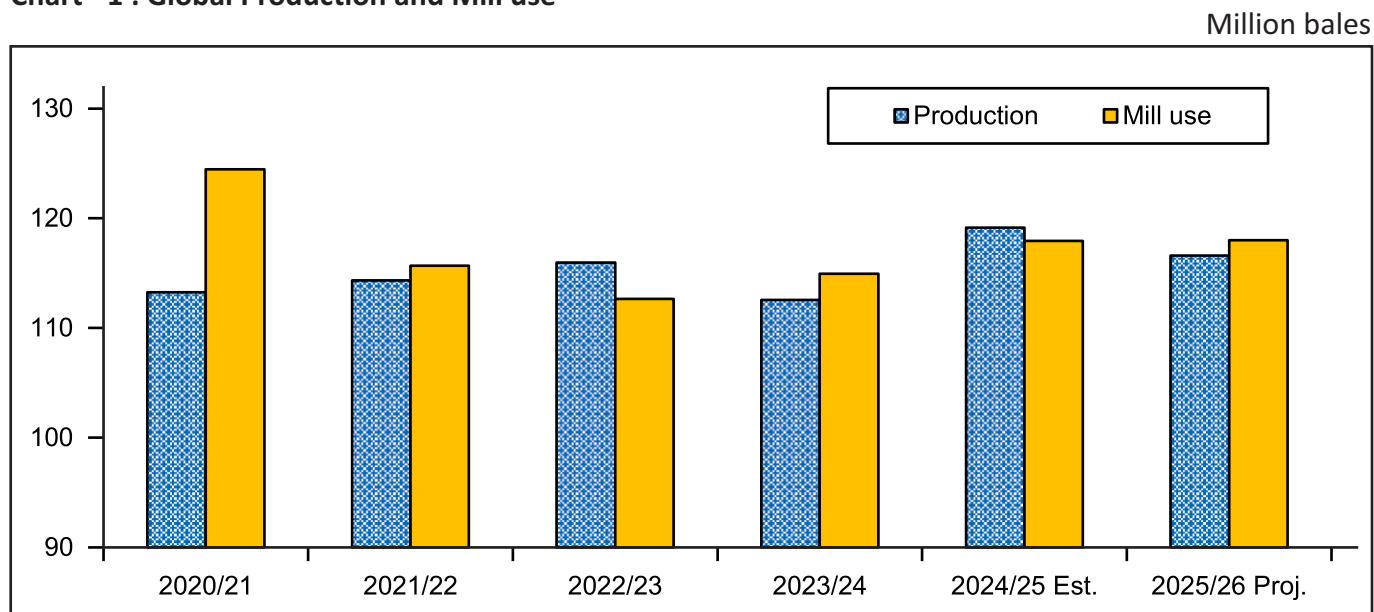
Raw Material Scenario

cotton fiber prices are projected to support world cotton mill use in 2025-26.

Cotton mill use in China the leading cotton spinner is projected at 8.16 million tonnes in 2025-26, 1.3% below the previous year. China is forecast to account for 32% of global cotton mill use in 2025-26. Mill use in India is projected to remain at

5.44 million tonnes in 2025-26. India is expected to account for 21% of the world mill use total in 2025-26. Pakistan's 2025-26 cotton mill use is forecast at 2.37 million tonnes, slightly above the year before, contributing 9% of the global total. Increased cotton mill use in 2025-26 is also projected for Vietnam, while Bangladesh's mill use is forecast slightly lower.

Chart - 1 : Global Production and Mill use



Source: USDA; 1 bale = 480 pounds

Global Cotton Trade Expected Higher in 2025-26; Ending Stocks Forecast Lower

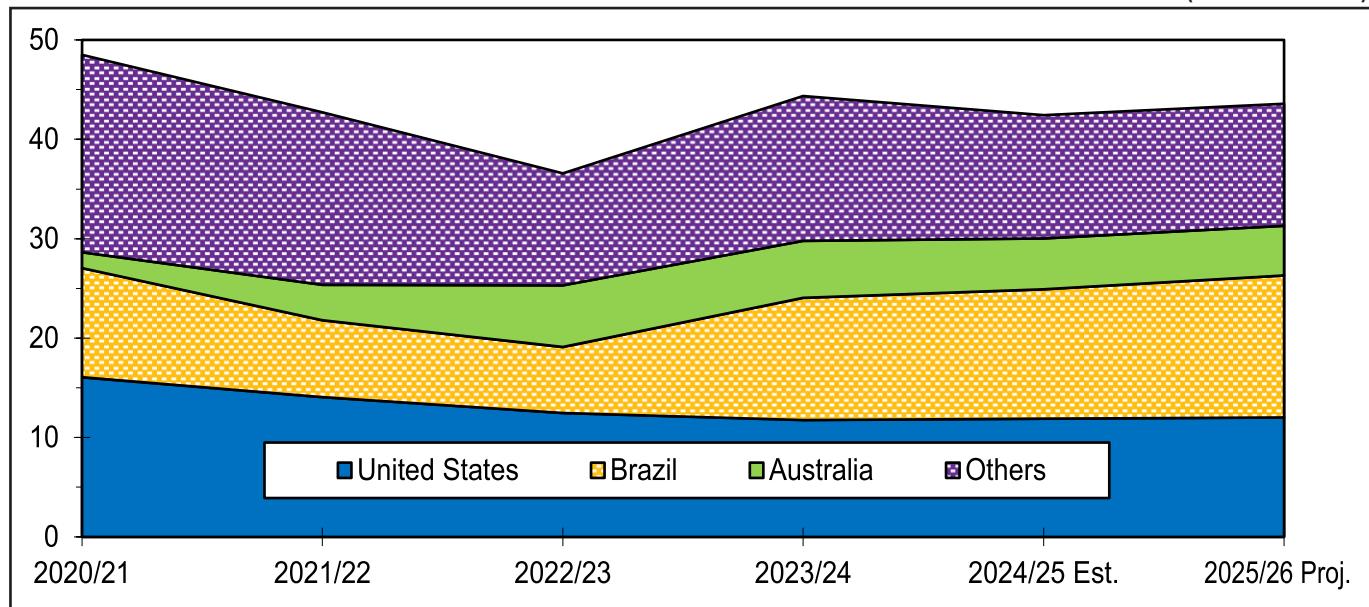
World cotton trade in 2025-26 is projected at 9.49 million tonnes, compared with 9.23 million tonnes in 2024-25. The export increase in 2025-26 is largely attributable to Brazil. Small export gains are seen for several other countries including the United States. Brazil and the United States are expected to account for a combined 60% of global cotton exports in 2025-26.

Australia's exports are projected at 1.08 million tonnes, modestly below last season as supplies are expected lower in 2025-26. Despite an unchanged global cotton mill use forecast for 2025-26, world cotton import demand is expected to increase 2%. Cotton imports are forecast unchanged for Bangladesh, the top importer in 2025-26, imports by Vietnam, China and Turkey are each expected to see small gains. On the other hand, modest cotton import reductions are forecast for Pakistan and India.

Raw Material Scenario

Chart - 2 : Leading global cotton exporters

(Million bales)



Source: USDA; 1 bale = 480 pounds

World cotton ending stocks for 2025-26 are projected at 16.09 million tonnes, 1.5% below last season but near the average of the previous 4 years. The 2025-26 global stock decrease is led by China, Australia and the United States. Partially offsetting these reductions are higher stocks in India and Brazil.

In China, cotton ending stocks are estimated at 7.62 million tonnes in 2025-26, down 2% from last season. Cotton stocks in Australia are forecast 15% lower the lowest since 2020-21 and coinciding

with the smallest crop in 5 years. The 2025-26 global cotton stocks-to-use ratio is projected to remain relatively flat for a third consecutive year despite reduced stock levels forecast at 63%.

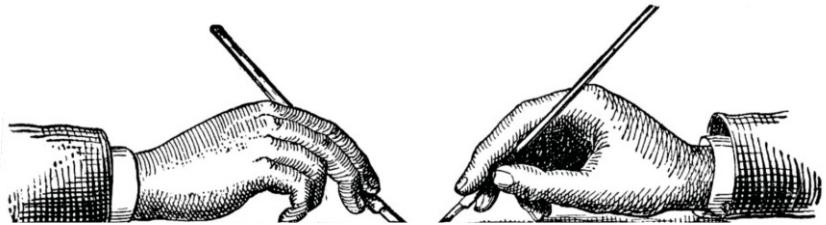
Ending stocks for the top four producing countries combined are projected to account for about 71% of the global total, slightly above the 5-year average. China the largest stockholder is projected to hold approximately 47% of the global total in 2025-26. The United States and Brazil are each forecast to hold approximately 5% percent of the global cotton supplies at the end of 2025-26.

News Snippets

India extends textile PLI scheme after strong industry response

- ❖ India has extended the application window for the PLI Scheme for Textiles by one month to September 30, 2025, following strong industry interest.
- ❖ The Ministry of Textiles received 22 fresh applications within 22 days in August from MMF apparel, fabrics, and technical textiles sectors.

Editorials



India looking for new export markets

The Government informed the Parliamentary Standing Committee on External Affairs that the US has driven a hard bargain with all the countries with which it has finalised bilateral trade deals. Giving details of the US deals with Japan, South Korea, Vietnam and the EU, the Government pointed out that the additional tariffs on all these countries have either been adjusted or reduced but not removed despite the heavy concessions extracted from them. The government said India is formulating an export diversification strategy to blunt the blow of US tariffs although efforts are still on to negotiate a bilateral trade agreement (BTA).

At the same time, India is standing firm on sensitive sectors. Foreign Secretary Vikram Misri and Commerce Secretary Sunil Barthwal briefed the Standing Committee, which is headed by Congress MP Shashi Tharoor, on the developments related to the US. "It was reiterated by the Government that India would not cross its red lines in the BTA negotiations, including in agriculture and dairy. It was highlighted that in return for adjusted tariffs, the countries that struck deals with the US had to provide massive trade related con-cessions to

the US, including tariff elimination, and undertake obligations on investment and purchase," a source noted. A team of trade officials from the US is scheduled to arrive in New Delhi on August 25 for the next round of the BTA talks but after US President Trump said that the tariff issue had to be sorted out first, there is confusion over the negotiations. "The US has so far not conveyed anything on a change of schedule for the next round of talks or on calling it off" the source said.

The stalemate on the BTA has sharpened the realisation in India that there is an urgent need to diversify and not be dependent on one big market. "The Commerce Department has identified top 50 export destinations where shipments can be increased by offering targeted support. India could also try to export more to countries that had been treated less severely by the US, such as the UAE, as they may need more intermediate goods," another official explained. Focused efforts are being made to get the most out of India's existing FTAs with countries such as the UAE, Australia, ASEAN, Japan, Korea and Mauritius, the officials told the Standing Committee. "Preparations are also being made to leverage the new FTAs signed with the EFTA

Gleanings from the Press

countries and the UK, as soon as these agreements come into force. Also negotiating teams are trying to expedite talks with partners, such as the EU, on the basis of mutually beneficial and balanced trade principles," the source said.

Business Line 12.08.2025

ComMin proposes 25K cr plans to help exporters

The commerce and industry ministry has firmed up support schemes worth about ₹25,000 crore under the Export Promotion Mission for a 6 year period, amid continuing uncertainties from

higher tariffs imposed by the US. The proposal has been sent to the finance ministry for approval. Once it clears the contours and allocation, the schemes will be rolled out after the Union Cabinet's nod. The schemes, designed under the Export Promotion Mission, will include World Trade Organization (WTO)-compliant interventions focussing on trade finance and easing market access for exporters. The government believes the mission addresses challenges that go beyond tariff-and trade-war-related uncertainties. "It goes much beyond tariff. The situation may worsen. We are looking at a long-term strategy," one of the persons mentioned above said.



REVIEW

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Gleanings from the Press

The strategy is not limited to promotion but also aims at diversifying markets and the export basket to mitigate such risks in the future. It also seeks to push exporters to enhance the "exportability" of Indian products. The development comes against the backdrop of exporters seeking government support, as they will soon face a 50 per cent tariff on goods shipped to the US. Sectors such as gems and jewellery, textile, and marine products like shrimp are expected to be among the hardest hit. The Export Promotion Mission was announced in the Union Budget with a Rs. 2,250 crore outlay for 2025-26 but has yet to be rolled out.

The new schemes have been designed especially for small exporters, to help them secure collateral-free loans, promote alternative financing instruments through cross-border factoring, and provide assistance for high-risk markets, among other measures. A direct subsidy-based approach is considered unlikely, as it is difficult to implement and raises concerns of moral hazard. It is also hard to assess the actual impact on exporters and justify

the corresponding subsidy, apart from the risk of violating WTO norms.

Business Standard 14.08.2025

Exports to 8 of top 20 hubs dip in April - July 2025

The imposition of a 50 per cent tariff is expected to sharply reduce India's exports to the US, its shipments to some eight of the top-20 countries contracted during the first four months of 2025-26 (FY26).

According to commerce department data, export destinations that witnessed contraction during April-July are: the Netherlands (-21.2 per cent), the UK (-11.2 per cent), Singapore (-11.8 per cent), Saudi Arabia (-11.8 per cent), South Africa (-16.3 per cent), Italy (-9.2 per cent), France (-17.3 per cent), and Malaysia (-28.8 per cent).

The 20 countries accounted for 69 per cent of India's total value of goods exported during the first four months of FY26. During the same period, India's exports grew 3 per cent to

Productivity Audit Services

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\$149.2 billion as outbound shipments to the US grew by over a fifth. While the US continued to remain India's largest export market, the share of exports to the country rose 22 per cent in April-July as compared to 19 per cent a year earlier.

Exporters said that global demand has remained sluggish due to the uncertainties caused by the imposition of country-specific reciprocal tariffs by the US on several nations. India's exports to the US have been robust, seeing healthy-double digit growth, because of frontloading. American buyers are building inventory to avoid reciprocal tariffs but going ahead, this may dampen demand once 50 per cent tariffs kick in from August 27.

Exporters have also prioritised orders to the US, often at the expense of other key markets, due to the urgency to avoid a 50 per cent tariff from the end of August. The US administration imposed a 25 per cent reciprocal tariff on Indian goods from August 7. It later announced an additional 25 per cent tariff on Indian exports, blaming its crude oil purchases from Russia.

Going ahead, India's merchandise exports are expected to contract further in FY26. "There is definitely tepid demand because of the (reciprocal tariff) uncertainty. That apart, exports are being diverted to the US from other countries to avoid reciprocal tariff," said Ajay Sahai, Director General and chief executive officer (CEO), Federation of Indian Export Organisations (FIEO). He further said that going ahead, competition will intensify with China

because the US has also imposed high tariffs on the former. This will make it more difficult for India, and put pressure on exporters in labour-intensive sectors.

Business Standard 20.8.25

Textiles PLI scheme reopened - Portal goes live again to invite fresh applications

The Union Textile Ministry has decided to invite fresh applications under the production linked incentive (PLI) scheme for the textiles sector, amid requests from the industry and against the backdrop of 50 per cent import tariff announced by the US.

"In view of the requests from the industry stakeholders, Ministry of Textiles has decided to reopen the production linked incentive (PLI) scheme portal for inviting fresh applications from interested companies under the PLI Scheme for Textiles for MMF Apparel, MMF Fabrics and products of technical textiles," the ministry said in a statement.

The application portal will remain open till August 31. The announcement came at a time when the United States (US) has announced imposition of 50 per cent tariffs on India imports. While the 25 per cent tariff kicked in from August 7, the additional 25 per cent tariff will come in force from August 28.

Labour-intensive sectors such as textiles will be one of the worst hit sectors. All terms and conditions, as notified earlier through the respective scheme guidelines, shall continue to apply for the fresh applications. "The ministry urges all interested companies to take

Gleanings from the Press

advantage of this opportunity and submit their applications within the specified period," the statement said.

The Centre has approved the PLI scheme for textiles in September 2021, with a budgetary outlay of Rs.10,683 crore for a five-year period to boost the production of man-made fibre (MMF) apparel and MMF fabrics, among others. So far, the Central government has approved 80 applicants under the PLI scheme for textiles. During the current financial year, the government aims to disburse Rs.500 crore as incentive under the PLI scheme. Over five years, the scheme is expected to lead to fresh investments of more than Rs.19,000 crore and create more than 750,000 jobs.

MMFs include viscose, polyester, acrylic that are made from chemicals. Technical textiles on the other hand is a new age textile that can be used for production of personal protective equipment (PPE) kits, airbags, bulletproof vests, and can also be used in the sectors such as aviation, defence, infrastructure. The textiles ministry had first released the guidelines of the scheme in December 2021.

However, the government received 64 applications with commitments worth approximately only Rs.6,000 crore. This was also because some players informed the government that they were not keen on making investments in proposed textile categories due to lack of expertise.

Business Standard 9.8.25

India, Russia-led trade bloc sign framework for FTA negotiations

India and the five-member Eurasian Economic Union (EAEU)-comprising Russia, Armenia, Belarus, Kazakhstan, Kyrgyz Republic signed the terms of reference to launch negotiations on a free trade agreement (FTA) in Moscow. "With a combined GDP of \$6.5 trillion, the proposed FTA is expected to expand market access for Indian exporters, support diversification into new sectors and geographies, enhance competitiveness against non-market economies, and deliver significant benefits to MSMEs," a statement issued by the Commerce Department noted.

The Terms of Reference (ToR) provides the framework for negotiations and is expected to unlock untapped trade potential, increase investments and establish a stronger, durable India-EAEU economic, the statement added. It was signed by Commerce Additional Secretary Ajay Bhadoo and Deputy Director, Trade Policy Department, Eurasian Economic Commission (EEC), Mikhail Cherekaev.

India's trade with the region is growing, although it is mostly due to increased imports of oil from Russia. There is a huge scope for growth in Indian exports to the bloc, including to Russia, which India hopes to explore through the FTA. During his visit, Bhadoo also called on Minister in charge of Trade, EEC, Andre Slepnev.

"The heads of negotiation groups apprised the Minister about the milestone achieved with the signing of the ToR and discussed next steps to

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formally launch the negotiation process, including organisational aspects of the future trade deal," the statement pointed out. Discussions on the pro-posed FTA between India and the EAEU had taken place in early 2020 but had to be stalled because of the Covid-19 pandemic.

Business Line 21.8.25

Solapur's terry towel sector looks to move away from US to new markets

Home to a vibrant handloom and powerloom industry, Solapur sustains nearly 50,000 workers through 12,000 powerlooms, 200 rapier looms and 200 air jet looms. The Maharashtra city produces chaddars (blankets), towels and napkins with an annual turnover of over Rs.1,600 crore, and its terry towels hold a strong presence in the global market.

According to Raju Rathi, President of the Solapur Chamber of Commerce Industry Agriculture, "Our terry towel designs are unique

to Solapur and have global demand. The tariff will certainly hit us, but we are not going to give up".

In 2024, Solapur exported terry towels worth Rs.618 crore, of which about Rs.200 crore went to the US. These towels are supplied for use in hotel, medical and house-hold across more than 60 countries. With the US market under pressure, the industry is now looking to step up exports to Israel, Australia, Sri Lanka and other destinations, while tapping India's untapped domestic market.

The industry is also turning its attention to India's domestic market, eyeing opportunities across states. With terry towels priced from as low as Rs.50 per piece, manufacturers are confident of strong demand beyond Maharashtra. The main competition, they acknowledge, will come from Ludhiana made terry towels.

Interestingly, workers' unions and industrialists have come together to face the challenge.

Techno Facts Benchmarking Survey

SIMA conducts this benchmarking survey on a monthly basis by collecting key performance indicators from mills. Processed report showing the position (rank) of these performance indicators and countwise production among participating mills are sent to the participating mills. The Report helps mills in taking corrective actions in improving productivity and better utilisation of factors of production.

For participating in the Survey please feel free to contact -

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Gleanings from the Press

Union leader Narsayya Adam said the city will stand united, and he initiated concrete dialogue between workers and industry to safeguard livelihoods and sustain growth.

For Solapur, the Trump tariff is not just a setback -it is a catalyst to diversify, adapt, and emerge stronger on the global stage.

Business Line 29.08.2025

India looks at 40 nations to push exports of textiles

India is planning dedicated outreach programmes in 40 countries, including the UK, Japan, and South Korea, to push textiles exports amid a 50 per cent tariff imposed by the US. Other nations include Germany, France, Italy, Spain, the Netherlands, Poland, Canada, Mexico, Russia, Belgium, Turkiye, the United Arab Emirates, and Australia.

"In each of these 40 markets, this is proposed to pursue a targeted approach, positioning itself as a reliable supplier of quality, sustainable, and innovative textile products with the lead role of the Indian industry, including EPCS and Indian Missions in these countries," the official said.

India already exports to over 220 countries, but the 40 importing countries hold the real key to diversification. Together, these 40 countries represent more than \$590 billion in textile and apparel imports, offering vast opportunities for

India to enhance its market share, which currently stands at only around 5-6 per cent, the official said. "Recognising this, the government is planning dedicated outreach programmes in each of these 40 countries, with a focus on both traditional markets and emerging markets."

The official also said that Export Promotion Councils (EPCS) will be the backbone of India's diversification strategy by conducting market mapping, identifying high-demand products, and linking specialised production clusters like Surat, Panipat, Tirupur, and Bhadohi to opportunities in the top 40 countries.

They will lead India's participation in international exhibitions, trade fairs, and buyer-seller meets, while also running sector-specific campaigns under a unified Brand India vision. The councils will further guide exporters on using FTAs, meeting sustainability standards, and securing necessary certifications. "FTAs and negotiations with several of these geographies will help make Indian exports competitive and there is a huge potential for growth," the official added.

Business Standard 28.08.25

US retailers keen to move new orders out of India

With the additional 25% tariff on India's exports to the US set to take effect, pushing the overall

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tariff rate to 50%, American brands and retailers asked Indian exporters to move production of new orders to other manufacturing countries.

"New orders for spring season that are yet to go on production lines are being asked to move to other countries of production. The other option buyers have given suppliers is to share the burden of the penalty. No customers (brands/retailers) have the appetite to absorb this," said Pallab Banerjee, MD at garment supplier Pearl Global which counts US companies Gap, Macy's and Kohl's among its clients. For orders that are already in production, brands are not asking exporters outright to make any changes on the ground but are making a similar demand of sharing the cost of added tariffs, Banerjee said.

A 50% tariff puts India behind other major Asian garment manufacturing hubs such as Bangladesh and Vietnam which have been slapped with lower tariffs by the US. "From the conversations we have had with US buyers, it is clear that they are not ready to absorb 50% tariff and have asked suppliers to shift sourcing to other countries.

If things are not resolved at the political level, there will be a major crisis," said Rahul Mehta, chief mentor at Clothing Manufacturers Association of India (CMAI), pegging India's total apparel exports to the US at \$5.5-\$6 billion annually.

Times of India 27.08.2025

Will come up with measures to expand India's presence in global markets : Piyush Goyal

After the imposition of 50 per cent tariffs by the US, Union Commerce and Industry Minister Piyush Goyal dubbed it as a "unilateral action" and asserted that India was taking a host of steps to support every sector and to expand its presence in global markets.

The Union minister exuded confidence that the measures will ensure that India's exports in the current financial year will exceed that of last year's. India exported goods worth \$437 billion during the financial year 2025 (FY25). During the first four months of the current financial year (April-July), India has exported goods worth \$149 billion.

"In the days ahead, the government will be coming out with a variety of measures to support every sector, both to expand domestic outreach and look for complementarities with other markets around the world, to expand global foray. So that this year exports exceed last year's," Goyal said at an event organised by the Confederation of Indian Industry (CII).

At a separate event during the launch of the curtain raiser for Bharat Buildcon 2026, the minister said that the government was committed to ensuring that the Indian industry does not face undue stress or disruption due to the unilateral trade actions by other countries. There's little cause for alarm over the steep tariff imposed on Indian goods as India's share in

Gleanings from the Press

global exports is small at 2 per cent. That apart, India is an import dependent nation and dependent on domestic consumption.

The US administration imposed a 25 per cent reciprocal tariff from 7 August and an additional 25 per cent kicked in from August 27, for New Delhi's Russian crude oil purchases. India is talking to the US for a bilateral trade agreement, whose first phase was planned to complete by October-November this year. India is expanding a network of Free Trade Agreements (FTAs) with developed countries, including Australia, the United Arab Emirates (UAE), Switzerland, Norway, Liechtenstein, Iceland, and the UK, with negotiations ongoing with the European Union and others.

These agreements will further open global opportunities for Indian industries. Discussions are also ongoing with Peru, Chile and the Eurasian Economic Union. Qatar has also shown interest in entering into an FTA with India. These agreements will open new opportunities, markets and investment possibilities for India.

He asserted the capability of India is not being correctly understood by some experts and media. He pointed out that while certain analysts underestimate the nation's potential, the resilience of Indian industry, the strength of its startups, and the confidence of its people tell a different story. India has successfully navigated challenges such as Covid-19 and even nuclear sanctions, and it stands strong, ready to expand its share in global trade.

Business Standard 30.08.2025

100 Gw solar manufacturing capacity step towards self-reliance: Minister

In a little over 10 years, India's domestic solar equipment manufacturing capacity jumped from 2.3 Gigawatt (Gw) in 2014 to 100 Gw in 2025. The surge symbolises the growth of the Indian solar industry, according to experts.

Union Minister of New and Renewable Energy Pralhad Joshi called the achievement a 'historic milestone'. "Driven by the visionary leadership of Prime Minister Narendra Modi and transformative initiatives like the Production Linked Incentive (PLI) Scheme for high-efficiency solar modules, we are building a robust, self-reliant solar manufacturing ecosystem. This achievement strengthens our path towards Atmanirbhar Bharat and the target of 500 Gw non-fossil capacity by 2030," he said. "Apart from catering to the domestic demand, it will also position India as an exporter in certain markets. The country still has to work on several aspects, including R&D and backward integration, so that it can become more self-reliant. The economies of scale will help India achieve that goal," said Santosh Kamath, managing director, Alvarez & Marsal, an accounting and consultancy firm.

The growth comes on the back of multiple initiatives, including the PLI Scheme for high efficiency solar PV modules, with an outlay of Rs.24,000 crore, and the mandatory sourcing of solar cells and modules from local firms under government schemes, including PM-KUSUM.

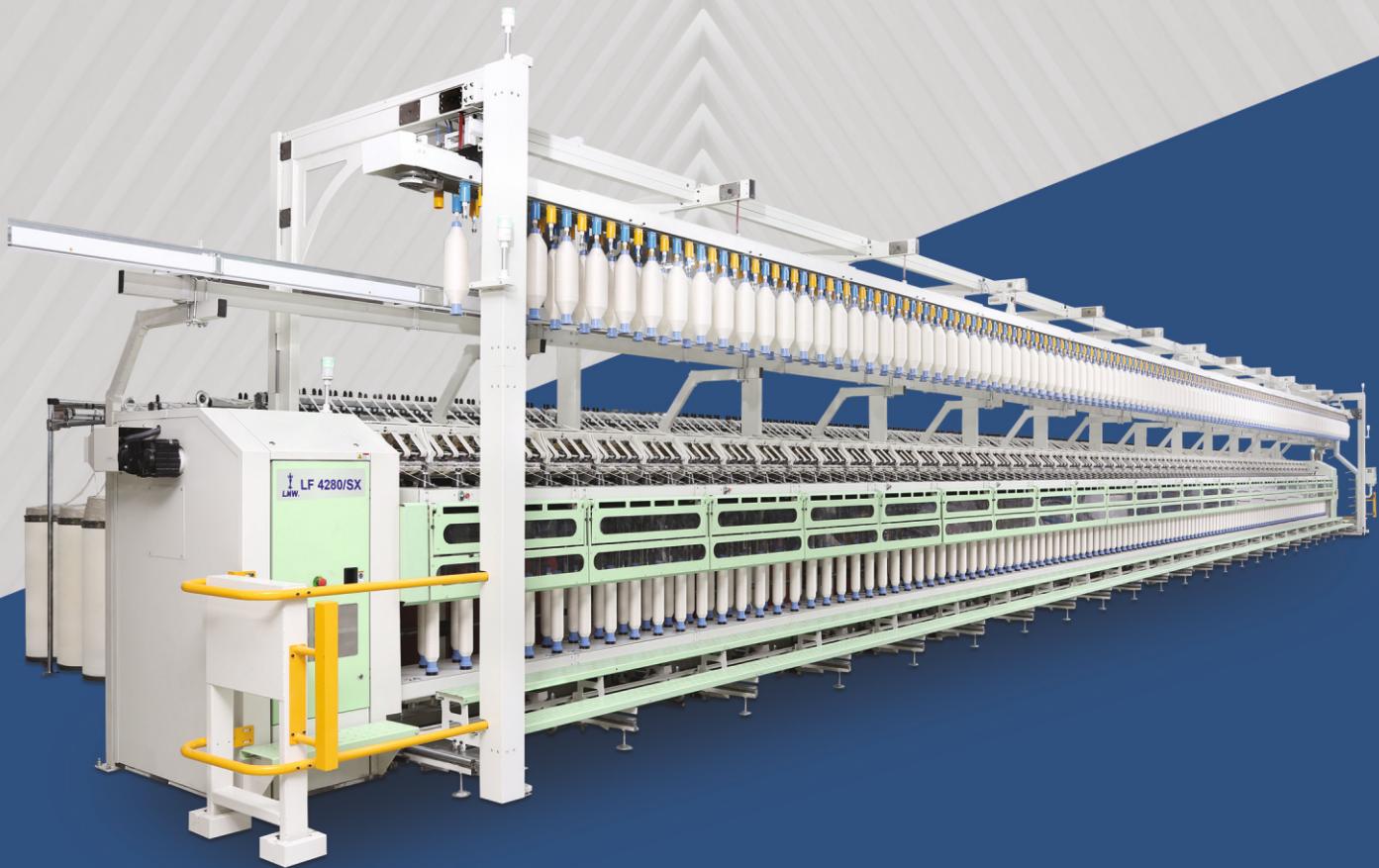
Business Standard 15.08.2025



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