

Infomerics Analytics & Research

CIN: U74999DL2020PTC369018

Flat No.108, Golf Apartments, Sujan Singh Park New Delhi – 110 003
iar@infomerics.com, Phone: +9111 41410243, 4141 0244



Cotton Industry

Dated: March 30,
2026

Table of Contents

Sections	Title	Page
	Disclaimer	3
1	Global Economic Outlook	4
	- GDP Growth Across Major Regions	6
2	India's Macroeconomic Scenario	8
	- Gross Domestic Product (GDP)	8
	- Gross Value Added (GVA)	9
	- Consumer Price Index (CPI)	10
	- India Per Capita GDP Forecast	12
	- Index of Industrial Production (IIP) Growth	13
	- Overview on Key Demographic Parameters	16
	- Union Budget FY26–27 Highlights	21
3	Industry Overview – Global and Indian Cotton Industry	24
	- Global Cotton Industry	27
	- Indian Cotton Industry	33
	- Indian Cotton Yarn Industry	37
	- Global Organic Cotton Industry	44
	- Indian Organic Cotton Industry	47
	- Fabric Industry	51
4	Market Dynamics	56
	- Key Growth Drivers	56
	- Challenges	59
	- Mitigation Strategies	60
5	Government Initiatives and Policy Support	62

6	PESTEL Analysis of the Industry	67
7	Competitive Landscape	69
	- Key Industry Players	69
	- Competitive Strategies	71
	- Barriers to Entry	73
	- Consolidation Trends	75
	- Key Industry Players	76
	- Financials Performance Analysis	77
	- Peer Benchmarking Analysis	79
	- Company Positioning – Milan Ginning Pressing Limited	82
	- SWOT Analysis	84
8	Future Outlook	86

Disclaimer

This report is prepared by Infomerics Analytics & Research Private Limited. Infomerics Analytics & Research has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in Infomerics Analytics & Research 's proprietary database, and other sources considered by Infomerics Analytics & Research as accurate and reliable including the information in public domain. The views and opinions expressed herein do not constitute the opinion of Infomerics Analytics & Research to buy or invest in this industry, sector or companies operating in this sector or industry and is also not a recommendation to enter into any transaction in this industry or sector in any manner whatsoever.

This report has to be seen in its entirety; the selective review of portions of the report may lead to inaccurate assessments. All forecasts in this report are based on assumptions considered to be reasonable by Infomerics Analytics & Research; however, the actual outcome may be materially affected by changes in the industry and economic circumstances, which could be different from the projections.

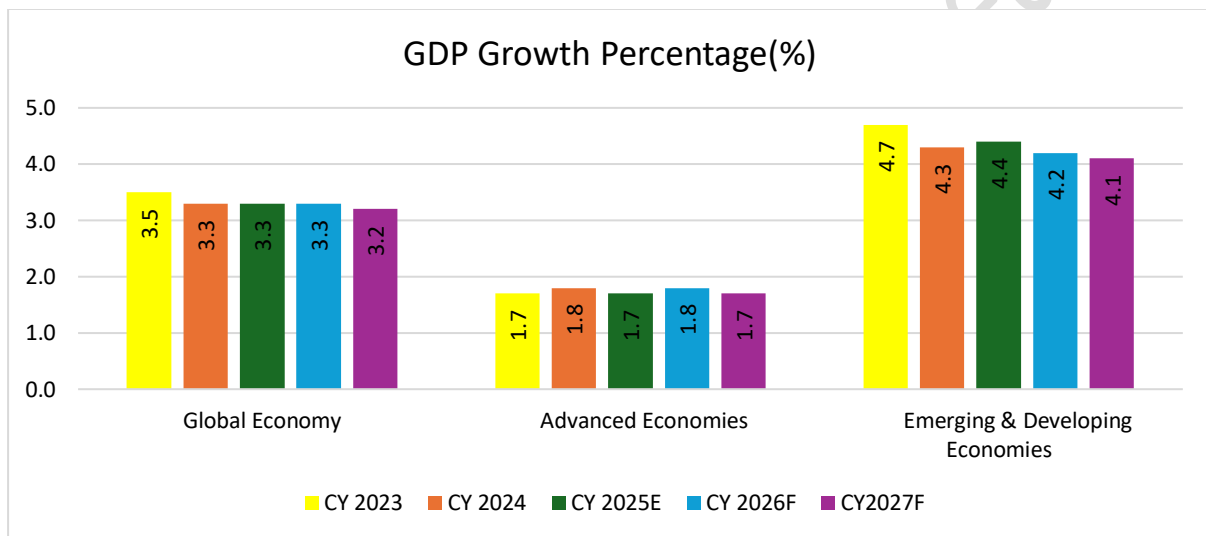
Nothing contained in this report is capable or intended to create any legally binding obligations on the sender or Infomerics Analytics & Research which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. Infomerics Analytics & Research is also not responsible for any errors in transmission and specifically states that it, or its directors, employees, parent company – Infomerics Valuation & Rating, or its directors, employees do not have any financial liabilities whatsoever to the subscribers/users of this report. The subscriber/user assumes the entire risk of any use made of this report or data herein. This report is for the information of the authorized recipient in India only and any reproduction of the report or part of it would require explicit written prior approval of Infomerics Analytics & Research Private Limited

Infomerics Analytics & Research shall reveal the report to the extent necessary and called for by appropriate regulatory agencies, viz., SEBI, RBI, Government authorities, etc., if it is required to do so. By accepting a copy of this Report, the recipient accepts the terms of this Disclaimer, which forms an integral part of this Report.

1. Global Economic Outlook

As per the IMF’s World Economic Outlook (WEO) published in January 2026, global growth is projected to remain resilient at 3.3 percent in 2026 and at 3.2 percent in 2027.

Global headline inflation is expected to decline from an estimated 4.1 percent in 2025 to 3.8 percent in 2026 and further to 3.4 percent in 2027. The inflation projections are also broadly unchanged from those in October and envisage inflation returning to target more gradually in the United States than in other large economies.



Note: E = Estimates, F = Forecast

Source: IMF World Economic Outlook January 2026

Note: Advanced Economies and Emerging & Developing Economies are as per the classification of the World Economic Outlook (WEO). This classification is not based on strict criteria, economic or otherwise, and it has evolved over time. It comprises of 40 countries under the Advanced Economies including the G7 (the United States, Japan, Germany, France, Italy, the United Kingdom, and Canada) and selected countries from the Euro Zone (Germany, Italy, France etc.). The group of emerging market and developing economies (156) includes all those that are not classified as Advanced Economies (India, China, Brazil, Malaysia etc.)

Growth in advanced economies is projected to be 1.8 percent in 2026 and 1.7 percent in 2027. In the United States, the economy is projected to expand by 2.4 percent in 2026, supported by fiscal policy and a lower policy rate, while the impact of higher trade barriers also gradually wanes. This 0.3 percentage point upward revision from the October forecast reflects a stronger-than expected GDP outturn in the third quarter of 2025, a rebound in activity in the first quarter of 2026 compared with that in the fourth quarter of 2025 following the end of the federal government shutdown, and the associated carryover.

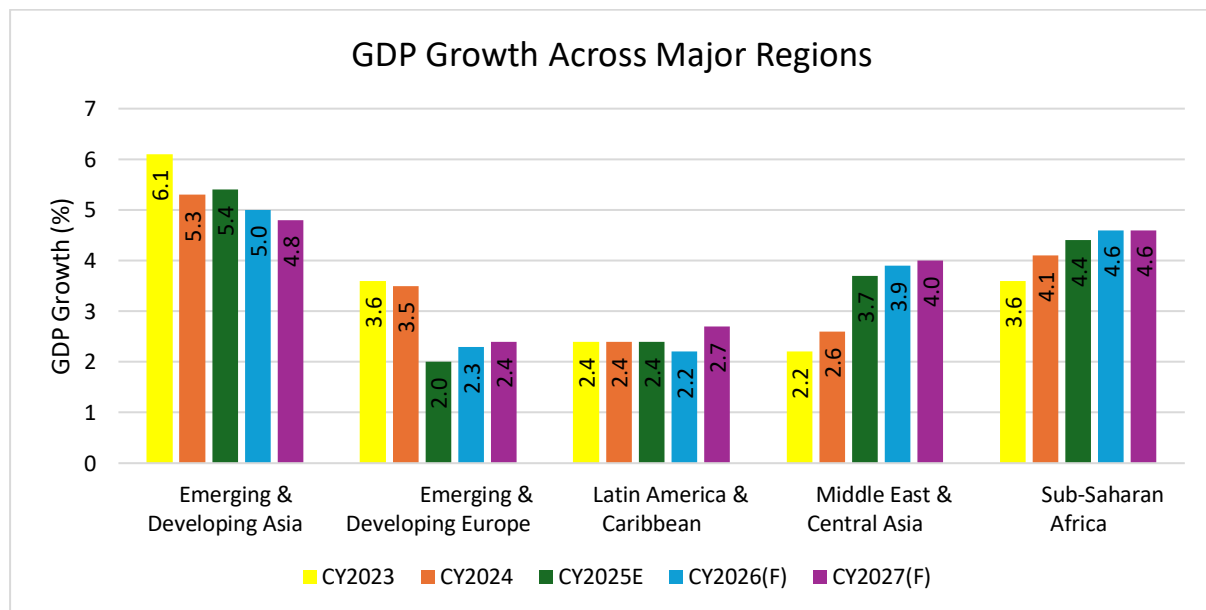
In emerging market and developing economies, growth is expected to continue to hover just above 4.0 percent in 2026 and 2027. Relative to the projection in October, growth in 2025 for China is revised upward by 0.2 percentage point to 5.0 percent. The revision reflects stimulus measures and additional policy bank lending for investment. Growth for 2026 is also revised upward by 0.3 percentage point to 4.5 percent, reflecting the lower US effective tariff rates on Chinese goods due to the yearlong trade truce agreed to in November and stimulus measures that are assumed to be implemented over two years. The economy's growth rate is expected to decelerate to 4.0 percent in 2027 as structural headwinds assert themselves.

In India, growth is revised upward by 0.7 percentage point to 7.3 percent for 2025, reflecting the better-than expected outturn in the third quarter of the year and strong momentum in the fourth quarter. Growth is projected to moderate to 6.4 percent in 2026 and 2027 as cyclical and temporary factors wane.

In the Middle East and Central Asia, growth is projected to accelerate from 3.7 percent in 2025 to 3.9 percent in 2026 and to 4.0 percent in 2027, supported by higher oil output, resilient local demand, and ongoing reforms. Growth is also expected to accelerate in sub-Saharan Africa, from 4.4 percent in 2025 to 4.6 percent in 2026 and 2027, supported by macroeconomic stabilization and reform efforts in key economies. In Latin America and the Caribbean, growth is projected to moderate to 2.2 percent in 2026 and bounce to 2.7 percent in 2027 as countries in the region approach potential from different cyclical positions. In emerging and developing Europe, a sharp slowdown in 2025 to a growth rate of 2.0 percent is expected to reverse, with economies in the region expanding at an average rate of 2.3 percent in 2026 and 2.4 percent in 2027. In most regions, the rebound also reflects the fading effect of shifting trade policies

1.1 GDP Growth Across Major Regions

GDP growth across major global regions—including Europe, Latin America & the Caribbean, Middle East & Central Asia, and Sub-Saharan Africa—continues to display varied trajectories. The global outlook presents a mixed scenario, with emerging economies continuing to outperform advanced economies.



Note: E = Estimates, F = Forecast

Source: IMF World Economic Outlook January, 2026 update

In Emerging and Developing Asia, growth is projected to moderate from 5.4% in CY 2025 to 5.0% in CY 2026 and further projected at 4.8% during CY 2027. India's expected growth in 2025 has been uplifted at 7.3% in CY 2025, supported by resilient rural consumption and sustained infrastructure investments, up from 6.5% in CY2024. The growth estimate for 2026 and 2027 is kept at 6.4%. In contrast, China's growth is estimated at 5.0% in CY2025, and to further decelerate at 4.5% in 2026 and 4.0% in 2027.

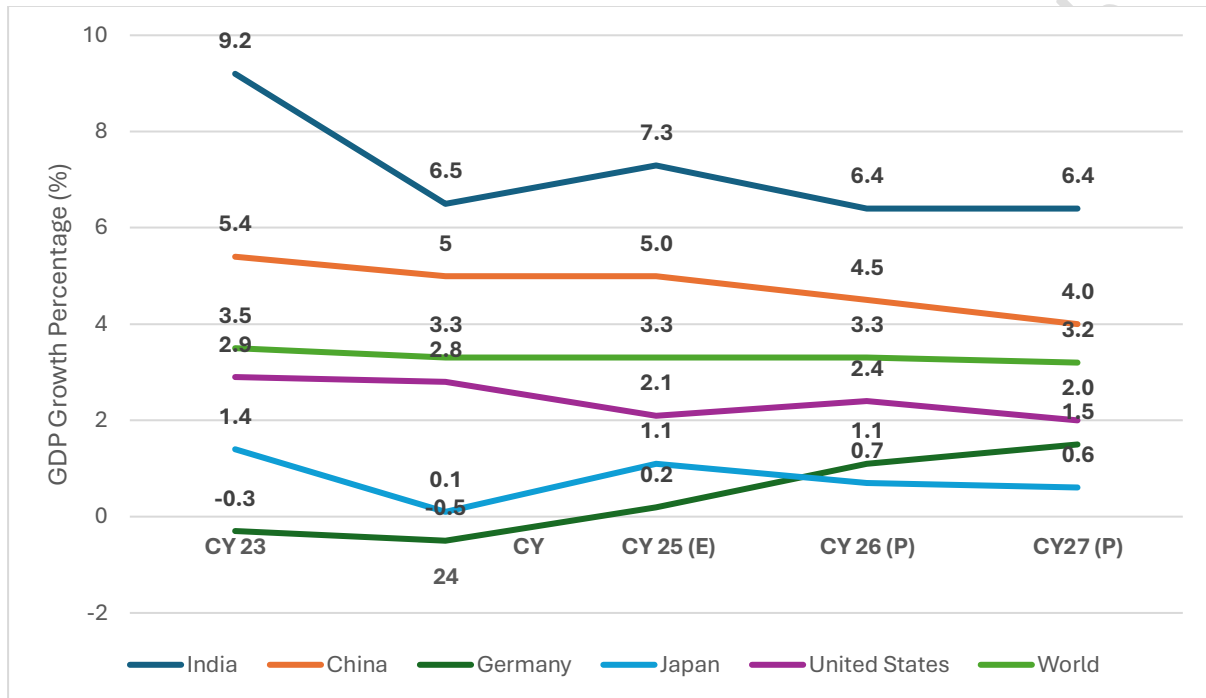
Sub-Saharan Africa is projected to grow at 4.4% in CY 2025, increased from 4.1% in CY 2024, with growth is expected to accelerate further at 4.6% in CY 2026. This gradual improvement is being supported by better weather conditions and more efficient supply chain operations.

In the Middle East and Central Asia, the economy is forecasted to expand from 3.7% in CY 2025 to 3.9% in CY 2026, and further at around 4.0% in CY 2027, driven by stabilization in oil production and ongoing economic reforms.

For Latin America and the Caribbean, the economy is expected to slow from 2.4% in CY 2025, to 2.2% in CY2026, but increase again at 2.7% in CY 2027 reflecting stable yet subdued economic momentum supported by stronger macroeconomic management across key economies.

Emerging and Developing Europe remains subdued, with growth estimated at 2.0% in CY 2025, down from 3.5% in CY 2024, expected to rise modestly to 2.3% in CY 2026 and further at 2.4% in 2027. However, the recent Greenland issue and tariff imposition by the US President has posed fresh challenges for the region. The region continues to face structural manufacturing challenges, particularly in major economies like Germany.

India and Top 4 Global Economies GDP Growth Forecast



Note: E = Estimates, P = Projections

Source: IMF World Economic Outlook January 2026 update

Overall, while global growth is expected to remain steady at 3.3% in CY 2025~CY2026 and at 3.2% in CY2027, regional disparities persist, influenced by a combination of domestic challenges, external geopolitical tensions, and fluctuating commodity prices.

2. India's Macroeconomic Scenario

2.1 Gross Domestic Product (GDP)

Real GDP has been estimated to grow by 7.6% in FY 2025–26, while nominal GDP has recorded a growth of 8.6%. These growth rates have been revised upward from their respective First Advance Estimates computed using the previous base year (2011–12), as per the Ministry of Statistics and Programme Implementation (MoSPI) in its press release on the Second Advance Estimates of GDP (base year 2022–23) dated February 27, 2026.

India's Economic Growth Momentum Remains Strong - Surpassed USD 4 Trillion.

In June 2025, India became the fourth-largest economy in the world and retained its position as the fastest-growing major economy. The country is projected to become the world's third largest economy by 2030, with an estimated GDP of USD 7.3 trillion.

Source: PIB, Press Release - India Becoming an Economic Powerhouse posted on June 16, 2025

India achieved a significant milestone by overtaking Japan to become the *third most powerful nation in the Asia-Pacific region*, as per the Asia Power Index 2024. India's overall score rose to 39.1, reflecting a 2.8-point increase from the previous year, driven by growing influence across economic, military, and diplomatic dimensions.

Source: PIB, Press Release - India becomes 3rd Most Powerful Nation in Asia, Surpasses Japan in Asia Power Index posted on September 24, 2024

Key factors behind India's rise include its strong economic performance, expanding and youthful workforce, and increasing strategic engagement across the region. India's Economic Capability improved significantly, supported by its position as the world's third-largest economy in terms of purchasing power parity (PPP). Additionally, a notable increase in its Future Resources score highlights the demographic advantage that is expected to sustain its growth trajectory in the coming years.

2.2 Gross Value Added (GVA)

According to the Second Advance Estimate of GDP for 2025-26 by MOSPI, Govt. of India (GoI), Real GVA is estimated at INR 294.40 lakh crore in the year 2025-26, against INR 273.36 lakh crore in FY 2024-25, registering a growth rate of 7.7% as compared to 7.3% growth rate in 2024-25. Nominal GVA is estimated to attain a level of INR 313.61 lakh crore during FY 2025-26, against INR 288.54 lakh crore in 2024-25, showing a growth rate of 8.7%. (MOSPI, Press Release, 27 February 2026).

Major Highlights:

- Real GDP has been estimated to grow by 7.6% in FY 2025-26. Nominal GDP has witnessed a growth of 8.6%. These growth rates are revised upward from their respective First Advance Estimates computed using previous Base Year (2011-12).
- Overall Economic performance in FY 2025-26 is primarily on account of robust Real growth observed in Second Quarter (8.4%) and Third Quarter (7.8%).
- The Economy has exhibited sustained performance, recording Real GDP growth rates of 7.2% and 7.1% respectively during FY 2023–24 and FY 2024–25.
- Nominal GDP has registered 11.0% and 9.7% growth rates during FY 2023–24 and FY 2024–25 respectively.
- Manufacturing sector has been the major driver in contributing to the resilient performance of the economy in consecutive 3 financial years after rebasing. This sector has attained double digit growth rates in FY 2023-24 and FY 2025-26.
- Secondary and Tertiary sectors have boosted the performance of the economy by registering above 9.0% growth rate in FY 2025-26.
- 'Trade, Repair, Hotels, Transport, Communication & Services related to Broadcasting, Storage' sector has attained a growth rate of 10.1% at Constant Prices in FY 2025-26.
- On the Consumption side, both the Private Final Consumption Expenditure (PFCE) and Gross Fixed Capital Formation (GFCF) have exhibited more than 7.0% growth rate in FY 2025-26.

Source: MOSPI, Press Release, 27 February 2026, Govt. of India (GoI).

2.3 Consumer Price Index (CPI)

The GOI published on 12 Feb'26, the retail inflation data for January 2026 with the new base year of 2024, whereas the Headline inflation has increased for the month of January 2026 over January 2025 is 2.75%.

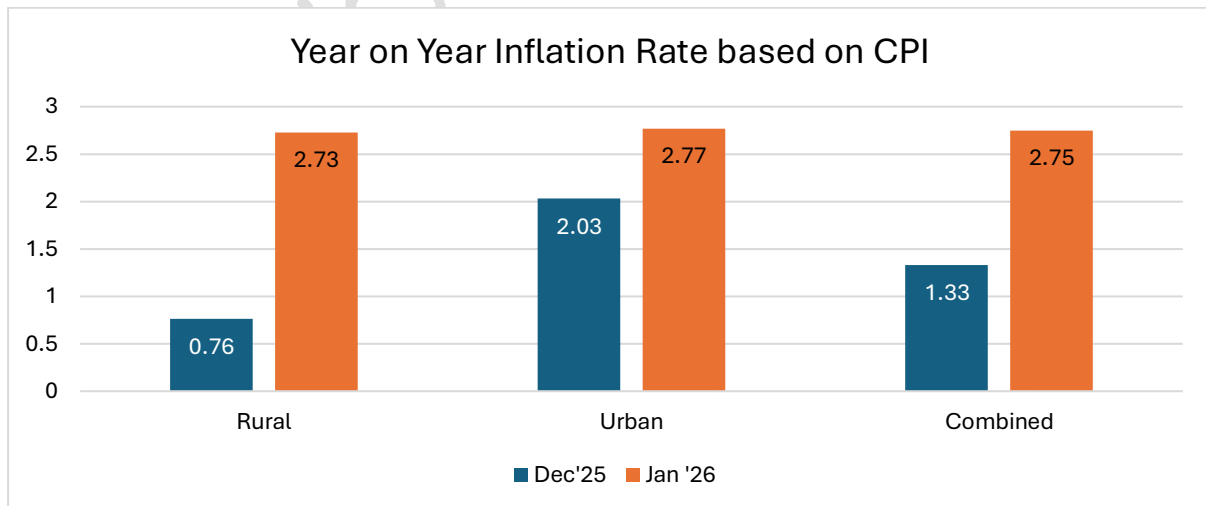
At the all-India level, the number of weighted items has increased from 299 to 358 in CPI 2024. Within this:

- Goods items are increased from 259 to 308
- Services items are increased from 40 to 50

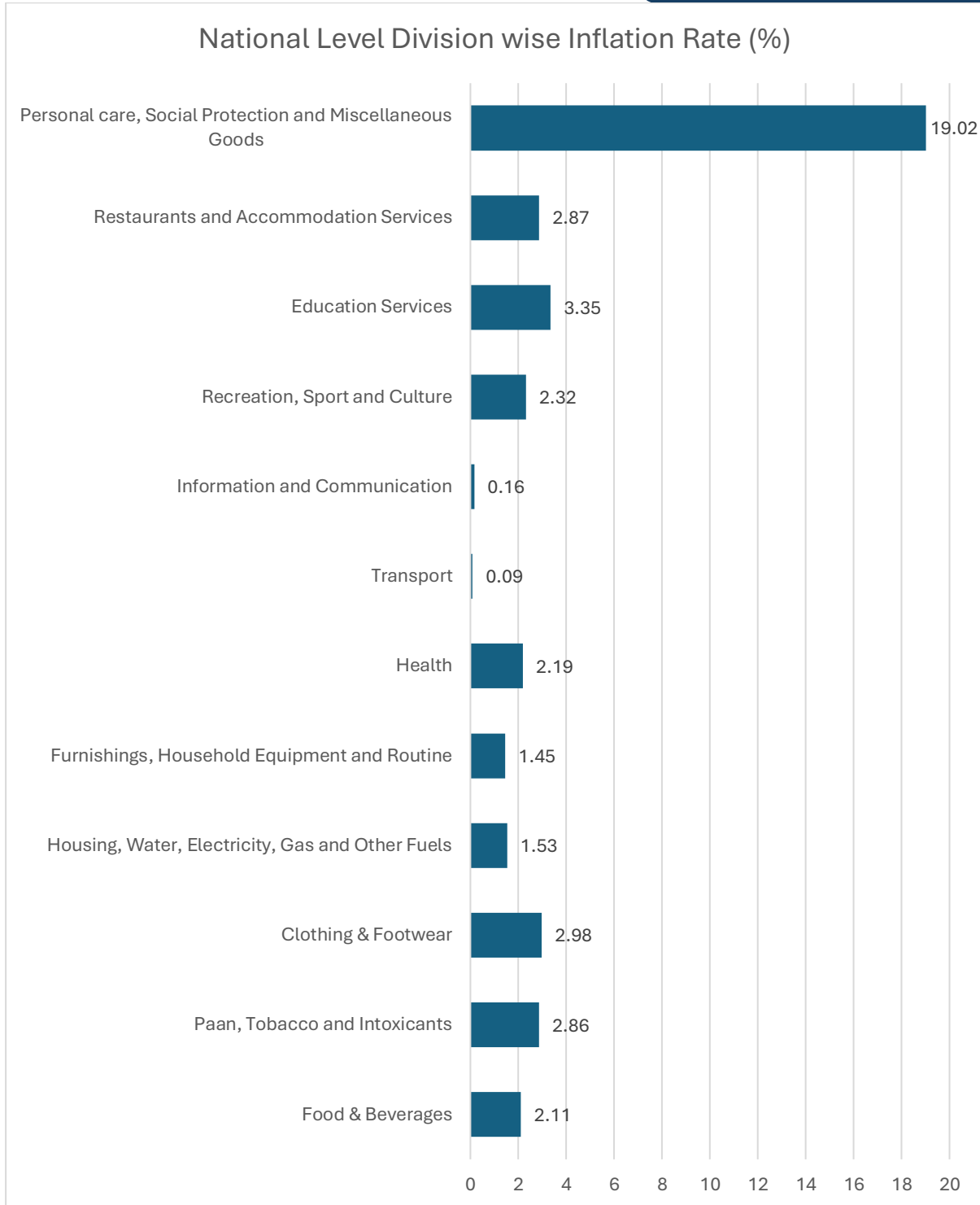
This expansion strengthens the representation of the services sector, which has assumed greater importance in household expenditure over time.

What's New:

- a. Base revised from 2012 to 2024 using Household Consumption Expenditure Survey 2023-24.
- b. 12 Divisions in place of 6 Groups in accordance to Classification of Individual Consumption According to Purpose (COICOP) 2018.
- c. Release of All India and State level Item indices for rural, urban and combined sectors
- d. New Additions: Rural housing, Online media service provider/Streaming services, value added dairy products, Barley & its product, Pen-drive & External Hard disk, Attendant, Babysitter and Exercise equipment.
- e. Items Removed: VCR/VCD/DVD player and hiring charges, Radio, Tape recorder, Clothing second-hand, CD/DVD audio/video cassettes and Coir/rope.



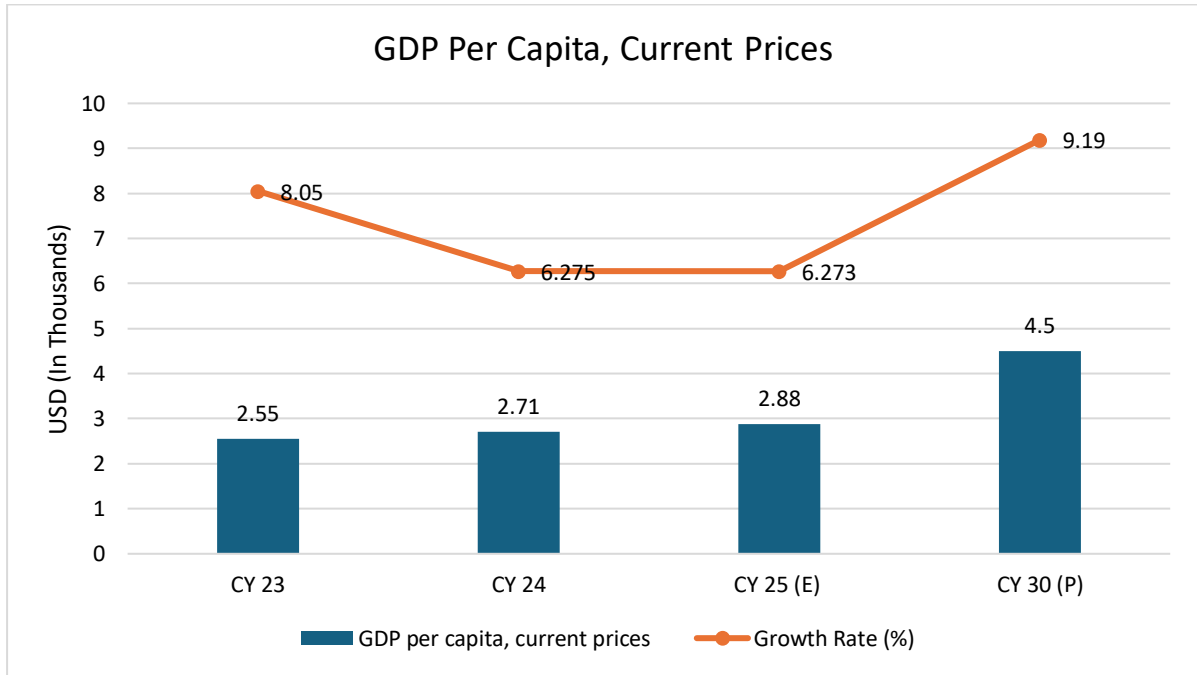
Source: MOSPI, GOI



Source - MOSPI

2.4 India Per Capita GDP Forecast

Per capita GDP growth for India is estimated at 9.19 % CAGR between CY2025-CY2030. Increased individual incomes are expected to create additional discretionary spending, which may be beneficial for the sector.



Note: E = Estimated, P = Projected

Source: IMF Data Mapper, World Economic Outlook April 2025, India, GDP Per Capita

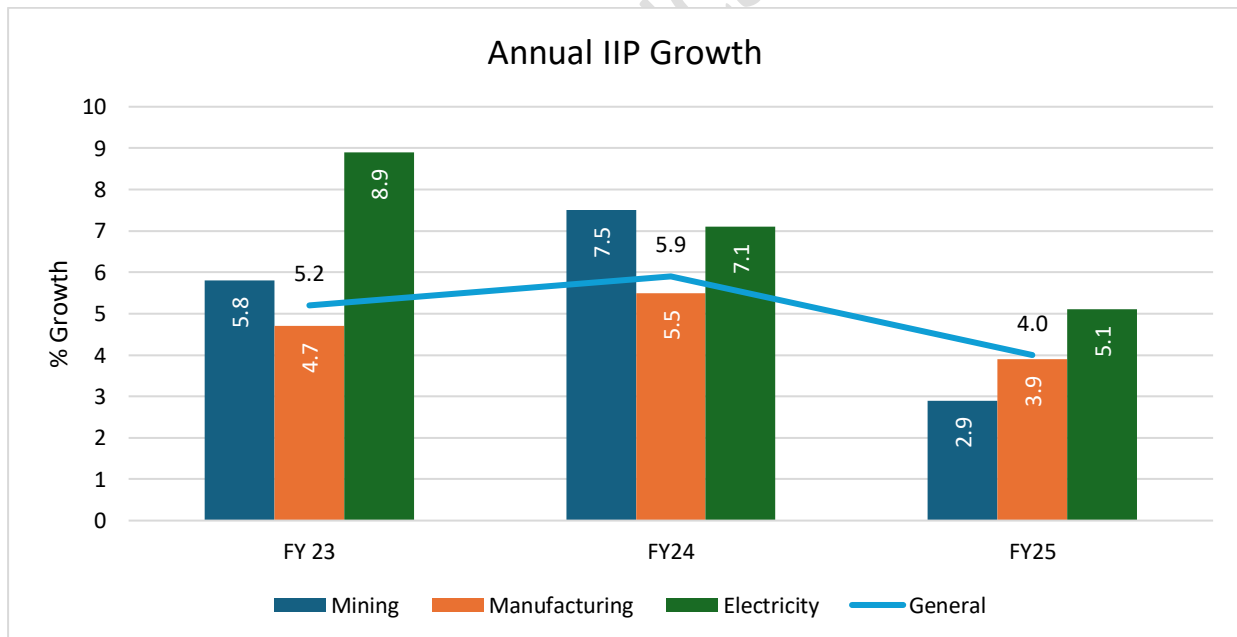
2.5 Index of Industrial Production (IIP) Growth Trends:

As per the Index of Industrial Production (IIP), the industrial sector grew by 4.0% in FY 2025, moderating from 5.9% in FY 2024 and 5.2% in FY 2023. This deceleration in overall IIP growth in FY 2025 reflects a softening of industrial momentum amidst global headwinds and tighter financial conditions.

Among key components:

- **Manufacturing** (which holds a 77.6% weight in IIP) registered a slower growth of 3.9% in FY 2025, compared to 5.5% in FY 2024 and 4.7% in FY 2023.
- **Mining** growth also moderated sharply to 2.9% in FY 2025 from 7.5% in FY 2024 and 5.8% in FY 2023.
- **Electricity** growth remained relatively stable at 5.1% in FY 2025, slightly down from 7.1% in FY 2024 and significantly lower than 8.9% in FY 2023.

This slowdown indicates tightening domestic demand and spillover effects from a weaker global industrial cycle.



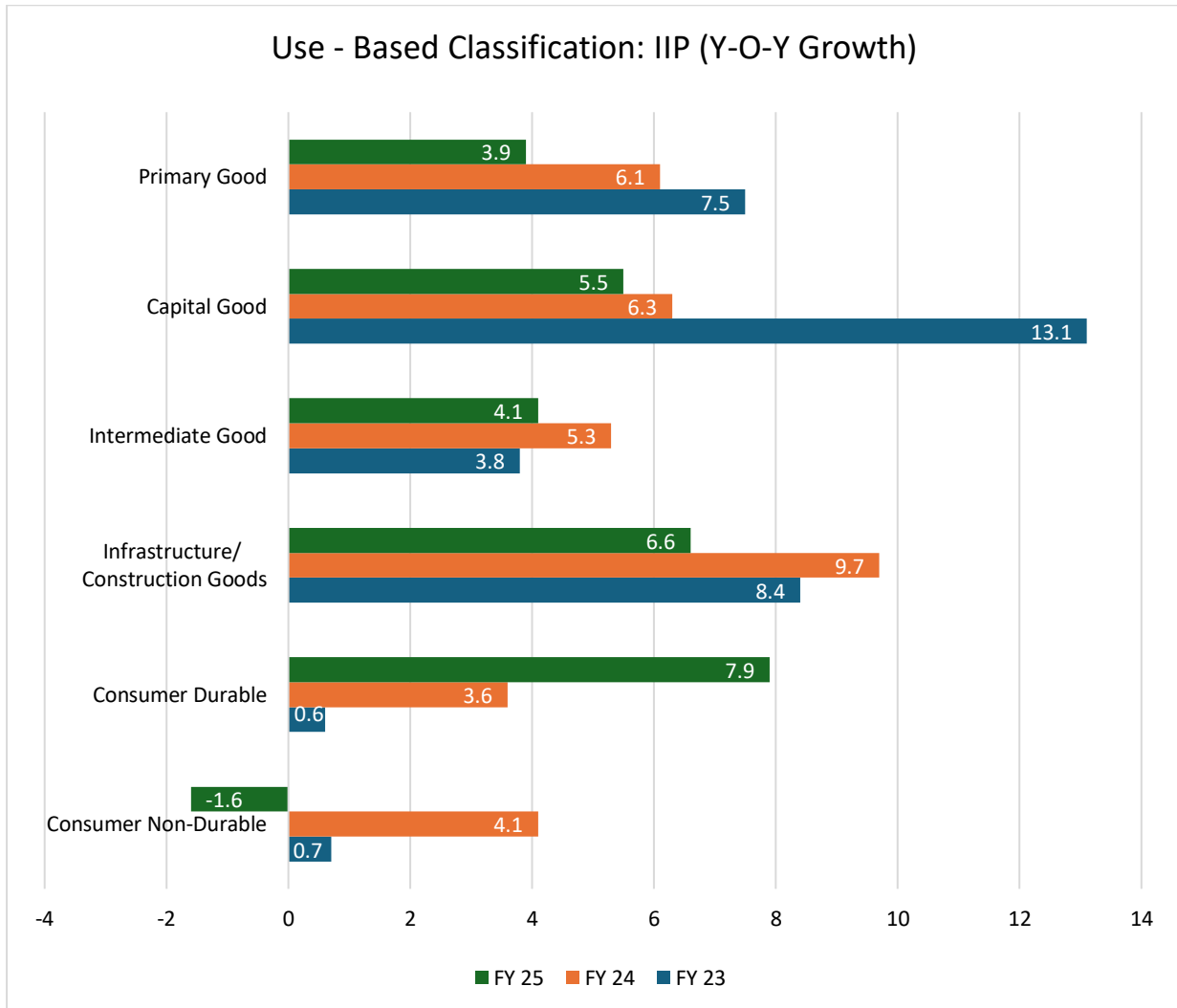
Source: Ministry of Statistics & Programme Implementation (MOSPI)

Latest IIP data in Oct'25 remains a tad low amid less activity during festival times

The Index of Industrial Production (IIP) slows a tad at 0.4% during Oct'25 due to less working days available amid festivals. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of October 2025 are (-) 1.8 percent, 1.8 percent and (-) 6.9 percent respectively. Lower demand in October 2025 and subsequent decline in electricity generation was driven by extended rainfall season and comfortable ambient temperature across multiple States/UTs.

Source: Quick Estimate of Index of Industrial Production and Use-Based Index for the Month of October 2025, MOSPI, December 01, 2025, Release

Use-Based Classification Trends:



Source: Ministry of Statistics & Programme Implementation (MOSPI)

According to the use-based classification:

- Capital Goods segment growth slowed to 5.5% in FY 2025, down from a high of 13.1% in FY 2023 and 6.3% in FY 2024, indicating a reduction in investment momentum.
- Primary Goods also witnessed slower growth at 3.9%, compared to 6.1% in FY 2024 and 7.5% in FY 2023.
- Intermediate Goods rebounded modestly to 4.1% in FY 2025, up from 3.8% in FY 2023, although still lower than 5.3% in FY 2024.
- Infrastructure/Construction Goods slowed to 6.6% in FY 2025 from 9.7% in FY 2024 and 8.4% in FY 2023, pointing to softening construction and infrastructure activity.
- Consumer Durables grew significantly by 7.9%, rebounding from 3.6% in FY 2024 and 0.6% in FY 2023, indicating improved demand in consumer electronics and appliances.

- In contrast, Consumer Non-Durables contracted by 1.6% in FY 2025, reversing the 4.1% growth in FY 2024, likely reflecting subdued rural and essential goods demand.

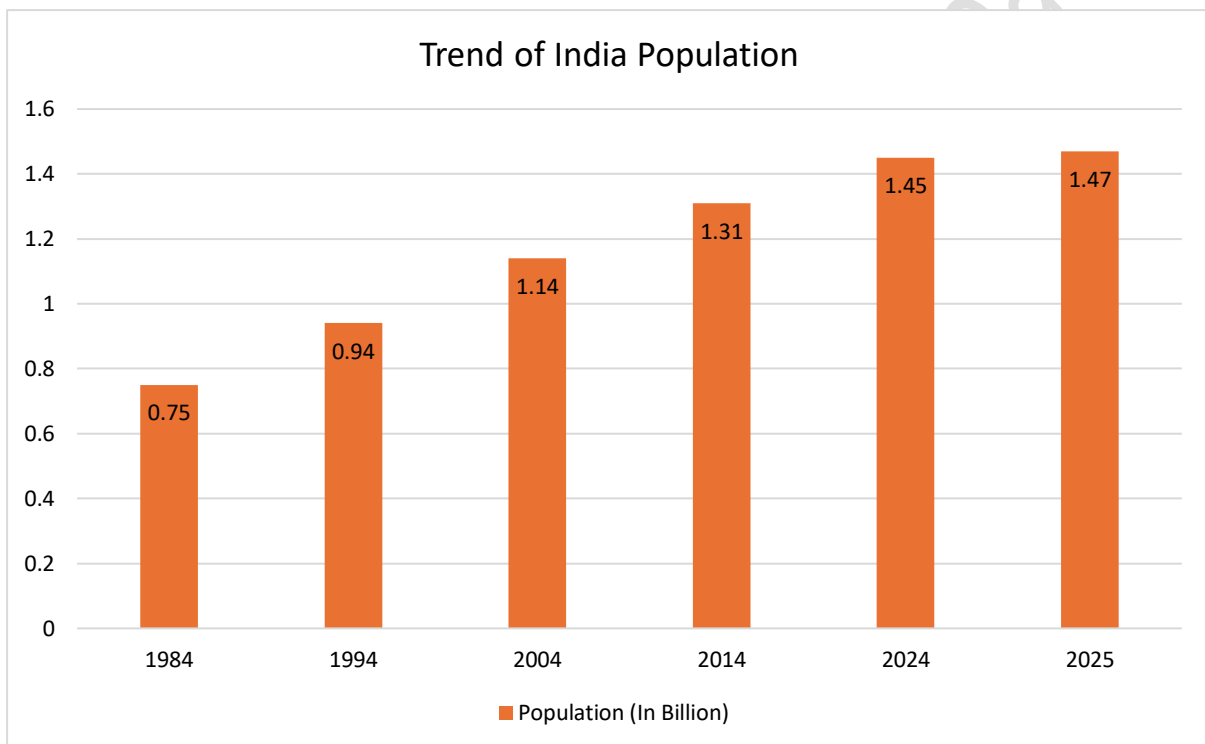
The divergence in growth across segments suggests an uneven industrial recovery in FY 2025. While certain consumer categories have rebounded, investment-related and primary sectors remain under pressure.

The latest growth rates of IIP as per Use-based classification in October 2025 over October 2024 are (-)0.6 percent in Primary goods, 2.4 percent in Capital goods, 0.9 percent in Intermediate goods, 7.1 percent in Infrastructure/ Construction Goods, (-) 0.5 percent in Consumer durables and (-)4.4 percent in Consumer non-durables. Based on use-based classification, top three positive contributors to the growth of IIP for the month of October 2025 are Infrastructure/ construction goods, Intermediate goods and Capital goods.

2.6 Overview on Key Demographic Parameters

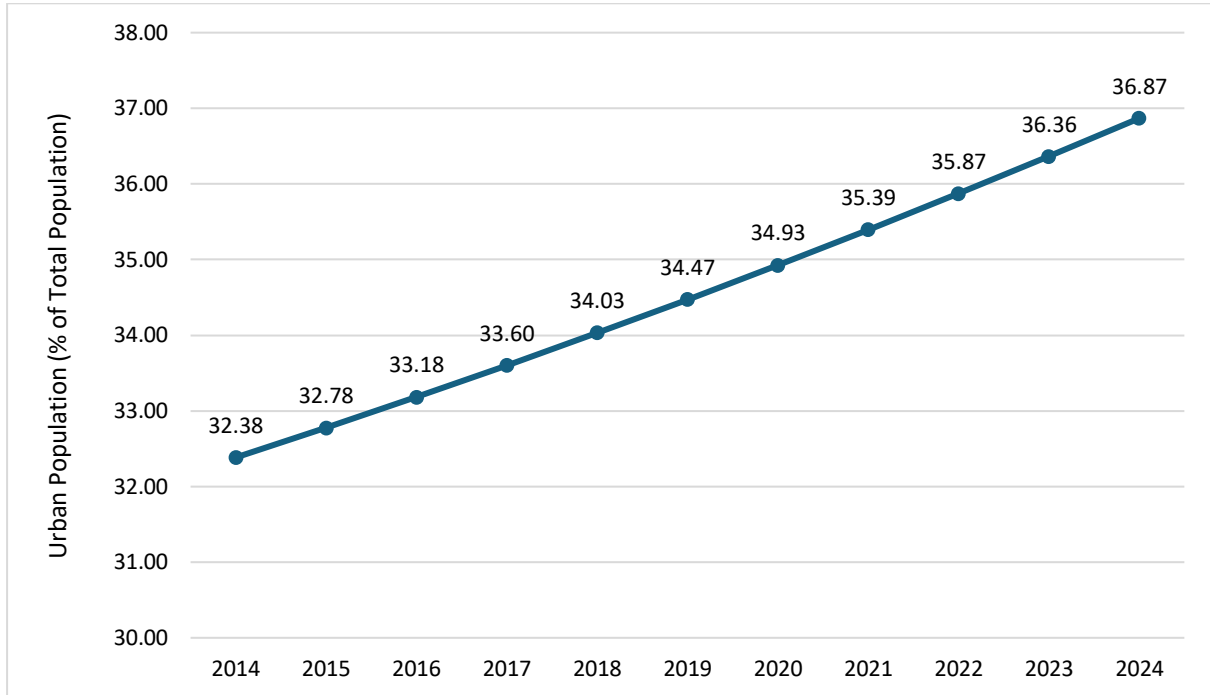
2.6.1 Population growth and Urbanization

India's economic trajectory and consumption dynamics are closely tied to its demographic shifts. India's population expanded from approximately 0.75 billion in 1984 to 1.45 billion in 2024 and is further reached around 1.47 billion in 2025, consolidating its position as the world's most populous nation. This sustained growth underlines the emergence of a vast labour force and consumer base, which is essential for driving long-term economic growth, supporting rising consumption demand, and strengthening the country's overall economic potential.



Source: World Bank Database. Population Data 2025 - Worldometer, Infomerics Analytics & Research

Urbanization Trend in India



Source: World Bank Database

Urbanization, too, is transforming India's socio-economic fabric. The urban population rose from 424.96 million in 2014 (32.38% of total population) to 522.93 million in 2023 (36.36%), and further to approximately 534.91 million in 2024 (36.87%), according to World Bank estimates. This rapid growth in urban areas underscores the need for sustainable urban planning, investment in infrastructure, and development of smart cities to accommodate and benefit from the shifting population dynamics.

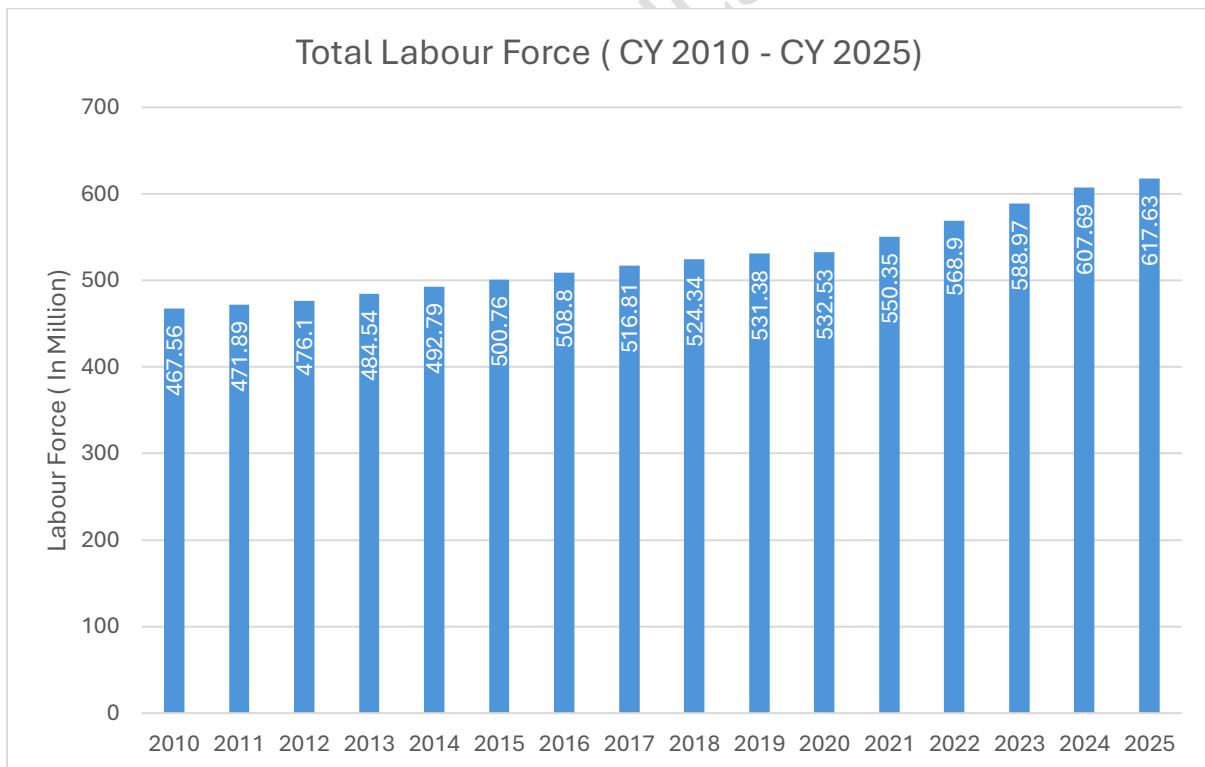
2.6.2 Labour Force in India

India's labour force has experienced steady growth over the past decade. In 2010, the total labour force was approximately 467.56 million. By 2025, this number had increased to 617.63 million.

This upward trend underscores the expanding working-age population, improving labour force participation, and gradual recovery in employment post the pandemic period. The sharp increase observed after 2020 highlights the rebound in economic activity and rising workforce engagement across sectors. However, it also emphasizes the need for sustained job creation to effectively absorb the growing labour pool.

The labour force participation rate (LFPR) has also witnessed variations over time due to changing socio-economic conditions, including urbanization, education levels, and sectoral employment shifts.

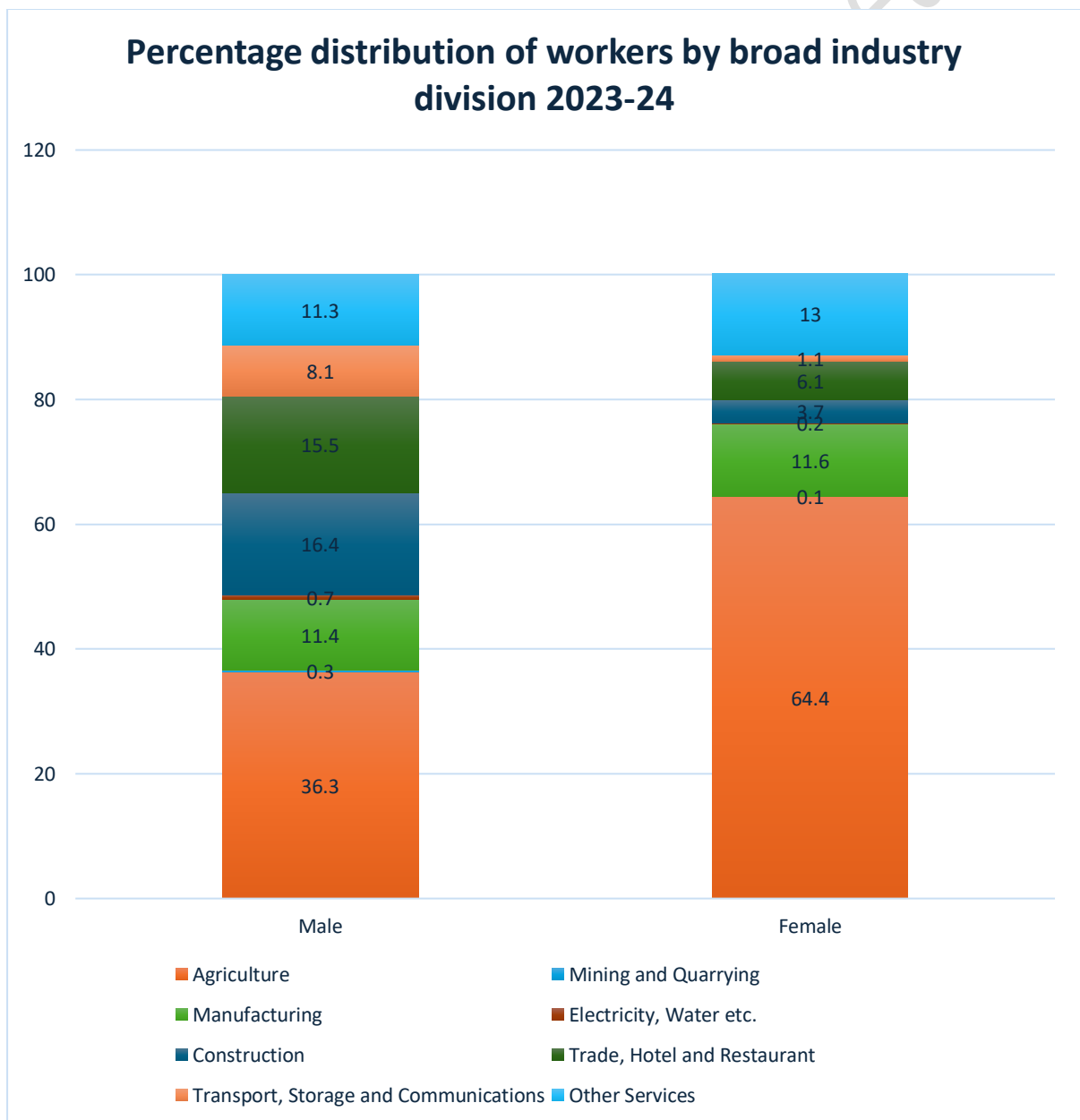
These trends highlight the importance of implementing policies that not only generate employment opportunities but also improve job quality, productivity, and inclusivity across key sectors of the economy.



Source: World Bank Database

2.6.3 Breakdown of Employment by Sector

According to the Periodic Labour Force Survey (PLFS) 2023–24, the employment distribution across various sectors exhibits distinct gender-based patterns. A significant portion of male workers are engaged in agriculture, followed by notable participation in construction, manufacturing, and trade-related activities. In contrast, female workers are predominantly employed in agriculture, with considerable involvement in manufacturing and other services sectors. While female representation in trade and construction is lower compared to males, Additionally, a substantial proportion of employed women are self-employed, often contributing as unpaid helpers in household enterprises or operating small businesses, indicating a reliance on informal employment avenues.

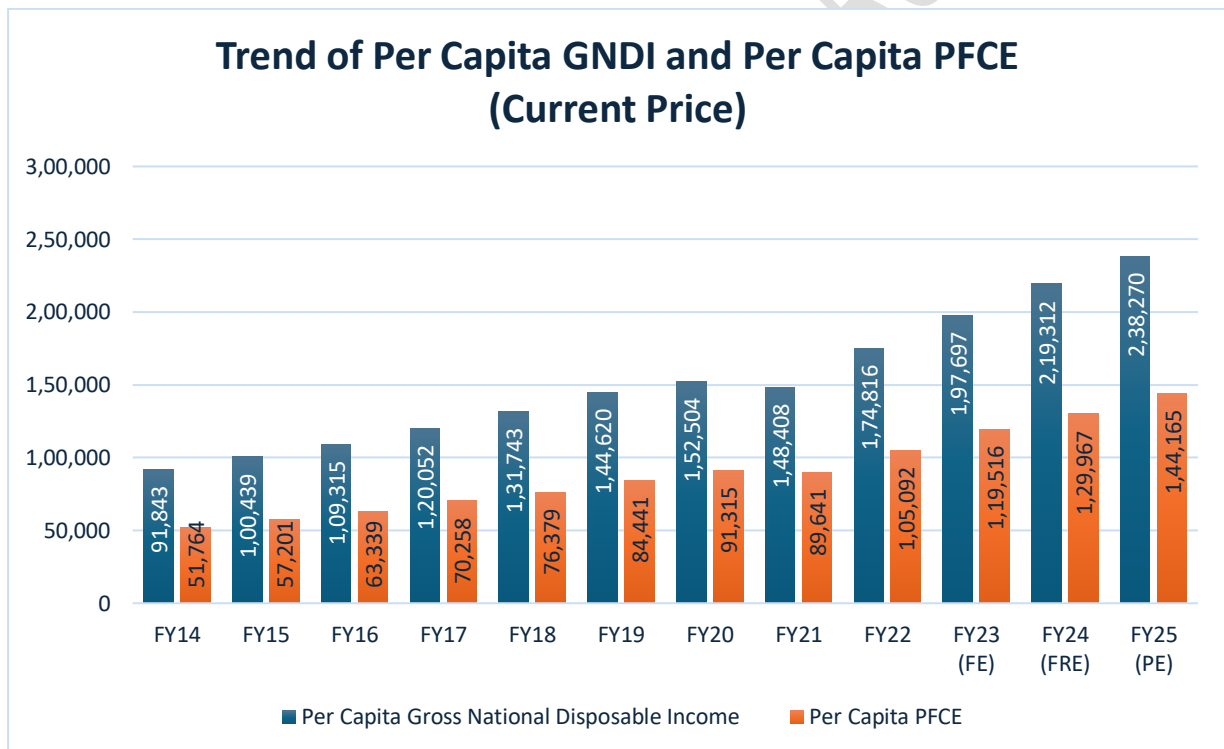


Source: Annual Report 2023-24, Periodic Labour Force Survey

2.6.4 Disposable Income and Consumer Spending

Gross National Disposable Income (GNDI) represents the total income available to a nation’s residents for consumption and saving after accounting for income transfers with the rest of the world. In FY24, Per capita GNDI grew by 10.9%, followed by a moderate growth of 8.6% in FY25. This steady increase indicates that households and businesses had more income at their disposal, which is critical for supporting both consumption and savings—key components of economic resilience and expansion.

The rise in GNDI has translated into higher consumer spending, as reflected in the growth of Private Final Consumption Expenditure (PFCE), which measures the total value of goods and services consumed by households. Per Capita PFCE grew by 8.7% in FY24 and further accelerated to 10.9% in FY25, highlighting strong consumer confidence and robust domestic demand.



Note: Data mentioned is in INR, FE – Final Estimates, FRE – First Revised Estimates, PE – Provisional Estimate

Source: PIB, *Provisional estimates of GDP 2024-25 released on May 30th, 2025*

2.7 Union Budget FY26-27 Highlights

The Union Budget FY 2026–27, presented by Finance Minister Nirmala Sitharaman, introduces a comprehensive set of measures aimed at stimulating economic growth, enhancing infrastructure, and fostering inclusive development. With a focus on sectors such as agriculture, MSMEs, infrastructure, innovation, and exports, the budget seeks to create a conducive environment for sustained economic expansion.

- **Capital Expenditure and Infrastructure Development**

In FY2026-27, the Union Budget has increased the public capex towards to INR 12.2 lakh crore from the previous INR 11.21 lakh crore (3.1% of GDP) which was earmarked in FY 2025–26. To strengthen the confidence of private developers regarding risks during infrastructure development and construction phase, the budget proposed to set up an Infrastructure Risk Guarantee Fund to provide prudently calibrated partial credit guarantees to lenders.

- **Support for MSMEs**

Recognizing the pivotal role of Micro, Small, and Medium Enterprises (MSMEs) in India's economic landscape, the budget introduced a three-pronged approach to support the sector. The budget introduced a dedicated INR 10,000 crore SME Growth Fund as well as proposed to top up the Self-Reliant India Fund set up in 2021, with INR 2,000 crore to continue support to micro enterprises and maintain their access to risk capital. With TReDS, more than INR 7 lakh crore has been made available to MSMEs. To leverage its full potential, the budget further proposed four measures: (i) mandate TReDS as the transaction settlement platform for all purchases from MSMEs by CPSEs, serving as a benchmark for other corporates; (ii) introduce a credit guarantee support mechanism through CGTMSE for invoice discounting on TReDS platform; (iii) link GeM with TReDS for sharing information with financiers about government purchases from MSMEs, encouraging cheaper and quicker financing; (iv) introduce TReDS receivables as asset-backed securities, helping develop a secondary market, enhancing liquidity and settlement of transactions. Moreover, Government will facilitate Professional Institutions such as ICAI, ICSI, ICMAI to design short-term, modular courses and practical tools to develop a cadre of 'Corporate Mitras', especially in Tier-II and Tier-III towns, which will help MSMEs meet compliance requirements at affordable costs.

- **Establishment of dedicated Rare Earth Corridors**

A Scheme for Rare Earth Permanent Magnets was launched in November 2025. In line with that, the budget proposed to support the mineral-rich States of Odisha, Kerala, Andhra Pradesh and Tamil Nadu to establish dedicated Rare Earth Corridors to promote mining, processing, research and manufacturing.

- **Integrated Programme for the Textile Sector**

The following Schemes have been announced:

- (a) The National Fibre Scheme for self-reliance in natural fibres such as silk, wool and jute, man-made fibres, and new-age fibres.
- (b) Textile Expansion and Employment Scheme to modernise traditional clusters with capital support for machinery, technology upgradation and common testing and certification centres.
- (c) A National Handloom and Handicraft programme to integrate and strengthen existing schemes and ensure targeted support for weavers and artisans.
- (d) Tex-Eco Initiative to promote globally competitive and sustainable textiles and apparels.
- (e) Samarth 2.0 to modernize and upgrade the textile skilling ecosystem through collaboration with industry and academic institutions.

- **Carbon Capture Utilization and Storage (CCUS)**

Aligning with the roadmap launched in December 2025, CCUS technologies at scale will achieve higher readiness levels in end-use applications across five industrial sectors, including, power, steel, cement, refineries and chemicals. An outlay of INR 20,000 crore is proposed over the next 5 years.

- **Municipal Bonds**

To encourage the issuance of municipal bonds of higher value by large cities, the budget proposed an incentive of INR 100 crore for a single bond issuance 10 of more than INR 1000 crore. The current scheme under AMRUT which incentivises issuances up to INR 200 crore, will also continue to support smaller and medium towns.

- **Ease of Doing Business**

Individual Persons Resident Outside India (PROI) will be permitted to invest in equity instruments of listed Indian companies through the Portfolio Investment Scheme. It is also proposed to increase the investment limit for an individual PROI under this scheme from 5% to 10%, with an overall investment limit for all individual PROIs to 24%, from the current 10%.

- **Hubs for Medical Value Tourism**

To promote India as a hub for medical tourism services, the budget proposed to launch a Scheme to support States in establishing five Regional Medical Hubs, in partnership with the private sector. These Hubs will serve as integrated healthcare complexes that combine medical, educational and research facilities. They will have AYUSH Centres, Medical Value Tourism Facilitation Centres and infrastructure for diagnostics, post-care and rehabilitation. These Hubs will provide diverse job opportunities for health professionals including doctors and AHPs.

- **Agriculture Related Schemes**

To diversify farm outputs, increase productivity, enhance farmers' incomes, and create new employment opportunities, the budget announced support schemes related to high value crops such as coconut, sandalwood, cocoa and cashew in coastal areas. Agar trees in Northeast and nuts such as, almonds, walnuts and pine nuts in hilly regions will also be supported. India is the world's largest producer of coconuts.

About 30 million people, including nearly 10 million farmers, depend on coconuts for their livelihood. To further enhance competitiveness in coconut production, the Budget proposed a Coconut Promotion Scheme to increase production and enhance productivity through various interventions including replacing old and non-productive trees with new saplings/plants/varieties in major coconut growing States. A dedicated programme is proposed for Indian cashew and cocoa to make India self-reliant in raw cashew and cocoa production and processing, enhance export competitiveness and transform Indian Cashew and Indian Cocoa into premium global brands by 2030.

Further, the Central Government will partner with State Governments to promote focused cultivation and post-harvest processing to restore the glory of the Indian Sandalwood ecosystem. To rejuvenate old, low-yielding orchards and expand high-density cultivation of walnuts, almonds and pine nuts, the budget announced to support a dedicated programme to enhance farmer incomes and in bringing value addition by engaging youth.

The Union Budget FY 2026–27 presents a balanced approach to economic growth by addressing immediate consumption needs and laying the foundation for long-term sustainability. Through targeted investments in infrastructure, support for MSMEs, and sector-specific initiatives, the budget aims to foster an inclusive and resilient economy. These measures are expected to create new opportunities for financial institutions, as the growing demand for investment products will provide avenues for expansion and innovation in the financial services sector.

3. Industry Overview

Introduction

The global cotton industry is a foundational component of the international textile and apparel value chain, supplying a natural, renewable fibre that is widely used in clothing, home textiles, and industrial applications. Cotton cultivation and processing support millions of livelihoods worldwide and contribute significantly to agricultural income, manufacturing output, and global trade. The industry spans a complex and integrated value chain encompassing farming, ginning, spinning, weaving, processing, garmenting, and distribution across both developed and emerging economies.

Globally, cotton is produced across diverse geographies, with major producing regions including Asia, the Americas, and Africa, supported by varied agro-climatic conditions and large-scale farming operations. The industry is closely linked to global consumption trends in apparel and textiles, making it sensitive to economic cycles, trade policies, and consumer preferences. International trade plays a central role, as cotton-producing countries often export raw cotton, yarn, and finished textiles to manufacturing and consumption hubs worldwide.

In recent years, the global cotton industry has been shaped by increasing focus on sustainability, traceability, and responsible sourcing, driven by regulatory standards and rising consumer awareness. Initiatives related to water efficiency, reduced chemical usage, organic cotton, and certified supply chains are gaining importance. Despite competition from synthetic fibres, cotton continues to retain its relevance due to its comfort, biodegradability, and environmental acceptability. Overall, the global cotton industry remains a strategically important sector, underpinning the textile economy and supporting long-term demand through population growth, urbanisation, and expanding global apparel consumption.

Key Market Segments

The cotton industry can be segmented based on product type, application, processing type. Each segment serves different market demands and value chains.

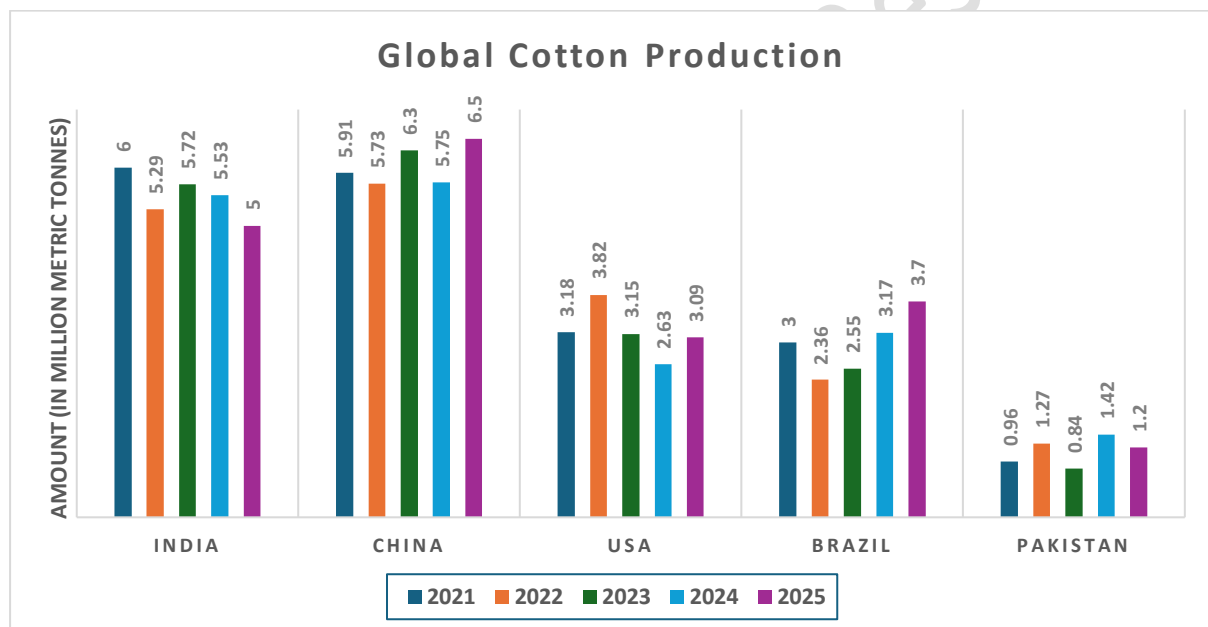
Segmentation Category	Segment	Description
By Product Type	Raw Cotton	Unprocessed cotton harvested from farms and supplied to ginning units for further processing
	Cotton Lint	Fibre separated from cottonseed during the ginning process; primary raw material for spinning mills
	Cotton Bales	Standardised, compressed packaging of cotton lint for storage, transportation, and export
	Cottonseed	By-product obtained during ginning, used for extraction of edible oil and production of animal feed
	Cotton Cake	Residue remaining after cottonseed oil extraction, used as high-protein cattle and poultry feed
	Organic Cotton	Cotton cultivated without synthetic fertilisers or pesticides and certified under recognised organic standards
	Recycled Cotton	Cotton recovered from post-consumer or post-industrial textile waste, supporting sustainability and circular economy initiatives
	Cotton Yarn	Yarn spun from cotton lint, used in weaving, knitting, and sewing applications
	Open-End Yarn	Coarser yarn produced using rotor spinning technology, characterised by higher durability and absorbency, used in towels, denim, and industrial fabrics
By Application	Textiles and Apparel	Used in the manufacture of garments such as shirts, denim, T-shirts, innerwear, and casual wear
	Home Furnishings	Applications include bed linen, towels, curtains, cushion covers, and upholstery

	Medical and Hygiene Products	Used in absorbent cotton, surgical dressings, swabs, pads, and other medical disposables
	Industrial Applications	Used in canvas, tents, filters, insulation materials, tarpaulins, and technical textiles
	Oil Extraction	Cottonseed processed for extraction of edible cottonseed oil
	Animal Feed	Cotton cake and related by-products used in dairy, cattle, and poultry feed
	Personal Care Products	Cotton-based products such as cotton balls, baby wipes, makeup removal pads, and hygiene products
By Processing Type	Conventional Cotton	Cotton produced using conventional agricultural practices and agrochemical inputs
	Organic Cotton	Cotton produced through certified organic farming practices without synthetic inputs
	Bt Cotton	Genetically modified cotton varieties developed for pest resistance and higher productivity

3.1 Global Cotton Industry

Cotton plays a pivotal role in the global textile industry, serving as one of the most widely produced and consumed natural fibres worldwide. As a key agricultural commodity, it supports the livelihoods of millions of farmers and contributes significantly to the economies of both developed and developing nations. The global cotton market is primarily dominated by a few major producers such as India, China, the United States, Brazil, and Pakistan, which together account for a substantial share of global output. Similarly, consumption patterns are influenced by large textile manufacturing hubs and emerging economies with growing apparel demand. Understanding global trends in cotton production and consumption is essential for assessing trade dynamics, pricing, and sustainability efforts across the value chain.

Global Production of Cotton (Top 5 Countries)

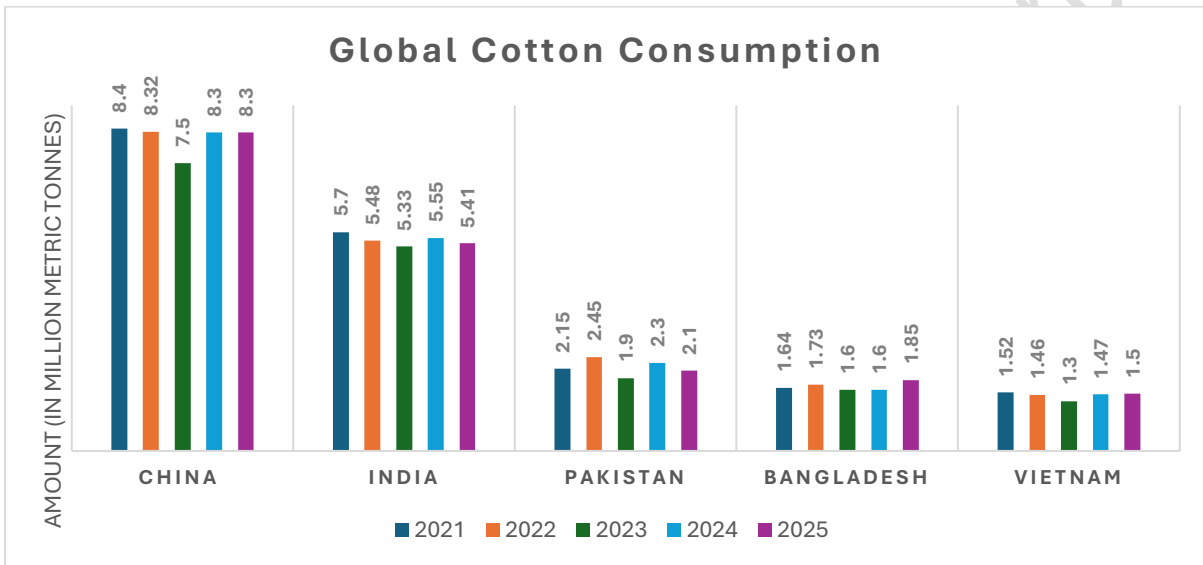


World: ICAC Journal 'Cotton This Month' – 01.07.2025, India: COCPC Meeting dated 24.03.2025

Top 5 Countries illustrates the production trends of cotton (in million metric tonnes) between 2021 and 2025 across India, China, the USA, Brazil, and Pakistan. India, which led production in 2021 with 6 million tonnes, shows a consistent decline over the years, reaching just 5 million tonnes by 2025. This downward trend reflects challenges such as climate dependency, stagnating yields, and limited irrigation coverage. In contrast, China has maintained stable production levels, fluctuating only slightly but rebounding strongly to an estimated 6.5 million tonnes in 2025, underscoring its strong agri-tech infrastructure and high productivity. The USA demonstrates a more volatile trend—peaking at 3.82 million tonnes in 2022 and dipping to 2.63 million tonnes in 2024, before recovering to 3.09 million tonnes in 2025—suggesting sensitivity to weather conditions and shifting crop priorities. Brazil stands out with steady

growth, rising from 2.36 million tonnes in 2022 to a projected 3.7 million tonnes in 2025, driven by increased acreage and investment in cotton farming. Pakistan, on the other hand, shows significant fluctuations with a low of 0.84 million tonnes in 2023, recovering to 1.42 million tonnes in 2024, and slightly decreasing again in 2025. These patterns highlight shifting global dynamics in cotton production, with China and Brazil showing resilience and growth, while India and Pakistan face structural challenges that may impact their long-term competitiveness in the global cotton market.

Global Consumption of Cotton (Top 5 Countries)



World: ICAC Journal ‘Cotton This Month’ – 01.07.2025, India: COCPC Meeting dated 24.03.2025

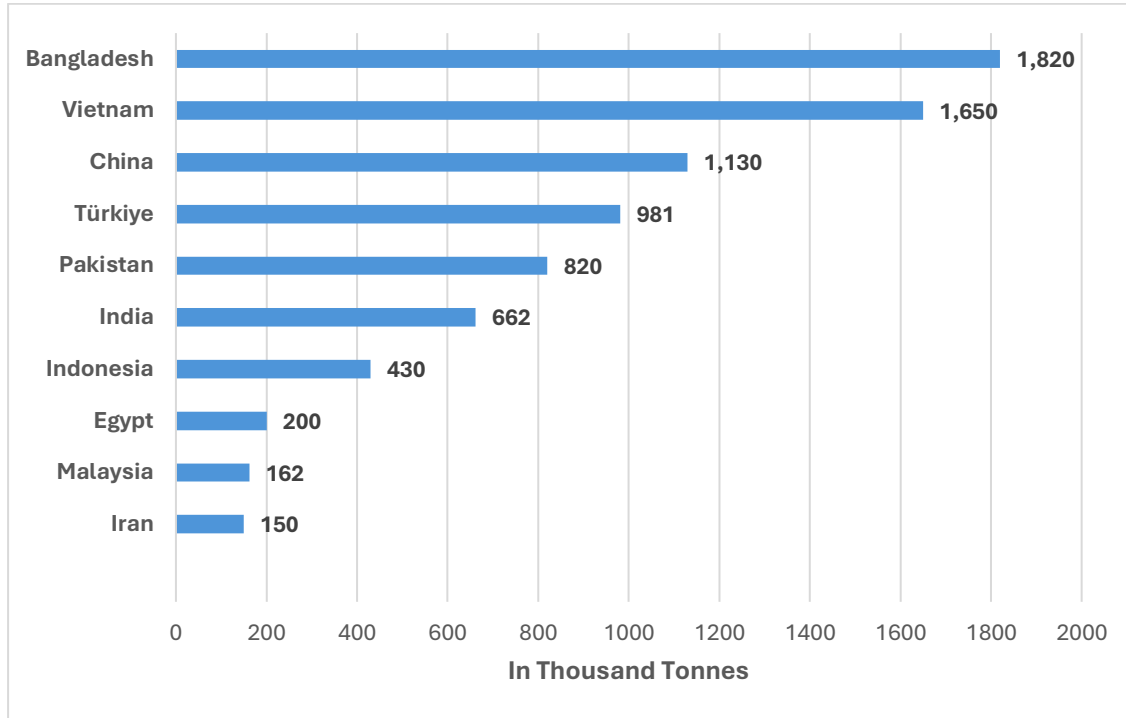
This highlights the trends in cotton consumption (in million metric tonnes) from 2021 to 2025 across the leading consumer nations—China, India, Pakistan, Bangladesh, and Vietnam. China consistently ranks as the world’s largest consumer of cotton, reaching a peak of 8.4 million tonnes in 2021. Although there was a dip to 7.5 million tonnes in 2023, consumption recovered and stabilized at 8.3 million tonnes by 2025, reflecting steady demand from its expansive textile and apparel industry.

India, the second-largest consumer, displays a stable consumption pattern, fluctuating modestly between 5.33 and 5.7 million tonnes during 2021 to 2025. The marginal drop in 2025 may be attributed to supply constraints or shifts in domestic textile production. Pakistan’s consumption is marked by greater volatility, climbing to 2.45 million tonnes in 2022, before tapering off to 2.1 million tonnes in 2025, likely due to economic pressures and lower domestic output. Bangladesh, an important hub for global garment manufacturing, shows consistent growth in cotton consumption—from 1.64 million tonnes in 2021 to a projected 1.85 million tonnes by 2025—driven by export-led expansion in its textile sector. Vietnam’s consumption remains relatively steady, ranging between 1.52 and 1.3 million tonnes during 2021 to 2023,

with slight recovery anticipated by 2025, supported by ongoing foreign investment and industrial growth.

Trade Dynamics

Global Importing Countries of Cotton (Top 10) – 2024/25 Season



Source – ICAC (International Cotton Advisory Committee)

The data highlights a clear concentration of cotton imports among Asia-centric textile manufacturing hubs, underscoring global production and consumption dynamics in the cotton value chain.

Bangladesh emerges as the largest importer, reflecting its position as one of the world’s leading garment manufacturing and export hubs, with a heavy reliance on imported raw cotton due to limited domestic production. Vietnam and China follow closely, driven by their large-scale textile and apparel industries, strong export orientation, and integrated manufacturing ecosystems that require consistent and high-volume cotton supplies.

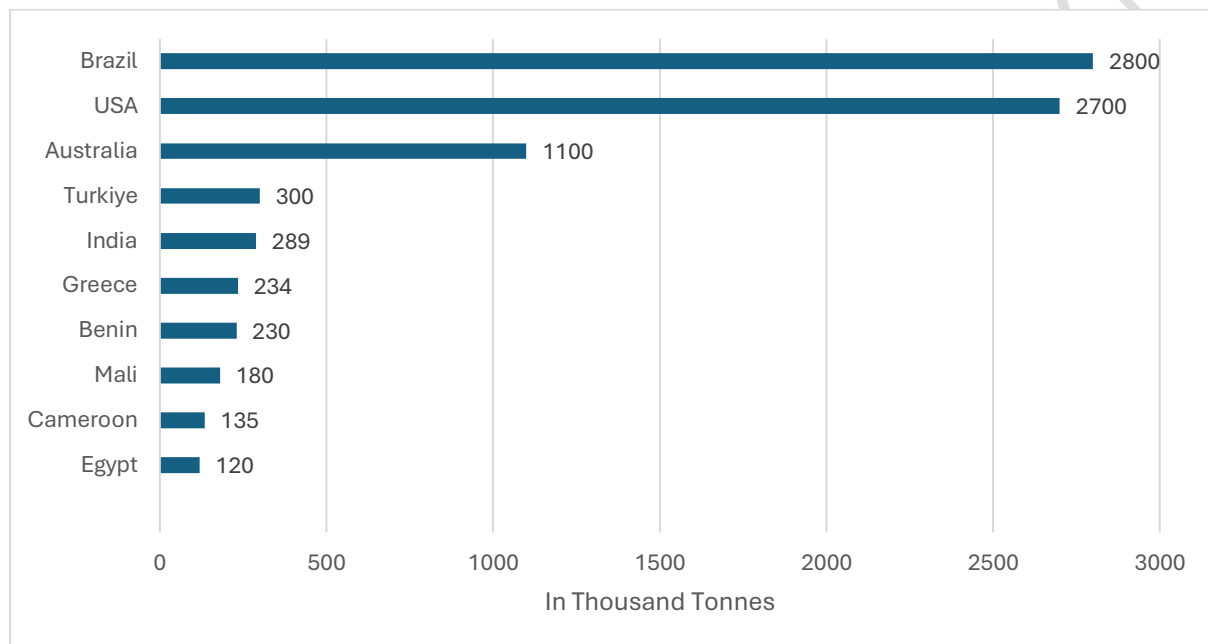
Türkiye, Pakistan, and India occupy the mid-tier of importers. Türkiye’s imports are supported by its advanced textile and home furnishing industry catering to European markets. Pakistan and India, despite being cotton producers themselves, continue to import cotton to bridge quality gaps, manage seasonal shortages, and support large domestic spinning capacities.

Indonesia, Egypt, Malaysia, and Iran account for relatively lower import volumes. Indonesia’s imports align with its growing apparel manufacturing base, while Egypt’s imports complement its domestic long-staple cotton production for specific blends and industrial uses. Malaysia

and Iran represent smaller but stable demand, linked to niche textile processing and regional consumption.

Overall, the distribution reflects the dominance of South and Southeast Asia in global textile manufacturing, with cotton imports closely tied to export-driven apparel production, capacity expansion in spinning and weaving, and the need for consistent fibre quality across different end-use applications.

Global Exporting Countries of Cotton (Top 10) – 2024/25 Season



Source – ICAC (*International Cotton Advisory Committee*)

The chart highlights a highly concentrated global cotton export market, led by a few dominant suppliers. Brazil and the USA clearly emerge as the largest cotton exporting countries, with exports of approximately 2800 thousand tonnes and 2700 thousand tonnes, respectively. Their leadership is supported by large-scale commercial farming, high productivity, and strong export-oriented supply chains. Australia ranks third, exporting about 1100 thousand tonnes, benefiting from advanced irrigation practices and high-quality cotton output.

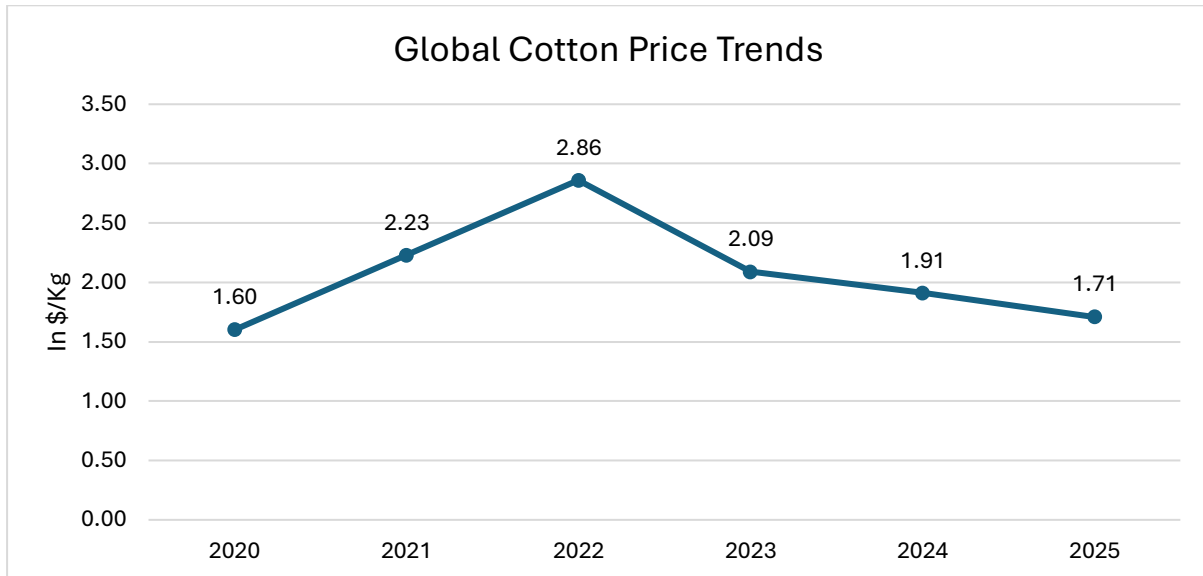
In contrast, other exporting countries operate at a significantly smaller scale. Türkiye and India export comparable volumes of around 300 thousand tonnes, followed closely by Greece and Benin, indicating their role as regional or niche suppliers rather than global leaders. Mali, Cameroon, and Egypt contribute relatively modest export volumes, reflecting limitations in production scale, domestic consumption priorities, or value-chain constraints.

Overall, the data underscores that global cotton exports are dominated by the Americas and Australia, while many Asian, African, and Mediterranean producers remain secondary exporters, despite being significant cotton growers. This concentration makes global cotton

trade sensitive to production, policy, and weather-related developments in the leading exporting countries.

Infomerics Analytics & Research

International trends in cotton prices



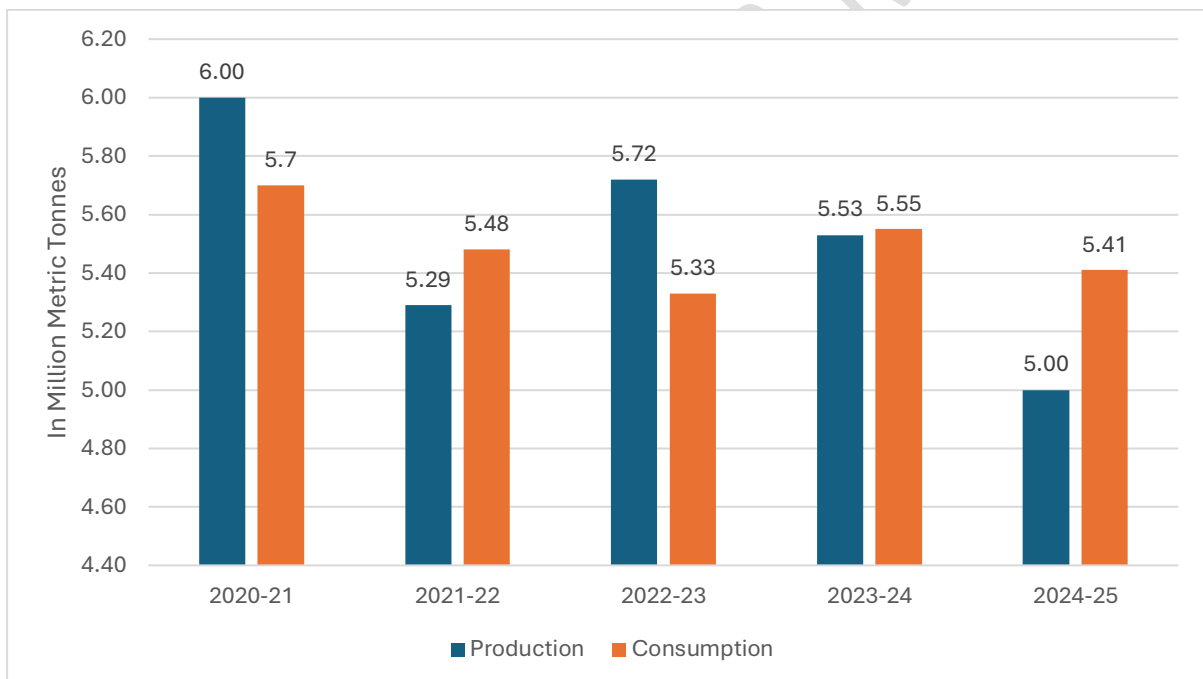
Source - World Bank, report Commodity markets outlook February 2026

The global cotton prices have shown marked volatility over the period, rising from USD 1.60/kg in 2020 to a peak of USD 2.86/kg in 2022 due to pandemic-related supply chain disruptions, strong post-COVID recovery in textile demand, and higher input and logistics costs. However, from 2023 onwards, prices declined to USD 2.09/kg in 2023 and further to USD 1.91/kg in 2024, and of USD 1.71/kg in 2025. The decline in prices is primarily driven by improved global cotton production in key exporting countries such as the U.S., Brazil, and India, normalization of supply chains, easing freight and energy costs, and softer global demand due to inflationary pressures, inventory destocking by textile manufacturers, and cautious consumer spending. Together, these factors have led to a rebalancing of supply and demand, resulting in a gradual correction and stabilization of cotton prices.

3.2 Indian Cotton Industry

The Indian cotton industry is a cornerstone of the country’s textile value chain, supporting large-scale employment, rural livelihoods, and export-oriented manufacturing. India is one of the world’s largest producers, consumers, and exporters of cotton, with a strong cultivation base spread across states such as Gujarat, Maharashtra, Telangana, and Punjab. Despite substantial domestic production, India continues to import cotton to address quality requirements, fibre-length specifications, and periodic supply deficits arising from yield volatility and climatic variability. The industry benefits from a well-developed spinning and weaving infrastructure, making cotton critical for yarn, fabric, and apparel exports. However, the sector remains exposed to fluctuations in global prices, input costs, and monsoon dependence, while increasing emphasis on sustainability, traceability, and productivity enhancement is shaping the long-term outlook of the Indian cotton industry.

Cotton Production and Consumption Trends in India



Source: ICAC Journal ‘Cotton This Month’ – 01.07.2025, India: COCPC Meeting dated 24.03.2025

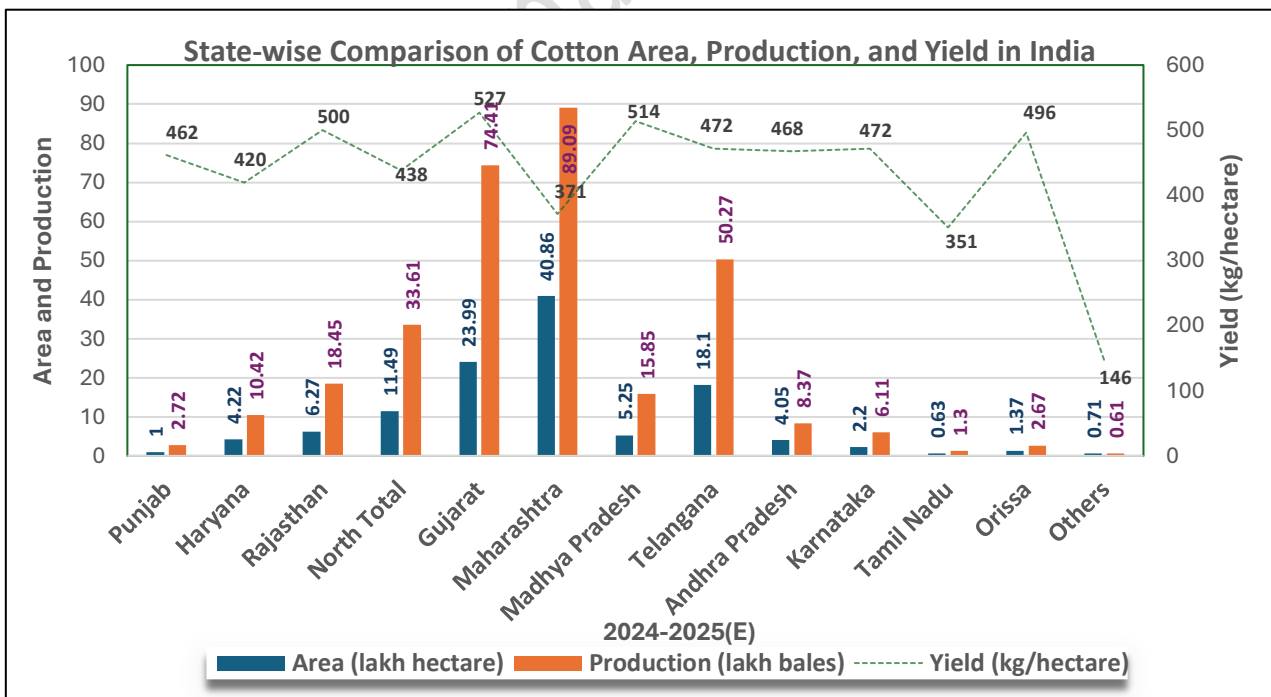
The chart indicates fluctuating trends in India’s cotton production and consumption over the period FY2020–21 to FY2024–25, reflecting the combined impact of acreage shifts, weather variability, and evolving domestic demand. Cotton production declined from 6.00 million metric tonnes in FY2020–21 to 5.29 million metric tonnes in FY2021–22, before recovering to 5.72 million metric tonnes in FY2022–23. However, production softened again to 5.53 million metric tonnes in FY2023–24 and is estimated to decline further to 5.00 million metric tonnes in FY2024–25, indicating supply-side pressures in recent years.

In contrast, cotton consumption has remained relatively stable to rising, increasing from 5.70 million metric tonnes in FY2020–21 to 5.48 million metric tonnes in FY2021–22, moderating slightly in FY2022–23, and then rising to 5.55 million metric tonnes in FY2023–24 and 5.41 million metric tonnes in FY2024–25. Notably, from FY2021–22 onwards, consumption consistently exceeds production, highlighting a tightening domestic supply-demand balance.

Overall, the widening gap between declining production and steady consumption suggests increased reliance on imports, drawdown of inventories, or pressure on domestic prices. These trends underline the importance of productivity improvements, stable acreage, and yield-enhancing measures to support India’s cotton value chain and meet sustained domestic demand.

Region-wise Dominance in the Indian Cotton Market

India’s cotton market is highly diversified and regionally segmented, reflecting the country’s vast agro-climatic zones and varied cropping patterns. As the world’s largest cotton producer, India cultivates cotton across multiple states, each contributing differently in terms of acreage, yield, and output quality. The regional distribution of cotton production is influenced by factors such as irrigation availability, rainfall patterns, soil types, and the adoption of high-yielding varieties. Understanding the region-wise share of the cotton market is crucial for policymakers, traders, and industry stakeholders to identify production trends, address logistical needs, and plan procurement strategies effectively.



Source: Meeting of Committee on Cotton Production and Consumption (COCP)

The chart titled “State-wise Comparison of Cotton Area, Production, and Yield in India (2024–2025E)” offers a comprehensive view of regional performance in India’s cotton sector for the estimated year 2024–25. It simultaneously presents three critical indicators: area under cultivation (blue bars), total cotton production (orange bars), and yield in kilograms per hectare (green dotted line with markers), enabling a comparative assessment of scale, output, and productivity across key states.

The data reveals that Maharashtra leads in both area and production, with 40.86 lakh hectares of cultivated land resulting in 89.09 lakh bales. However, its yield remains relatively low at 371 kg/hectare, highlighting scope for improving farming efficiency. Gujarat, on the other hand, strikes an optimal balance with 23.99 lakh hectares of cotton area, producing 74.41 lakh bales, and achieving the highest yield nationally at 527 kg/hectare. This makes Gujarat the most productive state on a per-hectare basis.

Telangana also shows strong performance, ranking third in production with 50.27 lakh bales, driven by 18.1 lakh hectares of area and a healthy yield of 472 kg/hectare. Madhya Pradesh follows with high yield (514 kg/hectare) and a modest production volume (15.85 lakh bales), reflecting efficient cultivation despite limited land use.

In Northern India, Rajasthan achieves an impressive yield of 500 kg/hectare, but its area (6.27 lakh hectares) and production (18.45 lakh bales) are significantly lower than Western and Southern states. Punjab and Haryana contribute moderately in terms of both area and production, with yields of 462 and 420 kg/hectare respectively.

Other states such as Andhra Pradesh, Karnataka, Orissa, and Tamil Nadu show smaller contributions. Tamil Nadu has a notably low yield of 351 kg/hectare, while the “Others” category reports the lowest yield at just 146 kg/hectare, suggesting either marginal cultivation zones or poor agronomic conditions.

Trade Dynamics for Cotton

Trade Flow (In USD Million)	April-March2024 (R)	Apr-Mar 2025 (R)	%Growth
Export	6780.81	6333.99	-6.59
Import	791.01	1418.55	79.33

■ Net Trade Surplus: USD 4,915.44 million in FY25

Source – Ministry of Commerce and Industry, R: Revised final

📌 India’s cotton trade shows a clear imbalance, with exports declining by about 6.59% in FY 2025, reflecting reduced exportable surplus and weaker global competitiveness. In contrast, imports are rising sharply by 79.33%, driven by supply constraints, quality requirements, and strong demand from the domestic textile industry. This trend indicates increasing dependence on imported cotton and pressure on India’s cotton trade balance.

Major Importing Countries

Major Countries	Apr-Mar2025(R)	% Share
Australia	258.27	18.21%
U S A	235.11	16.57%
Brazil	180.84	12.75%
Egypt	123.80	8.73%
China	99.56	7.02%
Others	520.97	36.73%
Total	1418.55	100.00%

Major Exporting Countries

Major Countries	Apr-Mar2025(R)	% Share
Bangladesh	2,803.20	44.26%
Vietnam	320.57	5.06%
Sri Lanka	292.57	4.62%
China	235.74	3.72%
Egypt	192.17	3.03%
Others	2489.74	39.31%
Total	6333.99	100.00%

Source – Ministry of Commerce and Industry, R: Revised final

The data highlights a clear structural pattern in India’s cotton trade. On the import side, supplies are diversified but concentrated among major cotton-producing nations, with

Australia, the USA, and Brazil together accounting for nearly half of total imports, reflecting India’s reliance on these countries for consistent quality and specific fibre characteristics. Egypt and China add to imports for niche and blending requirements, while the large “Others” share indicates sourcing flexibility to manage supply gaps. On the export side, cotton exports are highly concentrated, with Bangladesh alone accounting for over 44% of India’s exports, underscoring its dependence on Indian cotton to support its garment manufacturing base. Vietnam, Sri Lanka, China, and Egypt form a secondary tier of buyers, while a significant share to “Others” reflects India’s broad presence across multiple markets. Overall, the trade

structure shows India as a quality-sensitive importer and a regionally focused exporter, closely integrated with South and Southeast Asian textile supply chains.

3.3 Cotton Yarn Industry

Yarn is a long continuous length of interlocked fibres, primarily used in the production of textiles through weaving, knitting, or other fabric-making techniques. Yarns can be broadly classified into natural and man-made (synthetic) categories, and further subdivided based on fibre origin, spinning technology, and structural form.

Cotton yarn is made from natural cotton fibres obtained from the seed hair of the cotton plant. India is one of the largest producers and exporters of cotton yarn globally. Cotton yarn is spun into various counts based on the thickness and strength of fibres and is commonly used in casual wear, innerwear, home textiles, and denim manufacturing.

3.3.1 Overview of Indian Cotton Value Chain

The Indian cotton value chain begins at the farm level and transitions through several stages—ginning, pressing, and spinning—before cotton is transformed into yarn and fabric. These intermediate processes form the backbone of India's textile manufacturing ecosystem and are critical for both domestic supply and export readiness.

1. Ginning & Pressing

Ginning is the foundational mechanical process in the cotton value chain; wherein raw seed cotton (kapas) is processed to separate cotton fibres (lint) from seeds and field contaminants. This stage directly influences fibre quality parameters such as length, strength, cleanliness, and uniformity, which are critical for efficient spinning and high-quality yarn production.

Process Description

- Raw cotton is first cleaned to remove impurities such as leaves, sticks, dust, and sand.
- The ginning operation separates lint from seeds using mechanical action.
- In India, Double Roller (DR) ginning is the most prevalent method, particularly suitable for long-staple cotton due to lower fibre damage and superior lint quality.
- Saw ginning is also used in select regions, particularly where high processing speed and volumes are prioritised, though it is more suitable for short- to medium-staple cotton.

Pressing

- Post ginning, lint is compacted into standardised cotton bales, typically weighing around 170 kilograms as per Indian market norms.

- Bales are wrapped, labelled, and increasingly tagged with barcodes or QR codes, especially for traceability, organic certification, and export compliance.

Core Machine Used in Ginning

- **Cotton picker & module builder**—that pack cotton into modules for transport by truck. A feeder/dispenser then unloads modules for processing
- **Wad Buster** - It breaks up the clumps of seed cotton by tossing it against a screen. Loose remains fall through the screen openings down a narrow chute.
- **Steady Flow** - Then the seed cotton moves through this machine, which divides it equally between two processing lines.
- **Burr Machine** - On each line, the seed cotton enters a Burr Machine, which grabs the seed cotton with a circular saw and swings it against metal bars.
- **Gin Stands** - Multiple saw-type gin stands extract lint by pulling fibers through ribs, leaving seeds behind—standard in modern ginneries
- **Pneumatic and belt conveyors** - It transfer lint to cleaners, where finer impurities are removed

Types of Ginning:

- **Saw Ginning** -Saw ginning employs rapidly spinning circular saw blades that pull fibers through narrow ribs, effectively separating lint from seed cores and removing trash; this method is ideal for short- to medium-staple cotton with high contaminant content, and offers high throughput, though it can damage fibers and increase short-fiber and nep content.
- **Roller Ginning** - Roller ginning (also known as knife or McCarthy ginning) uses grooved leather rollers that gently grip the fibers and a stationary or rotary knife to slice the fibers away from seeds, preserving fiber length and purity and yielding cleaner, longer lint—making it the method of choice for long-staple cotton—but it processes more slowly and is best used with low-trash, well-moisturized cotton.

2. Spinning

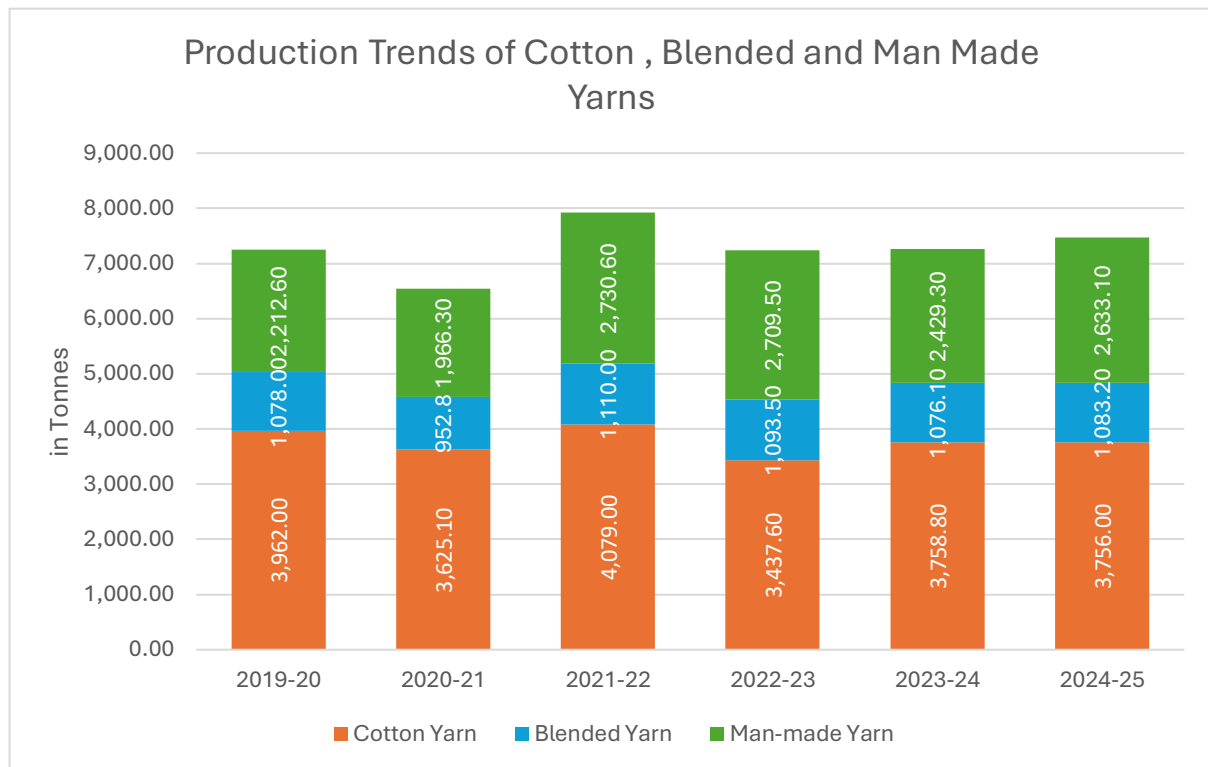
Spinning is a critical value-addition stage where pressed cotton lint is converted into yarn through a series of mechanical processes including opening, cleaning, drawing, combing, and twisting. India has one of the largest spinning capacities globally, catering to both domestic consumption and export markets. Emerging trends in the spinning segment include increasing adoption of compact spinning technology, which improves yarn quality by reducing hairiness and enhancing strength and uniformity. At the same time, demand for organic, recycled, and sustainably sourced cotton yarns is rising, supported by growing certification under standards

such as GOTS, BCI, and other sustainability frameworks, largely driven by compliance and sourcing requirements of global apparel brands.

Key Spinning Technologies

- **Ring Spinning:**
 - Dominant technology in India
 - Produces medium to fine yarn counts
 - Delivers superior strength, smoothness, and durability
 - Widely used for apparel, shirting, and export-quality fabrics
- **Open-End (Rotor) Spinning:**
 - Used for coarser yarn counts
 - Faster and more cost-efficient process
 - Produces relatively lower-strength yarns
 - Suitable for denim, towels, and industrial textiles

Production Trends of Cotton Yarn, Blended Yarn and Man-made Yarn



Source – CMIE, Infomerics Analytics & Research

Between 2019–20 and 2024–25, cotton yarn production in India ranged from 3,962 to 4,079 thousand tonnes, 2021-22, remaining the largest segment despite fluctuations due to raw cotton availability and market conditions. Blended yarn showed steady performance, maintaining production between 952.8 thousand tonnes and 1,110 thousand tonnes, reflecting consistent demand for polyester-cotton and other blends. Man-made yarn exhibited volatility, rising sharply from 2,212.60 thousand tonnes in 2019–20 to 2,730.60 thousand tonnes in 2021–22 before stabilizing around 2,429 thousand tonnes in 2023–24 and increasing to 2,633.10 in 2024-25 highlighting its sensitivity to fibre prices and export demand. Overall, cotton yarn dominates, blended yarn demonstrates stable growth, and man-made yarn shows cyclical trends, indicating a gradual shift in the yarn segment composition.

3.3.2 Trade Dynamics for Cotton Yarn

India has long been a leading exporter of cotton yarn, contributing significantly to the global textile supply chain. India Exported over USD 3354.70 million in Apr-March 2025 of cotton yarn, as per the Directorate General of Commercial Intelligence and Statistics (DGCI&S). This makes cotton yarn one of the top textile-related export categories for the country. Indian cotton yarn is known for its high quality, wide range of counts, competitive pricing, and availability in both ring-spun and open-end forms, catering to diverse global fabric and garment manufacturing needs.

Trade Flow (In USD Million)	April-March2024 (R)	Apr-Mar 2025 (R)
Export	3,576.34	3,354.70
Import	23.49	22.44

■ Net Trade Surplus: USD 3,332.26 million in FY25

Major Imports

Major Countries	Apr-Mar2025(R)	% Share
Vietnam	11.70	52.14%
Egypt	7.55	33.63%
China	0.55	2.45%
U Arab Emts	0.52	2.32%
Italy	0.51	2.27%
Other	2.66	11.85%
Total	22.44	100%

Major Exports

Major Countries	Apr-Mar2025(R)	% Share
Bangladesh	1682.12	50.12%
China	216.09	6.44%
Peru	158.45	4.72%
Vietnam	156.63	4.67%
Egypt	153.08	4.56%
Other	988.33	29.46%
Total	3354.70	100%

Note: R – Revised Final, Source – Ministry of commerce and Industry (Directorate General of Commercial Intelligence and Statistics (DGCI&S))

The trade data indicates a sharply asymmetrical structure in value terms. On the import side, cotton yarn imports are highly concentrated, with Vietnam and Egypt together accounting for nearly 86% of total import value, suggesting India's reliance on these countries for specific yarn varieties, counts, or quality requirements not readily met by domestic production. The relatively small overall import value highlights that imports remain marginal and largely need-based. In contrast, exports are significantly larger and more diversified, with Bangladesh alone absorbing over 50% of India's cotton yarn export value, reflecting strong integration with Bangladesh's garment manufacturing ecosystem. China, Peru, Vietnam, and Egypt form a secondary demand base, while the sizeable "Others" share indicates broad market outreach. Overall, the data underscores India's position as a net exporter of cotton yarn, with imports playing a limited, quality-driven role and exports remaining the primary demand driver.

Domestic Demand and Supply Outlook of Cotton Yarn

The demand–supply dynamics of the yarn industry are primarily influenced by domestic production capacity, export demand from global textile and apparel markets, and limited imports undertaken to address quality or specification gaps. India remains largely self-sufficient in yarn production, with exports constituting the principal demand driver.

On the supply side, domestic yarn production is the principal contributor, with cotton yarn accounting for the dominant share, complemented by blended and man-made yarns. Production levels have remained broadly stable in recent years, notwithstanding short-term fluctuations. The recovery following the temporary decline in FY 2020–21 and subsequent stabilisation demonstrate the industry’s ability to calibrate output in response to changes in raw material availability and demand conditions. This adaptive production behaviour has ensured adequate supply to meet both domestic consumption and export requirements.

In addition to volume stability, the supply structure has evolved in terms of product mix, with blended and man-made yarns gaining increasing prominence. This shift is aligned with demand trends from downstream segments such as apparel, home textiles, and technical textiles, which are progressively favouring blends and man-made fibres due to functional performance and cost efficiency. The diversification of yarn production enhances supply flexibility, reduces dependence on cotton, and strengthens the industry’s capacity to manage volatility in cotton availability and pricing.

Yarn imports remain insignificant relative to domestic production, underscoring the self-reliant nature of India’s supply base. Imports are largely limited to niche requirements, such as specialised yarn counts, blends, or quality specifications that may not be consistently available domestically. The declining trend in imports in recent periods reflects easing supply constraints and the sufficiency of domestic spinning capacity to meet industry demand.

On the demand side, exports represent a key driver of yarn offtake, reflecting India’s deep integration with global textile and apparel value chains. Indian yarn is widely consumed by garment manufacturers in neighbouring and regional markets, particularly across South and Southeast Asia. While export values moderated between FY 2023–24 and FY 2024–25, this was primarily attributable to softer global demand, inventory rationalisation by overseas buyers, and pricing pressures, rather than any structural erosion in India’s export competitiveness.

Domestic consumption provides a stable and recurring demand base, supported by India’s extensive weaving, knitting, and garment manufacturing ecosystem. During periods of export moderation, domestic offtake plays a critical role in absorbing production volumes, thereby contributing to demand stability. This dual demand structure, comprising exports and

domestic consumption, mitigates demand concentration risk and supports sustained capacity utilisation across the spinning industry.

Overall, the yarn industry's demand–supply position remains broadly balanced, supported by stable domestic production, minimal reliance on imports, and diversified demand channels. Periodic fluctuations in export demand are managed through production adjustments and inventory management, enabling alignment between supply and consumption. This balanced demand–supply framework underpins the operational resilience of the industry and reinforces its role as a key intermediary within India's textile value chain.

3.4 Organic Cotton Industry

Introduction

The organic cotton industry represents a rapidly emerging segment within the global textile value chain, driven by increasing emphasis on sustainability, environmental stewardship, and ethical sourcing practices. Organic cotton is cultivated without the use of synthetic fertilisers, pesticides, or genetically modified seeds, resulting in reduced environmental impact and improved soil health compared to conventional cotton. Growing consumer awareness regarding sustainable apparel, coupled with strong commitments by global fashion brands to reduce their ecological footprint, has significantly accelerated demand for organic cotton across apparel, home textiles, and allied applications. Supported by certification frameworks and traceability standards, the industry is gaining prominence despite its relatively smaller share of total cotton production, positioning organic cotton as a key growth driver within the broader natural fibre and sustainable textiles market.

Market Segmentation

Segment Category	Sub-Segments	Description
By Product Type	Long-Staple Cotton	Cotton with longer fibre length, used in premium apparel and higher-quality textiles.
	Short-Staple Cotton	Shorter fibre cotton for basic apparel and everyday fabric uses.
	Middle Staple Cotton	Mid-range fibre length serving a broad range of textile applications.
	Extra-long Staple Cotton	Premium fibre with superior strength, softness and durability.
	Others	Includes specialty or niche cotton types that don't fall under conventional staple categories.
By Application	Apparel	Organic cotton used in clothing such as shirts, T-shirts, casual and fashion apparel.
	Home Textiles	Bedding, towels, curtains, and other household textile products.
	Medical Supplies	Cotton used in medical products requiring hypoallergenic or chemical-free fibres.

	Personal Care Products	Items like cotton pads, hygiene products, baby care textiles.
	Others	Other organic cotton applications not categorised above.
By End User	Residential	Consumer use in clothing, household linen and personal textile products.
	Commercial	Business usage such as hotels, resorts, and institutional textiles.
	Industrial	Textile use in industrial applications like uniforms, workwear and technical fabrics.

Trend in Global Organic Cotton Consumption and Market Share

- Global consumption of organic cotton has witnessed a sustained increase in recent years, supported by growing environmental awareness, increasing emphasis on sustainable agriculture, and heightened scrutiny of environmental and social practices across textile and apparel supply chains.
- Organic cotton continues to account for a low single-digit share of total global cotton consumption; however, its market share has been gradually increasing due to stronger adoption by global apparel and home textile brands committed to sustainable and traceable sourcing.
- Demand growth has been largely brand-led, with several international apparel retailers and textile manufacturers setting medium- to long-term targets to increase the proportion of organic and sustainably sourced cotton in their raw material mix, thereby providing demand visibility and long-term offtake assurance.
- From a regional perspective, Asia Pacific accounts for a significant share of global organic cotton consumption, supported by its role as a major textile and garment manufacturing hub supplying export markets. Europe and North America remain key end-consumption regions, driven by higher consumer awareness, regulatory pressures, and ESG compliance requirements.
- Consumption of organic cotton is predominantly concentrated in the apparel segment, which represents the largest end-use application, followed by home textiles and niche applications such as baby wear and personal care textiles, where sustainability and chemical-free attributes are key purchasing considerations.
- Improvements in certification frameworks, traceability mechanisms, and supply-chain transparency have supported growth in organic cotton consumption by addressing concerns related to authenticity, quality consistency, and availability of certified organic fibre.

- While organic cotton typically commands a price premium over conventional cotton, increasing scale of cultivation, better agronomic practices, and long-term sourcing arrangements have helped moderate cost differentials, thereby supporting wider acceptance among manufacturers.
- Overall, the global organic cotton market is witnessing a gradual but structurally positive shift in consumption and market share, underpinned by sustainability-driven demand, improving supply-chain infrastructure, and regulatory and brand-level support, positioning organic cotton as an increasingly important segment within the global cotton and sustainable textiles ecosystem.

3.5. Indian Organic Cotton Industry

3.5.1 Overview on Organic Cotton, Cotton Seeds, and Cotton Linter

Organic cotton, cotton seeds, and cotton linter are integral components of the cotton value chain, collectively supporting textile, agricultural, and industrial applications. Each segment serves distinct end-use markets while remaining interlinked through cotton cultivation and processing activities.

Organic cotton refers to cotton cultivated using natural farming practices that avoid synthetic fertilizers, pesticides, and genetically modified seeds. The segment has gained increasing importance globally due to rising environmental awareness, stricter sustainability standards, and growing preference for eco-friendly textiles among consumers and brands. Organic cotton is primarily used in apparel, home textiles, and personal care products, where demand is driven by sustainability commitments of global apparel brands, regulatory requirements in key export markets, and increasing adoption of certified and traceable raw materials. Although organic cotton constitutes a relatively small share of overall cotton production, its consumption has been increasing steadily, supported by long-term sourcing commitments and improved certification and traceability frameworks.

Cotton seeds are a key by-product of cotton cultivation and play a critical role in agricultural productivity and downstream industries. Cotton seeds are used for replanting, production of cottonseed oil, and as raw material for animal feed in the form of oil cake. The demand for cotton seeds is closely linked to cotton acreage, crop productivity, and farming practices, including the adoption of certified and organic seeds. Advances in seed technology, improved yields, and government support for agricultural development continue to influence the cotton seed market, making it an important component of the cotton ecosystem.

Cotton linter consists of the short fibres that remain attached to cotton seeds after the first ginning process and are removed through a secondary process known as delinting. Cotton linter is widely used in the manufacture of value-added products such as cellulose derivatives, viscose fibre, medical and hygiene products, specialty papers, and pharmaceuticals. Demand for cotton linter is driven by growth in end-use industries including textiles, healthcare, personal care, and industrial applications. The segment benefits from rising demand for biodegradable and natural raw materials, positioning cotton linter as a strategically important input for multiple industries.

Overall, organic cotton, cotton seeds, and cotton linter collectively contribute to value addition across the cotton supply chain. Increasing focus on sustainability, efficient resource utilisation, and diversification of cotton-based products is expected to support stable demand across these segments, reinforcing their relevance within the broader textile, agricultural, and industrial landscape.

Based on the production data, the share of organic cotton in total cotton production has increased significantly over the period, indicating a structural shift toward sustainable cotton cultivation. Organic cotton accounted for only 2.56% of total production, indicating that conventional cotton cultivation dominated the market, with organic farming limited due to factors such as lower awareness, higher certification costs, and lower yields.

By 2025, this share is estimated to rise in range between 26-29%, signalling a transformational shift in the cotton sector toward sustainable and environmentally responsible practices. This significant increase is driven by multiple factors: growing global and domestic demand for sustainable textiles, stricter sourcing and sustainability requirements from apparel brands, wider adoption of organic farming techniques by farmers, and improved certification and supply-chain mechanisms.

The increase from 2.56% to estimate of 26-29% over this period represents a more than tenfold growth in the proportion of organic cotton, highlighting its rapidly expanding role within India's cotton production landscape. This trend is expected to continue, positioning organic cotton as a key driver of future growth and value creation in the Indian cotton industry.

3.5.2 Trend in Indian Organic Cotton

- **Gradual Increase in Consumption:** Consumption of organic cotton in India has shown a steady upward trend, reflecting growing demand from textiles, apparel, home furnishings, and niche segments that prioritise sustainability and chemical-free raw materials.
- **Driven by Export Demand:** A significant portion of India's organic cotton consumption is linked to exports, with global brands and manufacturers sourcing certified organic cotton from India for use in apparel and textile products sold in Europe, North America, and other developed markets.
- **Strong Domestic Uptake:** Alongside export demand, domestic consumption of organic cotton has also grown, supported by an expanding market for eco-friendly fashion, organic lifestyle products, and increased consumer awareness regarding environmental and health concerns associated with conventional cotton.
- **Improving Market Share:** Although organic cotton continues to represent a relatively small share of India's total cotton consumption in volume terms, its market share has gradually expanded over recent years as more textile mills, garment manufacturers, and brands incorporate organic cotton into their product portfolios.
- **Brand and Retail Adoption:** Indian and international brands operating in India have increasingly integrated organic cotton into their offerings, often backed by sustainability commitments, eco-labelling, and marketing focused on traceability and certified organic credentials.
- **Supportive Certification Infrastructure:** The growth in organic cotton consumption has been supported by improved certification and traceability systems under recognised standards (such as GOTS and NPOP), ensuring that products meet global organic criteria and enhancing buyer confidence.
- **Linkage to Farmer Initiatives:** Expansion of organic cotton consumption is supported by organised supply chain initiatives that link certified organic farmers to end-users, enabling more reliable supply and reducing transaction costs for manufacturers.
- **Price Premium and Value Perception:** Organic cotton typically commands a premium over conventional cotton, which has shaped consumption patterns toward value-added and differentiated textile products rather than commodity bulk consumption.
- **Policy and Market Awareness:** Government and industry bodies have promoted organic farming and sustainable textiles, contributing to broader visibility of organic cotton and aiding its gradual penetration into mainstream textile markets.
- **Emerging Regional Demand:** While consumption remains concentrated in areas with established textile clusters (e.g., Gujarat, Maharashtra, Karnataka), there is emerging interest in other regions as processing capacity and brand engagement expand.

3.5.3 Demand Drivers

- **Rising global sustainability focus:** Increasing emphasis on environmental sustainability and responsible sourcing by global apparel, textile, and lifestyle brands has significantly boosted demand for Indian organic cotton, which is widely recognised for its availability and certified supply base.
- **Export-led demand growth:** India's strong position as a leading exporter of organic cotton and organic cotton-based textiles has resulted in sustained demand from international markets, particularly Europe and North America, where regulatory standards and consumer expectations favour certified organic materials.
- **Brand sourcing commitments:** Long-term commitments by international and domestic brands to increase the share of organic and sustainable fibres in their product portfolios have provided structural support to demand for organic cotton sourced from India.
- **Growing domestic eco-conscious consumption:** Rising awareness among Indian consumers regarding environmental impact, health considerations, and ethical production practices has led to increased acceptance of organic cotton in apparel, baby wear, home textiles, and personal care products.
- **Improved certification and traceability:** The availability of robust certification frameworks and traceability systems has enhanced buyer confidence in Indian organic cotton, facilitating wider adoption across textile and garment manufacturing value chains.
- **Price premium and value-added positioning:** Organic cotton commands a premium over conventional cotton, making it attractive for manufacturers and brands focused on higher margin, differentiated, and value-added textile products.
- **Government and institutional support:** Promotion of organic farming practices, sustainability initiatives, and export facilitation measures by government and industry bodies has indirectly supported demand for organic cotton.
- **Expansion of sustainable textile manufacturing:** Growth in India's sustainable textile ecosystem, including organic yarn, fabric, and garment manufacturing capacity, has increased domestic consumption of organic cotton as a key raw material.
- **Alignment with ESG and compliance requirements:** Increasing focus on ESG reporting and compliance by global buyers has encouraged greater sourcing of organic cotton from reliable suppliers, reinforcing demand from organised textile players.

3.6 Indian Fabric Industry

The fabric industry forms a critical link in the textile value chain, bridging yarn production and finished garment manufacturing. It encompasses the conversion of yarn into woven, knitted, and non-woven fabrics that are used across a wide range of applications including apparel, home textiles, technical textiles, and industrial uses. The industry plays a significant role in supporting downstream sectors and contributes meaningfully to employment generation, export earnings, and value addition within the broader textile ecosystem.

Types of Fabric

The Indian fabric industry comprises three major categories of fabrics—woven, knitted, and non-woven—each differing in structure, manufacturing techniques, applications, and market dynamics.

- **Woven fabrics** – These are produced by interlacing two sets of yarns—warp (longitudinal) and weft (horizontal)—at right angles on a loom. This traditional and widely used fabric type is known for its dimensional stability and strength. Woven fabrics can be categorized into different weaves such as plain weave (e.g., voile and poplin), twill weave (e.g., denim and drill), and satin weave (used in premium garments and furnishings). These fabrics dominate India's production landscape and are widely used in apparel, home furnishings, industrial applications, and exports. India's large cotton base supports the widespread manufacturing of cotton-based woven fabrics, especially in Gujarat and Maharashtra.
- **Knitted fabrics** - On the other hand, are formed by looping yarns either in a weft or warp direction. This method imparts flexibility, softness, and stretchability, making these fabrics particularly suitable for sportswear, casualwear, innerwear, and children's clothing. India's leading knitwear cluster is Tirupur in Tamil Nadu, which is globally recognized for producing high-quality cotton knits. Knitted fabrics are gaining popularity due to changing fashion trends and rising demand for comfort wear.
- **Non-woven fabrics** - These are engineered by bonding fibers together using thermal, chemical, or mechanical processes, rather than weaving or knitting. These fabrics are typically made from synthetic fibers like polypropylene and are widely used in medical textiles (e.g., surgical masks, gowns), hygiene products, automotive filters, geotextiles, and packaging. With the rise of technical textiles and government support under the National Technical Textiles Mission, the non-woven segment is witnessing rapid growth, especially in post-pandemic sectors like healthcare.

In summary, these three fabric types—woven for durability, knitted for comfort, and non-woven for functionality—form the backbone of India's diversified textile production and are critical to meeting the needs of both traditional and modern end-user industries

3.6.1 Dyed/Printed Fabrics Segment

The dyed and printed fabric segment in India plays a crucial role in adding aesthetic value and market appeal to both traditional and modern textiles. This segment has evolved from using conventional dyeing and manual printing methods to more eco-friendly and technologically advanced processes, driven by both environmental concerns and global market demands.

Dyed and Printed Fabrics

Dyeing and printing are two of the most widely used value-addition processes in cotton fabric manufacturing, playing a critical role in enhancing both the aesthetic appeal and marketability of textile products. In the dyeing process, colour is applied uniformly across the entire fabric, either through chemical dyes or increasingly, through natural and plant-based dyes in the sustainable textile segment. Techniques such as reactive dyeing (commonly used for cotton), pigment dyeing, vat dyeing, and direct dyeing are employed depending on the colour fastness required, cost, and the nature of the product. Each method varies in its affinity for the fiber, resistance to washing and sunlight, and vibrancy of output.

Printing, on the other hand, refers to the application of colour or pattern only on specific areas of the fabric. Traditional block printing, rotary screen printing, and more recently digital printing are popular methods used in Indian cotton textiles. Digital printing is gaining momentum due to its ability to offer shorter turnaround times, small batch flexibility, and high-definition designs. It is especially favoured by fast fashion brands and export houses catering to markets like the EU, UK, and U.S., where design customization and speed-to-market are critical.

These dyed and printed cotton fabrics are used across a wide range of applications such as shirts, dresses, sarees, bedsheets, children's wear, traditional ethnic garments, and uniforms. With consumers increasingly seeking eco-conscious fashion choices, there is a noticeable shift toward AZO-free dyes, low-water dyeing techniques, and digital pigment printing that reduce environmental impact.

As a result, dyeing and printing have transformed from basic textile finishing steps to strategic differentiators that add both design and functional value to Indian cotton products in domestic and global markets.

Types of Printing Styles

Fabric can be printed in three different styles: direct, discharge, & resist styles.

- **Direct Style** - The most common style of printing textile fabric is direct printing. The dye is directly applied onto white fabric or coloured fabric. The printed portion is significantly darker than the dyed background. The direct style of printing is used in block printing, screen printing, or roller printing methods.

- **Discharge style** - Discharge printing in textile is also known as extract printing. It is based on the chemical destruction of the original dye in the printed area. The discharging agents used can be oxidizing or reducing agents, acids, alkalis and various salts. For discharge printing, the ground of the substrate should be dischargeable. It is recommended that dyed discharge fabric should be pre-padded with 2-3 GPL Resist salt. The actual amount of discharging agent requirement for optimum discharge will depend upon:
 - The dyes to be discharge.
 - The depth of the ground.
 - The fabric being printed.

If no colour is added to the discharge print paste, the result is a white discharge. Discharge is only carried out by reduction. Colour discharge printing in textile can be done by Pigment dispersion on Reactive or Vat dye on the reactive ground.
- **Resist style** - In the resist style of printing style, RFD fabric is first printed with resist paste which prohibits the penetration of the dye into the fabric. The fabric is then dyed and subsequently, the resist paste is removed & leaving the desired pattern.

3.6.2 End User Industries for Fabrics

Fabric, especially woven cotton and cotton-blended fabrics, is a foundational material used across a broad spectrum of industries. With increasing emphasis on sustainability, functional finishes, and technical textiles, the application of fabrics has expanded far beyond traditional clothing. Below are the major end-user industries:

End-User Industry	Key Applications	Common Fabric Types Used
Apparel & Fashion	Shirts, trousers, dresses, ethnic wear, uniforms, casual wear	Cotton woven fabrics, cotton blends, stretch fabrics, organic cotton
Automotive Interiors	Seat covers, roof lining, door panels, sun visors, floor mats	Cotton-polyester blends, flame-retardant & UV-resistant fabrics
Medical & Healthcare	Hospital gowns, bed linen, surgical drapes, masks, bandages	Antimicrobial cotton, non-woven blends, hypoallergenic fabrics
Home Furnishings	Curtains, cushion covers, upholstery, bed linens, towels, tablecloths	Cotton, cotton-linen blends, yarn-dyed & printed fabrics

Bags & Accessories	Travel bags, backpacks, handbags, belts, gloves	Canvas, denim, twill cotton, water-resistant fabrics
Industrial & Technical	Filtration cloths, conveyor belts, protective gear, geotextiles	Coated cotton, functional blends, high-tensile technical textiles
Childcare Products	Baby clothes, nappies, blankets, bibs, soft toys	GOTS-certified organic cotton, ultra-soft and breathable fabrics

Production trends of Fabrics

India is among the leading global producers of textile fabrics, supported by an abundant raw material base, skilled labour, and a vast network of power loom and processing clusters. Fabric production in the country is dominated by cotton woven fabrics and an increasing share of polyester/viscose blended fabrics, reflecting both traditional strengths and emerging trends in fibre preferences.

The table below provides year-wise production of cotton woven and polyester/viscose blended fabrics in India over the last five fiscal years:

Year	Production	
	Cotton Woven Fabrics (in '000 run mt)	Polyester/ Viscose Blended Fabrics (in '000 run mt)
2020-21	236,628.5	83,295.5
2021-22	377,209.2	104,494.7
2022-23	377,091.2	115,717.9
2023-24	384,343.3	123,342.5
2024-25	371,200.4	136,951.8

Source: CMIE (sourced from Central Statistics Office)

Production of cotton woven fabrics saw a sharp recovery in FY 2021–22 following the pandemic-induced disruptions, rising by approximately 59% over the previous year. This momentum was largely sustained in the following two years, with output reaching a peak of 384,343.3 million run metres in FY 2023–24. A marginal decline of 3.4% in FY 2024–25 to 371,200.4 million run metres may be attributed to demand normalization in key domestic and export markets.

Meanwhile, production of polyester/viscose blended fabrics has witnessed a consistent upward trajectory over the five-year period. From 83,295.5 million run metres in FY 2020–21, production increased to 136,951.8 million run metres in FY 2024–25, registering a CAGR of approximately 13.1%. The sustained rise reflects a growing preference for man-made fibres (MMF), driven by their durability, cost-effectiveness, and suitability for high-growth segments such as fast fashion, uniforms, and export apparel.

The rising share of blended fabrics in overall fabric production also aligns with government policy interventions, including the PLI Scheme for MMF Garments and Technical Textiles and the establishment of PM MITRA Parks, aimed at boosting India's competitiveness in synthetic textiles and capturing a larger share of the global MMF trade.

3.6.3 Trend in the production of Cotton woven Fabrics.

- **Rise in Value Added Fabric** - India's cotton woven fabric industry is witnessing a strong shift from producing basic greige (unfinished) fabrics to high-value finished products such as printed and dyed shirting and suiting materials, stretch and organic cotton blends, and fabrics with advanced finishes like anti-microbial, wrinkle-free, water-resistant, and UV-resistant coatings. Supported by government schemes like TUFs and growing adoption of digital printing and eco-friendly dyeing technologies, Indian manufacturers are enhancing profitability and positioning themselves as global suppliers of value-added cotton textiles.
- **Increasing Use of Sustainable and Organic Cotton** - With growing global demand for eco-friendly textiles, the use of sustainable and organic cotton in India's woven fabric industry has seen a significant rise. Certified standards such as GOTS (Global Organic Textile Standard) and Fair Trade have become increasingly common, especially among exporters targeting Europe, the U.S., and Japan. Textile hubs in Tamil Nadu—like Tirupur, Karur, and Erode—are leading the way by integrating organic cotton sourcing with environmentally friendly processes such as low-impact dyeing and water recycling. Similarly, producers in Gujarat are capitalizing on the state's strong organic cotton base by investing in sustainable finishing technologies and zero-liquid discharge systems.
- **Technology Modernisation** - India's cotton weaving industry has undergone significant technological modernization, with over 60% of the country's power looms upgraded under key government schemes such as the Amended Technology Upgradation Fund Scheme (ATUFS) and the Integrated Processing Development Scheme (IPDS). These initiatives have provided capital subsidies and infrastructure support, enabling the installation of high-speed shuttle-less looms, rapier looms, and automated dyeing and finishing units. As a result, weaving clusters in Maharashtra, Gujarat, and Tamil Nadu have seen marked improvements in productivity, fabric quality, and energy efficiency. Modernized units are now capable of producing complex fabric weaves, high-thread-count shirting, technical textiles, and value-added cotton fabrics with precision and reduced defects

4. Market Dynamics

4.1 Growth Drivers

India’s cotton industry is witnessing sustained growth, supported by rising domestic and global demand for cotton-based textiles, increasing preference for sustainable and natural fibres, and continued expansion across apparel, home textiles, and technical textile segments. Government support through minimum support price (MSP) mechanisms, productivity enhancement initiatives, and export facilitation measures has strengthened farmer participation and production stability. At the same time, growing adoption of organic and certified cotton, technological advancements in farming and processing, and stronger integration with global textile supply chains are enhancing demand for high-quality cotton and cotton-derived products. These factors collectively reinforce the cotton industry’s role as a foundational pillar of India’s textile value chain.

Market Drivers and Impact Assessment (FY2026 – FY2033)

Driver	Impact		
	1–2 Years	3–4 Years	5–7 Years
1. Rising domestic and global demand for cotton-based apparel and home textiles	High	High	High
2. Increasing preference for sustainable, organic and certified cotton	Medium	High	High
3. Expansion of India’s textile and garment manufacturing capacity	High	High	High
4. Export-led demand supported by global sourcing diversification	Medium	High	High
5. Government support through MSP, procurement, and farmer welfare schemes	High	High	High
6. Adoption of improved cotton seed varieties and better agronomic practices	Medium	High	High
7. Growth in technical textiles and cotton-blended functional fabrics	Medium	Medium	High

8. Strengthening of traceability, certification, and ESG compliance requirements	Medium	High	High
9. Increasing mechanisation and modernisation in ginning and spinning operations	Medium	High	High
10. Rising disposable incomes and population-driven clothing consumption	High	High	High
11. Expansion of organic farming initiatives and sustainable agriculture programs	Medium	Medium	High
12. Integration of digital technologies in cotton farming and supply chains	Medium	Medium	High

Source – Infomerics Analytics & Research

- **Rising domestic and global demand for cotton-based apparel and home textiles** - Cotton continues to be the preferred natural fibre for apparel and home textiles due to its comfort, breathability, and versatility. Growth in population, urbanisation, and rising disposable incomes in both domestic and export markets has led to higher consumption of cotton garments, bed linen, towels, and furnishing fabrics, thereby supporting sustained demand for raw cotton.
- **Increasing preference for sustainable, organic and certified cotton** - Growing environmental awareness among consumers and stricter sustainability requirements from global brands have accelerated the shift toward organic and responsibly sourced cotton. Certified cotton is increasingly favoured due to lower environmental impact, reduced chemical usage, and improved traceability, supporting incremental demand for premium cotton varieties.
- **Expansion of India's textile and garment manufacturing capacity** - Continued investments in spinning, weaving, knitting, and garmenting capacities have strengthened domestic cotton consumption. Capacity expansion across integrated textile parks and private manufacturing units has increased raw cotton offtake, reinforcing demand from downstream processing segments.
- **Export-led demand supported by global sourcing diversification** - Global textile and apparel buyers are increasingly diversifying sourcing away from single-country dependence, benefiting India's cotton industry. India's availability of raw cotton, large-scale spinning capacity, and competitive cost structure have enhanced its attractiveness as a reliable sourcing destination, supporting export-linked cotton demand.
- **Government support through MSP, procurement, and farmer welfare schemes** - Minimum Support Price (MSP) mechanisms and procurement interventions provide income stability to cotton farmers, encouraging sustained cultivation. Government

initiatives aimed at improving productivity, farmer welfare, and supply-chain efficiency contribute to production continuity and reduce volatility in cotton availability.

- **Adoption of improved cotton seed varieties and better agronomic practices** - Increased use of high-yielding and pest-resistant seed varieties, coupled with better irrigation, crop management, and pest-control practices, has supported improvements in cotton productivity and fibre quality. These advancements help stabilise supply and improve consistency for downstream users.
- **Growth in technical textiles and cotton-blended functional fabrics** - Rising demand for functional textiles in medical, hygiene, industrial, and protective applications has increased the use of cotton blends. Cotton's natural properties, when combined with man-made fibres, enhance comfort and performance, driving incremental demand from emerging application segments.
- **Strengthening of traceability, certification, and ESG compliance requirements** - Global buyers increasingly require transparent sourcing, traceability, and ESG compliance across the cotton value chain. The strengthening of certification systems and digital traceability platforms has improved buyer confidence in Indian cotton, facilitating long-term sourcing relationships.
- **Increasing mechanisation and modernisation in ginning and spinning operations** - Investments in modern ginning, baling, and spinning technologies have improved fibre quality, reduced contamination, and enhanced processing efficiency. Improved processing standards support higher realisations and expand market access, particularly in export markets.
- **Rising disposable incomes and population-driven clothing consumption** - India's large population base and gradual increase in disposable incomes continue to drive per-capita consumption of cotton-based clothing and home textiles. This structural demand driver supports long-term growth in cotton consumption, independent of short-term market fluctuations.
- **Expansion of organic farming initiatives and sustainable agriculture programs** - Increased adoption of organic farming practices and sustainability-focused agricultural programs has expanded the supply base for organic cotton. This supports growing demand from eco-conscious brands and contributes to diversification within the cotton industry.
- **Integration of digital technologies in cotton farming and supply chains** - Adoption of digital tools such as satellite-based crop monitoring, precision farming, and digital marketplaces has improved decision-making, efficiency, and transparency across the cotton value chain. These technologies support productivity enhancement and better demand-supply alignment.

4.2 Challenges

Challenge	Impact		
	1–2 Years	3–4 Years	5–7 Years
1. Climate change and weather volatility	High	High	High
2. Input cost inflation and margin pressure	High	High	Medium
3. Pest resistance and recurring crop health challenges	Medium	High	High
4. Trade uncertainties, export policy changes, and global demand volatility	Medium	High	High
5. Rising competition from man-made and alternative fibres	Medium	High	High
6. Challenges in scaling sustainable and organic cotton production	Medium	Medium	High

Source – Infomerics Analytics & Research

- Climate Change and Weather Volatility** - Increasing frequency of erratic rainfall, droughts, heatwaves, and extreme weather events is impacting cotton yields, fibre quality, and regional output stability, leading to higher production risk.
- Input Cost Inflation and Margin Pressure** - Rising costs of seeds, fertilisers, pesticides, fuel, and labour are increasing the cost of cultivation, compressing farmer margins and affecting acreage decisions for cotton.
- Pest Resistance and Crop Health Challenges** - Growing resistance of pests such as pink bollworm to existing control measures has heightened crop vulnerability, increased production costs, and adversely affected yield consistency.
- Trade uncertainties, export policy changes, and global demand volatility** - India's textile exports face a major setback following the U.S. decision in April 2025 to impose a 50% reciprocal tariff on Indian textile imports. As the U.S. is India's single largest export market, this steep tariff significantly undermines the sector's competitiveness, limits growth opportunities, and raises uncertainty for long-term sourcing commitments. Without favourable trade negotiations or policy interventions, Indian exporters may struggle to maintain market share and profitability in this critical destination.
- Rising competition from man-made and alternative fibres** - Increasing adoption of synthetic and alternative fibres due to cost advantages, functional properties, and stable supply is exerting

competitive pressure on cotton demand, particularly in price-sensitive apparel segments.

- **Challenges in Scaling Sustainable and Organic Cotton Production-** While demand for certified and organic cotton is increasing, scaling production remains constrained by higher certification costs, yield transition challenges, compliance requirements, and limited technical support for farmers.

4.3 Mitigation Strategies

In response to the challenges faced by the cotton industry, various stakeholders across the value chain, including farmers, processors, industry bodies and policymakers are adopting several measures to improve resilience, productivity and long-term sustainability. Key mitigation strategies adopted within the industry are outlined below:



1. Development and adoption of climate-resilient and high-yield seed varieties - Research institutions and seed companies are increasingly focusing on developing cotton seed varieties that can tolerate drought, heat stress, and irregular rainfall. Climate-resilient varieties help maintain stable yields even under adverse weather conditions, while high-yield varieties improve productivity per hectare. The adoption of such seeds can reduce production risks for farmers and help maintain fibre quality despite climate variability.

2. Expansion of efficient irrigation systems and improved water management practices - The adoption of advanced irrigation methods such as drip and sprinkler irrigation can significantly improve water-use efficiency in cotton cultivation. These systems ensure optimal water distribution directly to plant roots, reducing wastage and improving crop health. Additionally,

better water management practices such as rainwater harvesting, soil moisture conservation, and efficient irrigation scheduling can help sustain production during periods of water scarcity.

3.Strengthening crop insurance coverage and risk management mechanisms

Crop insurance schemes can protect farmers from financial losses caused by natural disasters, pest outbreaks, or extreme weather events. Expanding the coverage and accessibility of crop insurance programs helps ensure that farmers receive financial compensation during crop failures. This reduces income volatility and encourages farmers to continue investing in cotton cultivation.

4. Diversification of export markets and strengthening global trade partnerships - Expanding exports to new and emerging markets can reduce dependence on a limited number of countries. By strengthening trade relationships with multiple international buyers and regions, the cotton industry can mitigate the impact of demand fluctuations or trade restrictions in specific markets.

5. Improving supply chain efficiency and reducing intermediary costs - Enhancing supply chain infrastructure, including better storage facilities, logistics networks, and direct procurement channels, can help reduce inefficiencies in the cotton value chain. By minimizing the role of intermediaries and improving market access, farmers and processors can benefit from better price realization and reduced transaction costs.

6. Adoption of integrated pest management practices and pest-resistant technologies - Integrated Pest Management (IPM) combines biological, cultural, and chemical pest control methods to manage crop pests in a sustainable manner. Techniques such as biological pest control, pheromone traps, and controlled pesticide application can reduce pest damage while minimizing environmental impact. Additionally, the use of pest-resistant seed varieties can help reduce crop losses caused by insect infestations.

5. Government Initiatives and Policy Support

The Government has undertaken multiple policy initiatives and schemes aimed at strengthening the textile sector across the value chain, improving global competitiveness, attracting investments, enhancing employment generation, and supporting both modern and traditional segments of the industry. These initiatives focus on scale creation, infrastructure development, technology upgradation, skilling, and export promotion.

1. Production Linked Incentive (PLI) Scheme for Textiles

The Government approved the Production Linked Incentive (PLI) Scheme for Textiles on September 8, 2021, with a total outlay of INR 10,683 crore over a five-year period. The scheme is designed to promote large-scale manufacturing of man-made fibre (MMF) apparel, MMF fabrics, and technical textile products, with the objective of achieving scale, improving cost competitiveness, and enhancing export potential. Financial years 2022–23 and 2023–24 were designated as gestation periods, while the performance period extends from FY2024–25 to FY2028–29. Under the scheme, 64 applications have been approved, involving proposed investments of approximately INR 19,798 crore, projected turnover of about INR 1.94 lakh crore, and estimated employment generation of over 2.45 lakh persons.

2. PM MITRA Parks and Textile Cluster Development

The Government approved setting up of 7 PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks in Greenfield/Brownfield sites with an outlay of INR 4445 crore for a period of 7 years up to 2027-28. Investment MoUs with expected investment potential of INR 27,434 crore+ have been signed. Infrastructure works worth INR 2590.99 crore have been started by all 7 State Governments. The scheme is expected to generate employment of 3 lakhs (1 lakh direct and 2 lakhs in direct) with an estimated investment of ₹10,000 crore per park.



3. National Technical Textiles Mission (NTTM)

The National Technical Textiles Mission has been launched to position the country as a global leader in technical textiles. The mission focuses on research, innovation, and product development; promotion and market development; skilling and training of the workforce; and export promotion. The mission supports development of high-

performance textiles for applications in sectors such as healthcare, infrastructure, defence, automotive, and industrial uses.

4. SAMARTH – Scheme for Capacity Building in the Textile Sector

The SAMARTH scheme is a demand-driven, placement-oriented skilling initiative aimed at addressing the requirement for skilled manpower across the textile value chain. The scheme focuses on training unemployed youth, women, and underprivileged sections of society to improve employability, productivity, and workforce availability in textile manufacturing and allied activities.

5. Amended Technology Upgradation Fund Scheme (ATUFS)

The Amended Technology Upgradation Fund Scheme (ATUFS) provides capital investment subsidies to encourage technology upgradation and modernisation of textile units. The scheme incentivises investment in benchmarked machinery, supporting improvements in productivity, quality, and cost efficiency, particularly in spinning, weaving, and processing segments.

6. Silk Samagra-2

This scheme supports the holistic development of India's sericulture sector. It offers support across the value chain, including research, rearing, cocoon production, silk yarn processing, and marketing. The scheme aims to increase raw silk productivity and encourage livelihood generation in rural areas.

7. National Handicrafts Development Programme (NHDP)

The National Handicrafts Development Programme (NHDP) is designed to provide comprehensive and need-based support to artisans engaged in the handicrafts sector. The scheme focuses on strengthening livelihoods through skill upgradation, design development, technology support, and marketing assistance. Under NHDP, support is extended for organising domestic and international exhibitions, buyer-seller meets, branding initiatives, and e-commerce enablement to improve market access for handicraft products. The programme also facilitates training and capacity-building initiatives to enhance productivity, product quality, and income levels of artisans, while promoting preservation of traditional crafts.

8. Comprehensive Handicrafts Cluster Development Scheme (CHCDS)

The Comprehensive Handicrafts Cluster Development Scheme (CHCDS) adopts a cluster-based approach to develop handicraft clusters with significant artisan concentration. The scheme aims to address structural gaps by providing integrated support for infrastructure development, common facility centres, raw material banks, technology upgradation, and design studios within identified clusters. CHCDS also promotes formation of producer groups and producer companies to improve collective bargaining power, operational efficiency, and sustainability of artisan communities. The scheme focuses on long-term development of clusters by improving scale, formalisation, and value addition, thereby enhancing competitiveness of handicraft products in domestic and export markets.

- 9. Cotton Sector reforms** - The cotton sector supports 6 million farmers and 40–50 million people across value chains. To enhance transparency, the Kapas Kisan mobile app was launched, enabling farmer self-registration and slot booking. The 'Kasturi Cotton Bharat' Programme was launched, to enhance the global market acceptance of Indian cotton. Additionally, the Quality Control Order (QCO) 2023 for cotton bales has been deferred till August 2026.
- 10. Global Certifications and Buyer Requirements** – To access international markets, Indian exporters must meet global certification standards and buyer requirements to ensure product quality, safety, and ethical sourcing. For example, prime-market buyers—including large retailers like Primark to premium brands such as H&M, which is committed to sourcing 100% of its cotton as organic, recycled, or from its own Primark Cotton Project—demand certifications such as GOTS (Global Organic Textile Standard) and OEKO-TEX Standard 100, ensuring transparent, traceable, and responsible sourcing. Meanwhile, recycle-market buyers—often sustainable brands and circular-economy-focused companies—expect OEKO-TEX Standard 100 (with recycled-material modules) and certifications like Global Recycled Standard (GRS) or Recycled Claim Standard (RCS) to guarantee that their recycled or reclaimed cotton inputs are safe, verifiable, and meet stringent ecological criteria.
- **GOTS (Global Organic Textile Standard)** - The leading textile processing standard for organic fibers. It includes ecological and social criteria for organic textile production, ensuring chemical restrictions and fair working conditions. Most organic cotton exporters seek GOTS certification to access premium markets.
 - **OEKO-TEX Standard 100** - A globally recognized certification guaranteeing textiles are free from harmful substances. Widely required by international buyers to ensure safety for consumers. Helps Indian manufacturers demonstrate compliance with strict chemical regulations.

Recent Regulatory and Trade Developments – India–EU FTA and Tariff Rationalisation by the US

India and the European Union (EU) concluded negotiations on a comprehensive Free Trade Agreement (FTA) on 27 January 2026, which is expected to be signed later in 2026 and become effective by early 2027. Trade developments add another layer to the outlook. A transformational trade deal for India's T&A sector, the India-EU FTA offers zero duty access in textiles and clothing, covering all tariff lines and reduces tariffs by up to 12%. It lowers duties of up to 10.5% in Indian wooden, bamboo, and handcrafted furniture. The India–EU FTA could significantly expand India's textile and garment exports to the European market by improving duty conditions, particularly benefiting labour-intensive segments.

In parallel, the United States announced an immediate reduction in tariffs on Indian goods to 18% from 50% in February 2026, which is expected to provide near-term support to India's apparel exports, offering an earlier boost compared to the EU FTA.

The EU FTA incorporates defined Rules of Origin (RoO), including specific processing and change-in-tariff-classification norms. These requirements are not expected to pose material challenges for Indian exporters, given India's strong domestic manufacturing base, high degree of backward integration, and limited dependence on third-country inputs. The agreement is expected to place India on par with countries currently enjoying zero-duty access under the EU's Generalised Scheme of Preferences (GSP).

The EU, being the world's largest apparel importer with imports of USD 202.8 billion in 2024-25, represents a significant growth opportunity. India's current share of the EU apparel market is expected to improve post-FTA, supported by rising exports and potential market share gains from competitors such as Bangladesh, which is set to lose its LDC status in November 2026. India's advantages in raw cotton availability, integrated supply chains, and compliance with stringent RoO norms are expected to support sustained export growth.

Overall Impact:

These trade developments are expected to positively impact the Indian textile and apparel industry by improving market access, enhancing export competitiveness, supporting capacity utilisation, and strengthening India's positioning as a reliable global sourcing destination over the medium to long term.

Recent Budgetary Developments – Union Budget 2026–27 and Government Support for the Textile Industry

The Union Budget 2026–27 has further strengthened the Government of India’s focus on the textile and apparel sector through a comprehensive set of policy initiatives aimed at enhancing competitiveness across the value chain. Key measures include the introduction of the National Fibre Scheme, which seeks to promote self-reliance and stability in the availability of natural, man-made and specialised fibres, thereby strengthening raw material security and reducing input cost volatility. The Budget also emphasises modernisation of textile clusters, development of integrated textile parks, and promotion of technical and value-added textiles to improve scale efficiencies and productivity. Continued support for traditional segments such as handloom, handicrafts and khadi is expected to support employment generation and inclusive growth. Further, the government has reiterated its commitment to skill development through Samarth 2.0, an enhanced skilling programme aimed at improving workforce quality, productivity and industry alignment. Export-facilitative measures, including improved flexibility in meeting export obligations and better access to trade finance, are expected to ease operational constraints and support export growth. Overall, the measures announced in the Union Budget 2026–27 is expected to have a positive impact on the Indian textile industry by encouraging investment, strengthening backward integration, improving skill availability and supporting sustainable, export-led growth over the medium to long term.

6. PESTEL Analysis of the Industry

A comprehensive PESTLE (Political, Economic, Social, Technological, Legal, and Environmental) analysis provides insight into the macro-environmental factors influencing the cotton industry. These factors shape cultivation decisions, production volumes, pricing trends, trade flows, supply-chain efficiency, and long-term industry sustainability. Given the cotton industry's dependence on agricultural policies, climatic conditions, global textile demand, and regulatory frameworks, PESTLE analysis is essential for understanding structural opportunities and risks across the value chain.

Factors	Description
Political	<ul style="list-style-type: none"> Government support through Minimum Support Price (MSP), procurement operations, and farmer welfare schemes plays a critical role in stabilising cotton prices and farmer incomes. Agricultural and trade policies, including export incentives, import duty adjustments, and bilateral trade agreements, influence cotton competitiveness in global markets. Initiatives promoting domestic textile manufacturing, sustainability, and indigenisation support long-term cotton demand. Policy focuses on productivity improvement, quality enhancement, and sustainable agriculture shapes future supply dynamics.
Economic	<ul style="list-style-type: none"> Cotton prices are sensitive to global demand–supply conditions, international trade flows, and macroeconomic cycles affecting the textile and apparel industry. Rising input costs (seeds, fertilisers, labour, energy, and logistics) impact farmer profitability and cultivation decisions. Exchange-rate movements influence export realisations and competitiveness of Indian cotton in international markets. Overall cotton demand is closely linked to economic growth, disposable incomes, and consumption of textile and apparel products.
Social	<ul style="list-style-type: none"> Cotton cultivation supports livelihoods of a large rural population, making the industry socially significant and politically sensitive. Growing consumer awareness around sustainability, ethical sourcing, and organic products is influencing demand for certified and traceable cotton. Labour availability, skill levels, and rural migration trends affect cultivation and harvesting efficiency.

	<ul style="list-style-type: none"> Increasing expectations for farmer welfare, income stability, and inclusive growth influence policy and industry practices.
Technological	<ul style="list-style-type: none"> Adoption of improved seed varieties, precision farming, and better agronomic practices is enhancing productivity and fibre quality. Mechanisation in harvesting, ginning, and baling is reducing contamination and improving processing efficiency. Digital platforms for procurement, traceability, and market linkages are improving transparency across the cotton value chain. Technological advancements support compliance with sustainability and certification requirements demanded by global buyers.
Legal	<ul style="list-style-type: none"> Cotton cultivation and trade are governed by agricultural regulations, MSP norms, procurement guidelines, and quality standards. Compliance with export regulations, phytosanitary norms, and international certification standards is essential for accessing global markets. Environmental and labour laws impact cultivation practices, chemical usage, and working conditions across the supply chain. Contractual arrangements with ginners, traders, and textile manufacturers involve legal risks related to pricing, delivery, and quality disputes.
Environmental	<ul style="list-style-type: none"> Cotton is a water-intensive crop, making production vulnerable to water scarcity, groundwater depletion, and climate change. Increasing frequency of extreme weather events affects yields, fibre quality, and regional output stability. Growing emphasis on reducing chemical usage, improving soil health, and lowering carbon footprint is reshaping cultivation practices. ESG considerations and environmental compliance are becoming increasingly important for market access and long-term sustainability.

7. Competitive Landscape

The cotton industry operates in a highly competitive and fragmented landscape, comprising cotton farmers, ginners, traders, spinning mills, exporters, and integrated textile players operating across domestic and global markets. Competitive intensity is shaped by variability in agricultural output, quality differentiation, price volatility, regulatory support mechanisms, and global trade dynamics. Participants compete primarily on fibre quality, scale of operations, procurement efficiency, cost competitiveness, traceability, and long-term relationships with downstream textile and apparel manufacturers.

7.1 Key Factors Shaping Competition

- 1. Scale of Cultivation and Procurement Reach** - Players with access to large and diversified cotton-growing regions benefit from supply security and volume stability. Strong procurement networks and aggregation capabilities enable consistent raw material availability and better price negotiation across seasons.
- 2. Fibre Quality, Consistency, and Contamination Control** - Cotton quality parameters such as staple length, strength, micronaire, and cleanliness are critical differentiators. Producers and ginners with better harvesting, ginning, and handling practices gain a competitive edge in supplying premium domestic and export markets.
- 3. Cost Efficiency and Yield Productivity** - Competitive positioning is strongly influenced by cost of cultivation, ginning efficiency, logistics optimisation, and yield per hectare. Players with higher productivity and lower per-unit costs are better placed to withstand price volatility and margin pressures.
- 4. Integration Across the Value Chain** - Vertically integrated participants spanning farming linkages, ginning, spinning, and trading benefit from better margin control, reduced intermediary dependence, and improved demand–supply alignment. Integration enhances responsiveness to market trends and buyer requirements.
- 5. Export Capability and Global Market Access** - Established relationships with international buyers, compliance with export quality standards, and understanding of global trade norms enhance competitiveness. Export-oriented players benefit from diversified demand and reduced dependence on domestic consumption cycles.
- 6. Traceability, Certification, and Sustainability Credentials** - Growing demand for certified, organic, and traceable cotton has made sustainability compliance a key competitive factor. Players aligned with global certification standards and ESG expectations are better positioned to serve premium brands and long-term contracts.

7. **Government Policy Alignment and MSP Participation** - Ability to effectively operate within government procurement frameworks, MSP mechanisms, and regulatory norms provides income stability and reduces downside risks, particularly for producers and aggregators.
8. **Supply Chain Efficiency and Infrastructure Strength** - Access to modern ginning facilities, warehousing, transportation, and logistics infrastructure improves turnaround time, reduces losses, and enhances market responsiveness, strengthening overall competitive positioning.

7.2 Competitive Strategies

The cotton industry operates in a highly competitive and fragmented environment, influenced by agricultural variability, price volatility, quality differentiation, and evolving sustainability requirements. Competition spans across farmers, aggregators, ginners, traders, spinners, and exporters, with players differentiating themselves through scale, quality consistency, cost efficiency, supply-chain integration, and market access. As global textile and apparel markets increasingly emphasize traceability, sustainability, and reliable supply, industry participants are adopting a range of strategic initiatives to strengthen competitiveness and long-term viability. Key competitive strategies adopted by leading players in the cotton industry include:

- 1. Strengthening Procurement Networks and Farmer Linkages** - Companies are expanding direct sourcing models, contract farming arrangements, and farmer engagement programs to secure consistent raw cotton supply, improve quality at the farm level, and reduce dependence on intermediaries.
- 2. Focus on Quality Improvement and Contamination Control** - Investments in modern ginning infrastructure, improved harvesting practices, and quality monitoring systems help enhance fibre characteristics such as staple length, strength, and cleanliness, enabling access to premium domestic and export markets.
- 3. Vertical Integration Across the Cotton Value Chain** - Players are pursuing integration across ginning, spinning, trading, and, in some cases, downstream textile processing to improve margin stability, reduce supply disruptions, and align production with market demand.
- 4. Adoption of Sustainability and Certification Frameworks** - Increasing emphasis is being placed on organic cotton, Better Cotton, and other sustainability certifications to meet the requirements of global brands and retailers, improve traceability, and command pricing premiums.
- 5. Cost Optimization and Productivity Enhancement** - Strategies focused on improving yields, reducing input costs, enhancing ginning efficiency, and optimizing logistics help mitigate price volatility and protect margins in a cost-sensitive industry.
- 6. Export Market Diversification and Global Buyer Relationships** - Companies are strengthening relationships with international textile and apparel manufacturers, diversifying export destinations, and aligning product offerings with global quality and compliance standards to reduce reliance on any single market.
- 7. Use of Digital Platforms and Traceability Solutions** - Digital tools for procurement, quality tracking, farmer onboarding, and inventory management are increasingly being adopted to improve transparency, efficiency, and responsiveness across the supply chain.

- 8. Risk Management through Policy Alignment and Inventory Management** - Active participation in MSP mechanisms, prudent inventory management, and hedging strategies help manage price risks and policy-driven uncertainties, supporting earnings stability

Infomerics Analytics & Research

7.3 Barriers to Entry

Entering the cotton industry involves multiple structural and operational challenges arising from agricultural dependence, price volatility, regulatory frameworks, and entrenched supply-chain networks. While cultivation itself may appear accessible, achieving scale, consistency, and commercial viability across ginning, trading, and export segments presents significant barriers that favour established participants. Key barriers to entry in the cotton industry include:

- 1. Access to Scale and Reliable Raw Cotton Supply** - Effective participation in the cotton value chain requires access to large and consistent volumes of raw cotton. Established players benefit from extensive farmer networks, aggregation systems, and procurement reach, making it difficult for new entrants to secure dependable supply at competitive prices.
- 2. Capital Investment in Ginning, Storage, and Logistics Infrastructure** - Entry beyond primary trading requires substantial investment in modern ginning units, contamination control systems, warehousing, and transportation infrastructure. These capital requirements create a high threshold for new entrants seeking to compete on quality and efficiency.
- 3. Quality Control and Fibre Consistency Requirements** - Cotton buyers demand strict adherence to fibre quality parameters such as staple length, strength, micronaire, and cleanliness. Building systems and expertise to consistently meet these standards requires experience, technology, and sustained investment, posing a barrier for inexperienced entrants.
- 4. Exposure to Price Volatility and Working Capital Intensity** - Cotton procurement and trading are highly working-capital intensive due to seasonal procurement cycles, inventory holding, and price fluctuations. New entrants with limited financial strength face higher risk from market volatility and delayed price realisation.
- 5. Regulatory Compliance and Policy Dependence** - Compliance with MSP mechanisms, procurement norms, export regulations, quality standards, and certification requirements (including organic and sustainable cotton standards) adds operational complexity and cost, favouring established players familiar with regulatory processes.
- 6. Established Buyer Relationships and Market Credibility** - Long-standing relationships with spinning mills, textile manufacturers, and global buyers provide incumbents with repeat business and pricing stability. New entrants often lack the credibility, track record, and pre-qualification required to access premium or export markets.

7. **Sustainability and Certification Entry Costs** - Entry into higher-value segments such as organic or certified cotton involves certification costs, audit requirements, traceability systems, and transition-period risks, creating additional hurdles for new participants.
8. **Economies of Scale and Cost Competitiveness** - Established players benefit from economies of scale in procurement, processing, storage, and logistics, enabling lower per-unit costs. New entrants typically struggle to match these cost efficiencies, particularly in price-sensitive markets.

Infomerics Analytics & Research

7.4 Consolidation Trends

The cotton industry is witnessing gradual consolidation across various stages of the value chain, driven by the need for scale, quality consistency, supply security, and alignment with evolving sustainability and export requirements. While cotton cultivation remains fragmented, consolidation is more pronounced in ginning, trading, spinning linkages, and export-oriented segments, as participants seek to improve efficiency, reduce volatility, and strengthen market access. Key consolidation trends in the cotton industry include:

- 1. Strategic Mergers and Acquisitions in Ginning and Trading** - Established cotton ginners, traders, and agri-business firms are acquiring or merging with smaller, regional players to expand procurement reach, increase processing capacity, and gain access to new cotton-growing regions. Such consolidation helps strengthen supply aggregation and improve bargaining power with buyers.
- 2. Vertical Integration Across the Cotton Value Chain** - Players are increasingly integrating upstream and downstream operations, including farmer sourcing, ginning, trading, and spinning, to reduce dependency on intermediaries, stabilize margins, and ensure consistent quality and availability of raw cotton for textile manufacturing.
- 3. Consolidation to Address Quality and Contamination Challenges** - Larger players are absorbing or partnering with smaller ginners to standardize processing practices, improve contamination control, and upgrade infrastructure. This trend supports the supply of uniform, high-quality cotton required by modern spinning mills and export markets.
- 4. Scale-driven Consolidation to Manage Price Volatility and Costs** - Volatile cotton prices and rising input and logistics costs are encouraging consolidation, as larger, better-capitalized players are able to manage inventory risks, absorb short-term price fluctuations, and achieve cost efficiencies through economies of scale.
- 5. Expansion into Certified and Sustainable Cotton Segments** - Consolidation is increasingly focused on organic, Better Cotton, and other certified segments, with players acquiring certified supply networks or forming alliances with farmer producer organizations (FPOs) to quickly scale traceable and sustainable cotton offerings.
- 6. Export-oriented Consolidation and Global Market Access** - Cotton exporters are consolidating operations to strengthen compliance with international quality, traceability, and ESG standards, improve logistics capabilities, and build long-term relationships with global textile and apparel buyers, particularly in key export markets.

Overall, consolidation in the cotton industry is being driven by the need for scale, quality assurance, sustainability compliance, risk management, and stronger market linkages, and is expected to continue as buyers increasingly prefer large, reliable, and integrated suppliers.

7.5 Key Industry Players

The Indian cotton ginning and textile industry comprises a mix of unlisted regional processors and large integrated textile manufacturers. While many ginning units operate in the unorganized segment, players like Milan Ginning Pressing Pvt Ltd represent a growing base of professionally managed firms focused on sustainable and high-quality cotton processing. The industry is critical to India's textile supply chain, especially as the country remains one of the largest cotton producers globally. The competitive landscape is shaped by the presence of vertically integrated textile conglomerates that offer spinning, weaving, and fabric production capabilities alongside standalone ginners.

Axita Cotton Ltd – According to the details mentioned on the company's website, the company was Incorporated in 2013 as a public limited company headquartered in Ahmedabad, Gujarat, Axita Cotton Ltd and its group firm Axita Exports Pvt Ltd commenced operations from a partnership dating back to 2007. The company specializes in cotton bales, cotton seeds, oil, and cotton seed cake, with a ginning and pressing capacity of ~87,600 MT per annum using modern machinery. It's certified under ISO 9001:2015, BCI, and GOTS, and it exports cotton bales to Pakistan, Bangladesh, and Vietnam.

Pashupati Cotspin Ltd. - Pashupati Cotspin Limited, headquartered in Gujarat, is a growing player in the Indian textile sector, primarily engaged in the manufacturing of cotton yarn and cotton bales. The company has established itself as a reliable and quality-conscious producer, operating with semi-integrated manufacturing facilities that enable greater control over the ginning and spinning processes. This integration not only supports consistent product quality but also allows for better cost optimization across its production cycle. The company caters predominantly to the domestic textile and apparel industry, supplying cotton yarn to fabric manufacturers, power loom clusters, and small-scale garment producers. However, in recent years, it has started to diversify its revenue streams by gradually building a modest presence in export markets, targeting neighbouring countries and select buyers in Asia and the Middle East. Its focus on quality consistency, operational prudence, and financial discipline has allowed it to grow steadily within the competitive spinning segment. Although it operates on a smaller scale compared to large integrated mills, it remains a relevant peer for companies.

7.6 Financial Performance Analysis

The financial performance analysis of Milan Ginning & Pressing Limited presents an overview of its operational and profitability trends over FY 2023 to FY 2025 & FY 2026 (Till September 2025). The assessment highlights key indicators such as revenue from operations, total income, EBITDA, and profitability margins, reflecting the company's operational efficiency and financial stability.

Figures in INR Lakhs (Except for ratios and percentages)

Key Indicators (in INR Lakhs)	Milan Ginning & Pressing Limited			
	As on September 2025	FY 2025	FY 2024	FY 2023
Revenue from operations	47,398.81	80,059.46	89,975.11	68,275.02
Total Income	47,624.12	81,045.59	90,837.17	69,587.88
EBITDA	1,002.27	1,032.52	1,461.24	224.31
EBITDA Margin (%)	2.11%	1.29%	1.62%	0.33%
PAT	719.24	1,128.12	1,073.21	524.29
PAT Margin (%)	1.51%	1.39%	1.18%	0.75%
Current Ratio (in times)	1.09	1.12	1.03	1.02
Tangible Net worth	5,372.82	4,653.58	3,564.64	2,490.84
Total Debt	3,269.44	3,352.47	3,448.60	3,286.70
Debt Equity Ratio (in times)	0.61	0.72	0.97	1.32
ROCE (%)	10.68%	11.29%	15.98%	-4.73%
Return on Net Worth (%)	14.35%	27.45%	35.45%	42.10%

Source – Audited Financials provided by the Company

Formula Used:

- EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation): Total Operating Income - Operating Expenses (excluding Depreciation & Amortisation, Interest, and Taxes)
- EBITDA Margin: (EBITDA/ Total Operating Income) *100
- PAT Margin: (Profit after Tax/Total Income) *100
- Current Ratio: Current Assets /Current Liabilities
- Tangible Net Worth: Share Capital + Reserve & Surplus – Intangible Assets -Deferred Tax Assets – Misc Expenditure not written off – Revaluation Reserves
- Return on Net Worth (RONW): (Profit After Tax /Average Tangible Net Worth) *100

- Total Capital Employed: Fixed Assets + Other Long-term assets+ Net Working Capital
- Return on Capital Employed (ROCE): (Earnings before Interest & Taxes/Average Capital Employed) *100

The Company witnessed strong growth in FY24, with revenue from operations increasing to INR 89,975.11 lakhs from INR 68,275.02 lakhs in FY23, driven by higher trade volumes and improved operating efficiencies. However, revenue moderated in FY25 to INR 80,059.46 lakhs. The decline in sales during FY25 is primarily attributable to a slowdown in export demand, particularly due to the Bangladesh crisis, which disrupted one of the key cotton yarn and textile export markets. In addition, a correction in global cotton bale and yarn prices led to lower realizations, further impacting topline performance.

Despite the revenue decline, profitability remained resilient. EBITDA improved significantly from INR 224.31 lakhs in FY23 to INR 1,461.24 lakhs in FY24, before moderating to INR 1,032.52 lakhs in FY25 in line with lower revenues. EBITDA margins improved structurally from 0.33% in FY23 to 1.62% in FY24 and remained healthy at 1.29% in FY25, reflecting better cost control and operational discipline. As of September 2025, margins further strengthened to 2.11%, indicating improved spreads and efficiency.

Profit After Tax (PAT) showed a steady upward trend, rising from INR 524.29 lakhs in FY23 to INR 1,128.12 lakhs in FY25, with PAT margins improving from 0.75% to 1.39% over the same period. This indicates improved bottom-line resilience despite pricing pressure in the cotton value chain.

The Company's financial position strengthened over the period. Tangible net worth nearly doubled from INR 2,490.84 lakhs in FY23 to INR 4,653.58 lakhs in FY25, supported by profit accretion. Total debt reduced gradually, resulting in a significant improvement in the debt-equity ratio from 1.32 Times in FY23 to 0.72 times in FY25 (0.61 times as of September 2025). Liquidity also improved, with the current ratio increasing to above 1.0 times levels.

Return ratios normalized after a strong FY24. ROCE improved sharply from negative levels in FY23 to 15.98% in FY24 and moderated to 11.29% in FY25, in line with softer operating performance. Return on Net Worth declined from 42.10% in FY23 to 27.45% in FY25 and 14.35% as of September 2025, primarily due to an expanding net worth base.

Overall, while FY25 revenues were impacted by external factors such as export market disruptions in Bangladesh and declining cotton and yarn prices, the Company demonstrated improved financial stability, stronger margins compared to historical levels, and a healthier capital structure.

7.7 Peer Benchmarking Analysis

The peer benchmarking analysis assesses the financial performance of Milan Ginning Pressing Limited in comparison with relevant players in the Cotton Industry. For this analysis, it has been benchmarked against Pashupati Cotspin Limited and Axita Cotton Limited.

Figures in INR Lakhs (Except for ratios and percentages)

Key Indicators	Milan Ginning & Pressing Limited		Pashupati Cotspin Limited		Axita Cotton Limited	
	FY 2025	As on September 2025	FY 2025	As on September 2025	FY 2025	As on September 2025
Total Operating Income	80,059.46	47,398.81	63,749.09	35,870.21	65,271.58	21,996.75
Total Income	81,045.59	47,624.12	65,091.27	36,444.99	65,406.30	22,282.47
EBITDA	1,032.52	1,002.27	2,608.06	1,395.67	118.25	26.86
EBITDA Margin	1.29%	2.11%	4.09%	3.89%	0.18%	0.12%
PAT	1,128.12	719.24	1,288.17	597.29	78.60	164.80
PAT Margin	1.39%	1.51%	1.98%	1.64%	0.12%	0.74%
Current Ratio	1.12	1.09	1.56	1.71	4.90	2.59
Tangible Net worth	4,653.58	5,372.82	15,433.81	16,023.34	6,125.14	6553.90
Total Debt	3,352.47	3,269.44	9,483.26	9,167.47	101.95	2144.45
Debt Equity Ratio	0.72	0.61	0.61	0.57	0.02	0.33
ROCE (%)	11.29%	10.68%	6.52%	3.53%	-0.02%	-0.05%
Return on Net Worth (%)	27.45%	14.35%	9.42%	3.80%	2.57%	2.60%

Source - FY2025 financials for peer comparison are based on audited figures for Milan Ginning & Pressing Limited (as provided by the company). FY 25 (Audited Financials) & September 2025 (Un-audited Financials) for Pashupati Cotspin Limited & Axita Cotton Limited (as filed on BSE).

Milan Ginning & Pressing Limited demonstrates a strong comparative position among its peers, particularly in terms of scale, capital efficiency, and return generation. The Company recorded the highest Total Operating Income of INR 80,059.46 lakh in FY 2025 and INR 47,398.81 lakh as of September 2025, along with Total Income of INR 81,045.59 lakh and INR 47,624.12 lakh, respectively. In comparison, Pashupati Cotspin Limited reported Total Operating Income of INR 63,749.09 lakh in FY 2025 and INR 35,870.21 lakh as of September 2025, while Axita Cotton Limited reported INR 65,271.58 lakh and INR 21,996.75 lakh, respectively, highlighting Milan Ginning's relatively larger operational scale and stronger market presence.

In terms of profitability, Milan Ginning has consistently remained profitable at both the operating and net levels. The Company reported an EBITDA of INR 1,032.52 lakh (EBITDA margin of 1.29%) in FY 2025, which stood at INR 1,002.27 lakh (EBITDA margin of 2.11%) as of September 2025. Profit after tax stood at INR 1,128.12 lakh (PAT margin of 1.39%) in FY 2025 and INR 719.24 lakh (PAT margin of 1.51%) for the September period. In comparison, Pashupati Cotspin reported EBITDA of INR 2,608.06 lakh (4.09%) and INR 1,395.67 lakh (3.89%), with PAT of INR 1,288.17 lakh (1.98%) and INR 597.29 lakh (1.64%) for FY 2025 and September 2025, respectively. Axita Cotton reported relatively lower profitability, with EBITDA of INR 118.25 lakh (0.18%) and INR 26.86 lakh (0.12%), and PAT of INR 78.60 lakh (0.12%) and INR 164.80 lakh (0.74%) over the same periods. While Pashupati Cotspin continues to exhibit higher margins, Milan Ginning's profitability remains supported by its significantly larger revenue base, resulting in meaningful absolute earnings.

Milan Ginning has superior return ratios. The Company reported a Return on Capital Employed (ROCE) of 11.29% in FY 2025 and 10.68% as of September 2025, the highest among peers. Similarly, Return on Net Worth (ROE) stood at 27.45% in FY 2025 and 14.35% for the September period, significantly outperforming Pashupati Cotspin (ROCE: 6.52% and 3.53%; ROE: 9.42% and 3.80%) and Axita Cotton (ROCE: -0.02% and -0.05%; ROE: 2.57% and 2.60%). These metrics highlight the Company's efficient utilization of capital and strong value creation for shareholders across both annual and interim periods.

From a capital structure perspective, Milan Ginning maintains a prudent and balanced financial profile. The Company's Debt-Equity Ratio stood at 0.72 in FY 2025 and moderated to 0.61 as of September 2025, reflecting controlled leverage aligned with its scale of operations. This compares with Pashupati Cotspin (0.61 and 0.57) and Axita Cotton (0.02 and 0.33). While Pashupati Cotspin carries higher absolute debt (INR 9,483.26 lakh and INR 9,167.47 lakh), Milan Ginning efficiently utilizes its debt base (INR 3,352.47 lakh and INR 3,269.44 lakh) to support working capital requirements without materially increasing financial risk.

In terms of liquidity, Milan Ginning's Current Ratio stood at 1.12 in FY 2025 and 1.09 as of September 2025, indicating efficient working capital management with funds actively deployed in operations. In comparison, Pashupati Cotspin reported ratios of 1.56 and 1.71, while Axita Cotton's higher ratios of 4.90 and 2.59 suggest relatively higher liquidity buffers. The Company's Tangible Net Worth increased from INR 4,653.58 lakh in FY 2025 to INR 5,372.82 lakh as of September 2025. Although lower than Pashupati Cotspin, this is complemented by Milan Ginning's superior return ratios, demonstrating stronger earnings generation from a relatively lean capital base.

Overall, across both FY 2025 and September 2025 periods, Milan Ginning & Pressing Limited distinguishes itself through scale-driven revenues, disciplined leverage, efficient liquidity management, and superior capital returns, positioning the Company favourably within the

cotton ginning industry alongside Pashupati Cotspin Limited and Axita Cotton Limited, despite operating in a structurally low-margin environment.

Infomerics Analytics & Research

7.8 Company Positioning – Milan Ginning Pressing Limited

The Company was incorporated in 1995 and is engaged in the manufacturing and export of cotton bales, cotton seeds and cotton cake across domestic and international markets, operating across the cotton value chain. Over the years, the Company has established itself as a reliable supplier to both domestic spinning mills and global buyers, catering to consistent demand from the textile sector.

The cotton industry is characterised by the seasonal availability of raw cotton and relatively stable year-round demand from spinning mills and exporters. Raw cotton arrivals are typically concentrated during the harvest season from October to March, while demand remains steady throughout the year. In line with this industry dynamic, the Company undertakes procurement during peak arrival periods and maintains adequate inventory levels to enable continuous processing and ensure uninterrupted supply to its customers.

The Company commenced operations as a cotton trading business and subsequently expanded into ginning and pressing activities through the establishment of its manufacturing facility. It has since developed capabilities in processing raw cotton into cotton bales for the domestic cotton yarn industry, along with by-products such as cotton seeds and linters. Its manufacturing facility, located at Limbdi, District Surendranagar, Gujarat, India, is equipped with automated infrastructure and is strategically situated near Mundra Port, enhancing logistics efficiency and access to international markets, including more than 36 double roller ginning machines and modern ginning and pressing equipment, supporting operational efficiency and scalability.

The Company is integrated into global textile supply chains and forms part of the vendor ecosystem for international brands such as C&A, H&M, Primark, Inditex, PVH, Jako and Carrefour for organic cotton. It also supplies cotton yarn through its group company, Sustainable Spinning & Commodities Private Limited, enabling a broader presence across the downstream textile value chain.

Further, the Company adheres to recognised sustainability and quality standards and has obtained certifications such as the Primark Sustainable Cotton Programme (PSCP), Better Cotton Initiative (BCI) and OEKO-TEX Standard 100, which support its export capabilities and align its operations with evolving global sourcing requirements.

Quality and Sustainability Certifications

The Company follows sustainability and quality standards aligned with international practices and has obtained multiple certifications to support its operations and exports:










- **Primark Sustainable Cotton Programme (PSCP) Certification:** The Company is a certified manufacturer under PSCP, enabling supply of sustainably sourced cotton yarn and fabrics based on client requirements.

- **Better Cotton Initiative (BCI) Certification:** The Company is certified under BCI, which promotes environmentally sustainable cotton cultivation and ensures fair practices for farmers and workers.
- **OEKO-TEX Standard 100 Certification:** This certification ensures that products are tested for harmful substances and are safe for human use, supporting compliance with international quality standards.

Overall, the Company is positioned as an established and integrated cotton processor with strong procurement capabilities, efficient manufacturing infrastructure, participation in global supply chains and adherence to sustainability standards, enabling it to effectively capitalise on industry demand dynamics.

7.9 SWOT Analysis

Strengths	Weaknesses
<p>✓ Established Operations & Experience – The company has been in cotton ginning/pressing since the 1991s with deep experience in quality processing and export markets.</p> <p>✓ Export Capability & International Market Presence – Exports to multiple countries including Bangladesh, Pakistan, China, Turkey, and African markets, providing global revenue diversification.</p> <p>✓ Strategic Location – Located in Gujarat, a major cotton-producing region, reducing logistics costs and ensuring proximity to raw material sources.</p> <p>✓ ISO & Compliance Certifications – Adherence to quality management and environmental standards enhances credibility and buyer confidence.</p> <p>✓ Organic Cotton - Milan Ginning Pressing limited is also engaged in organic contract farming activity covering around 1,000 acres of farming land.</p> <p>✓ Scalable Infrastructure – Multiple ginning and pressing units with capacity to expand operations as demand grows.</p>	<p>✗ Seasonal Nature of Business – The ginning and pressing sector is inherently seasonal; production capacity fluctuates with cotton availability, affecting revenues and utilization.</p> <p>✗ Dependence on Raw Material Supply – Availability and price stability of cotton seed directly impact operations; any supply disruption can affect production continuity.</p>

Opportunities	Threats
<p> Growing Demand Domestically & Internationally – Rising global demand for cotton and cotton products presents opportunities to expand export volumes.</p> <p> Textile Sector Growth & Government Support – India’s textile industry has growth potential, and policy incentives could boost demand for ginned cotton.</p> <p> Capacity Expansion & Value Addition – Increasing installed capacity or adding value-added services (warehouse & stock management) can diversify revenue streams.</p> <p> Strategic Partnerships with Textile Mills – Long-term supply contracts with domestic and international textile manufacturers can ensure stable revenues.</p> <p> Rising Demand for Sustainable Textiles – Global trend towards sustainable and ethically sourced cotton provides a growth niche for certified, traceable cotton.</p> <p> Digital Platforms & B2B Marketplaces – Leveraging online platforms to connect directly with buyers can increase reach and reduce intermediaries.</p>	<p> Fluctuating Cotton Prices & Input Costs – Volatility in raw cotton prices poses a risk to margins and pricing strategy across commodity cycles</p> <p> Intense Industry Competition – The cotton ginning/pressing industry in India has many organised and unorganised players, pressuring margins and market share.</p> <p> Agro-Climate Dependency – Crop yield and quality depend on weather patterns and monsoon performance; poor seasons can severely impact raw material availability</p>

8. Future Outlook

The cotton industry is expected to witness steady and healthy growth over the medium to long term, underpinned by strong structural demand drivers, expanding global textile consumption and an increasing preference for natural and sustainable fibres. Growth is expected to be supported by rising population, increasing disposable incomes, and higher demand for cotton-based apparel, home textiles, and technical textiles, particularly across emerging economies. However, ongoing geopolitical tensions involving the United States, Israel and Iran have added an element of uncertainty to global trade flows indirectly impacting the textile industry through fluctuations in crude oil prices, increased logistics and freight costs and potential disruptions in key export markets.

India being one of the largest producers and consumers of cotton, is well-positioned to benefit from this momentum, driven by a robust and integrated textile value chain, growing export opportunities and continued government support through initiatives such as Minimum Support Price (MSP) mechanisms, technology upgradation schemes and productivity enhancement programs. Notably, recent trade developments are expected to further strengthen the sector's outlook, with India entering a trade framework with the United States, which provides preferential market access and tariff reductions for key sectors including textiles and apparel, thereby improving export competitiveness and enabling higher sourcing from global buyers. In addition, the conclusion of the India–European Union Free Trade Agreement (2026) is expected to significantly enhance market access by reducing or eliminating tariffs on most traded goods, including textiles, thereby boosting exports and strengthening India's position in global cotton value chains.

A notable industry trend is the increasing global shift towards organic, sustainable, and traceable cotton, driven by evolving consumer preferences and tightening environmental standards, which is likely to create opportunities for premiumisation and value-added products. Technological advancements, including improved seed varieties, mechanisation, precision farming, and digital supply chain traceability, are expected to enhance productivity, quality, and operational efficiency across the value chain. Additionally, India's competitive advantages, such as cost-effective labour, a large cultivation base, and diversified export markets, are expected to strengthen its position in global cotton and textile trade.

However, the industry remains exposed to certain risks, including volatility in cotton prices due to global supply-demand imbalances, competition from man-made fibres such as polyester, susceptibility to climatic variations such as erratic monsoons and pest infestations, and relatively lower yield levels compared to global benchmarks. Notwithstanding these challenges, the overall outlook for the cotton industry remains positive and structurally

robust, supported by favourable demand dynamics, evolving global trade linkages, policy support, and increasing emphasis on sustainability, positioning it as a critical contributor to agricultural income, rural livelihoods, industrial development, and export earnings.

Yours Faithfully,



Sankhanath Bandyopadhyay
Senior Economist
Infomerics Analytics & Research Pvt Ltd
Place: New Delhi