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M. P. TEXTILE NEWSLETTER

THE MONTHLY NEWSLETTER OF
THE MADHYA PRADESH TEXTILE MILLS ASSOCIATION

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ASSOCIATION NEWS

1. The Association submitted to the Principal Secretary, Labour Department and Labour Commissioner of the State its suggestions in detail on following Draft Rules notified by the Government for comments/suggestions from Stakeholders:

- MP Code on Wages Rules, 2026 on 13th June, 2026
- MP Industrial Relations Rules, 2026 on 13th June, 2026
- MP Social Security Rules, 2026 on 19th June, 2026
- MP Occupational Safety, Health & Working Conditions Rules, 2026 on 19th June, 2026.

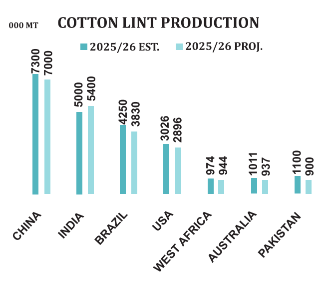
2. A detailed Proposal for Madhya Pradesh Pavilion at Bharat -Tex, New Delhi sent by our Chairman to Shri Vishal Singh Chauhan, Executive Director, Madhya Pradesh Industrial Development Corporation, Bhopal on 19th June, 2026.

RAW MATERIALS

1. 1st June, 2026 release by International Cotton Advisory Committee, projects a modest contraction in global cotton area, production, and trade during the 2026-27 season, reflecting weaker demand sentiment, rising production costs, and shifting environmental factors across major producing nations.

According to the Report, global cotton area is projected to decline by 1% to 30.1 million hectares, while world production is expected to decrease by 2% to 25.7 million tons. Global cotton trade is also forecast to fall by 1.4% to approximately 9.5 milliontons.

For 2026/27, world area and production projected to decline



WORLD AREA UNDER COTTON	2025/26 EST.	2026/27 PROJ.
WORLD TOTAL	30408	30104
INDIA	11800	11800
CHINA	3015	3000
USA	3168	2985
WEST AFRICA	2426	2441
BRAZIL	2170	2050
PAKISTAN	1900	1910

WWW.icac.org

Source:- Parkhi Vats, ICAC

***China:** Expected to remain the world's largest cotton producer despite a projected 0.5% decline in area (to 3 million hectares) and a 4% decline in production to 7 million tons. Favorable weather conditions are expected to support strong crop performance, yielding a globally unmatched 2,421 kg/ha:

***India** will maintain the world's largest cotton area, holding steady at approximately 11.8 million hectares. Production is projected to expand by 8% due to normal monsoon forecasts. The additional output is expected to be absorbed by growing domestic consumption and strong yarn exports to China.

A price forecast for the 2025-26 season, based on current supply and demand estimates, ranges from 75 to 80 cents per pound, with a midpoint of 78 cents per pound.

2. As per USDA press release dated 11th June, 2026, World cotton supply for 2026-27 is slightly lower due to reduced beginning stocks. Production remains at 116.0 million bales, with trade marginally down. Consumption edges up to 121.8 million bales, driven by increased demand from China despite declines for Bangladesh, Pakistan, and South Korea. Ending stocks for 2026-27 are reduced slightly this month to 71.1 million bales, mainly because of lower beginning stocks. For 2025-26, higher world exports reduce ending stocks, with global production and use largely unchanged. Exports are raised by over 1 %, led by Brazil, the United States, Kazakhstan, and Turkey. Global production is increased by 15,000 bales due to Egypt, offsetting Argentina's decline. Consumption is lowered 25,000 bales as decreases in several countries outweigh gains in China and Vietnam. Ending stocks are reduced by more than 600,000 bales, lowering the stocks-to-use ratio to 64 percent.

Quantity -Million 480-Pound Bales

World	2024 -25	2025 -26	2026 -27
Opening Stock	73.45	74.52	76.63
Production	119.3 4	122.66	116.04
Consumption	119.11	120.11	121.76
Import / Export	42.43	43.76	43.34
Closing Stock	74.52	76.63	71.13

3. As per UDSA report dated 12th May, 2026, production in India—is forecast at 24.0 million bales, about 1 % above 2025-26, with an increase in harvested area more than offsetting a decline in yield. Harvested area is forecast to 11.5 million hectares, an increase of 300,000 hectares (3%) from 2025-26, while yield is expected to decline 2 % (9 kg per hectare) to 454 kg per hectare, near the 3-year average. India is expected to contribute approximately 21 % of total world cotton mill use in 2026-27.

4. A stakeholders' consultation on the proposed Quality Control Order (QCO) for cotton was held 2nd June 2026 under the Chairmanship of Smt. Padmini Singla, IAS, Joint Secretary (Fibre),Government of India.

The President of the Cotton Association of India (CAI) participated in the consultation and put forward the following recommendations on behalf of the CAI:

- Introduction of mandatory standardized press marks and running numbers on cotton bales to ensure traceability and facilitate the generation of reliable statistical data.
- Full cloth packing of cotton bales should be optional, with an appropriate premium accorded to fully covered bales.
- Compliance with prescribed quality parameters should not be mandatory; however, such compliance may be considered as a criterion for the star rating of ginning factories.
- The QCO should not be made applicable to imported cotton.

These recommendations had also been submitted by CAI to the Government for consideration.

On 9th June, 2026, the Government of India in the Ministry of Textiles rescinded Notification No. S.O. 948(E) dated 28th February, 2023 relating to QCO in respect of Cotton Bales with immediate effect.

5. As per Shri Rahul Shah, Co-chair, Textile Committee, Gujarat Chamber of Commerce and Industry (GCCI), raw cotton prices have corrected by nearly Rs. 4,000 per candy after the duty waiver announcement. The moderation in cotton and yarn prices is expected to lower input costs for mills and improve operating margins, particularly for export-oriented manufacturers competing with suppliers from Bangladesh, Vietnam and China.

6. As per reports, India's cotton acreage is expected to increase significantly during the 2026 kharif season as farmers shift towards the crop due to higher MSP, lower water requirements, and concerns over below-normal rainfall. Trade estimates suggest cotton sowing could exceed 130 lakh hectares, compared to 114.82 lakh hectares last year. Strong gains are expected across Central and South India, while Rajasthan may offset acreage declines in Punjab and Haryana.

7. As per Shri Vinay N. Kotak, President, Cotton Association of India, presently, import into India looks un economical as compared to the same time last year despite withdrawal of 11% duty:

- Between 1st June and 9th June, 2026, December ICE Futures range is from 77.75 to 80.50 as compared to the range of 64.70 to 65.60 during the same time last year.
- Rupee Dollar pair between 1st June to 9th June, 2026 ranged between 94.90 to 95.80 as against 85.90 to 88.30 during the same time last year.
- Inventory of the mills is about at least 75 days versus about 30 days in last year.
- Effective shipment period up to 30th September 2026 is only 2 months i.e. 15th June to 15th August, 2026 considering voyage time of atleast 45 days.
- Shankar-6 is cheaper by about 4% than the cheapest available Brazil cotton.

Considering all above reality and facts, import demand will be restricted more for contamination-free cotton required resulting in to additional arrival of about 6 lakh bales till September end.

8. Data from the Cotton Association of India (CAI) shows that cotton imports reached 43.5 lakh bales by the end of May, 2026, representing a growth of nearly 32 % compared with 33 lakh bales during the same period last year. CAI had initially projected total imports of 47 lakh bales for the current marketing season, which concludes in September. However, industry leaders now expect imports to rise substantially following the duty exemption.

POWER

The MP Power Management Company has advised DISCOMs to bill to the consumers Fuel & Power Purchase Adjustment Surcharge (FPPAS) @ 1.11 %on energy charges only for one month commencing from 24th June, 2026.

LEGAL & TAXATION

1. In an order dated 8th June, 2026, a Division Bench of Gujarat High Court comprising Chief Justice Sunita Agarwal and Justice D.N. Ray allowed a Letters Patent Appeal filed by the Union of India against the 6th April, 2026, interim order in Orilon Tectex Private Limited vs Union of India. The Bench observed that the earlier order did not contain any reasoning for staying the Government's policy decision and effectively granted the final relief sought in the petition. The Court noted that the 6th April order had stayed the operation of the Government's rescission Notification dated 12th November, 2025, through which the Polyester Continuous Filament Fully Drawn Yarn (Quality Control) Order, 2023 had been withdrawn. The blanket stay order passed by the learned Single Judge staying the effect and operation of the policy decision of the Union of India taken thro rescission order dated December 11, 2025, cannot be sustained.

2. The Ministry of Textiles has reduced the Hank Yarn Obligation from 30% to 20% from July- September, 2026 Quarter. Notification dated 15th June, 2026 specifies that every producer of yarn, who packs yarn for domestic consumption shall pack yarn in the Hank form in each quarterly period commencing from July to September, 2026 and in every subsequent quarterly period, in proportion of not less than 20% of the total yarn packed by him during each quarterly period for domestic consumption. Provided that not less than 80% of the yarn required to be packed in Hank form shall be of counts 80s and below.

3. The State Branch of Goods & Service Tax Appellate Tribunal has started hearing cases w.e.f. 25th June, 2026. Their Office is located at B Wing, 1st Floor, Satpura Bhawan, Arera Hills, Bhopal.

4. The State Government in its Cabinet Meeting held on 9th June, 2026 decided to reduce Mandi Tax on Cotton from Rs. 1.00% to Rs. 0.50 % w.e.f. 18th June, 2026.

EXPORT & IMPORT

1. The Ministry of Commerce released information relating to exports for May, 2026 on 15th June, 2026. During fiscal year 2025–26 (April–March), textile and apparel shipments declined by 2.21 per cent.

- During May, 2026, Indian Textiles exports registered a growth of 2.47% over the previous year while Apparel exports registered a significant de-growth of 14.17% during the same time period.
- Cumulative Exports of Textiles and Apparel during May,2026 have registered a de-growth of 5.40% over May, 2025.
- During Apr-May,2026, Indian Textiles exports registered a growth of 3.03% over the previous year while Apparel exports registered a de-growth of -12.98% during the same time.

The details of textile and apparel exports during the months of April-May, 2026 as compared to exports in April-May, 2025 are as under:

Value in US$ Million

Exports	April-May, 2025-26	April-May, 2026-27	% Change
Cotton Yarn, Fabrics, Made-ups & Handloom Products	1,929.61	1,953.42	1.23
MMF Yarn,Fabrics, Made-ups, etc.	793.39	795.44	0.26
Jute Products	59.93	57.25	(-) 4.47
Carpets	246.92	256.36	3.82
Handicrafts, etc.	268.03	335.23	25.07
Textiles	**3,297.88**	**3,397.70**	**3.03**
Apparel	**2,882.78**	**2,508.70**	**(-) 12.98**
Textiles & Apparel	**6,180.66**	**5,906.40**	**4.44**
All Commodities	**76,587.36**	**88,909.14**	**16.09**
% Share of T & C	**8.07**	**6.64**	

The decline in apparel exports during April–May 2026 can be attributed to a combination of factors. Demand from key Middle Eastern markets has moderated, impacting export orders. In addition, the sector is comparing against a high base from the corresponding period last year, when exports were accelerated to meet tariff-related deadlines. While the current figures reflect these temporary pressures, the long-term outlook for India's apparel exports remains positive.

2. Imports of cotton (raw and waste) increased by 43.18 % in May, 2026 compared to May, 2025. Imports of Textile yarn, Fabric, Made-ups also decreased by 3.68 % in May, 2026. The details of imports in April-May, 2026 as compared to the same months of previous year are as under:

Value in US$ Million

Imports	April - May, 2025-26	April - May, 2026 - 27	% Change
Cotton Raw & Waste	189.18	228.05	20.55
Textile Yarn, Fabrics, Made-ups, etc.	413.74	391.78	(-) 5.31

3. India's textile and apparel (T&A) exports to Bangladesh stood at US$ 3,004.83 million in 2025. Yarn was the largest export item, contributing 54.13% share in 2025. Compared to 2024, India's T&A exports to Bangladesh decreased by -7.36% in 2025 mainly due to decline in exports of fibre and yarn:

Value in US$ Million

Items	2022	2023	2024	2025	Share %
Fibre	980.38	578.88	696.21	506.79	16.87
Filament	60.93	41.47	56.98	44.08	1.47
Yarn	1490.5	1,282.19	1,696.45	1,626.51	54.13
Fabric	916.25	696.84	764.45	793.41	26.40
Apparel	34.35	25.59	18.85	22.18	0.74
Home Textiles	1.20	0.76	0.89	3.36	0.11
Others	8.54	13.02	9.71	8.50	0.28
Total	**3,491.98**	**2,642.75**	**3,243.55**	**3004.83**	**100.00**

4. The top ten importers of cotton yarn from India during 2025-26 have been as under:

Country	Quantity in Mln. Kgs		Value in US $ Mn.	
	2024 -25	2025-26	2024-25	2025-26
World	**1,150.02**	**1,181.61**	**3,563.13**	**3,409.93**
Bangladesh	570.17	499.02	1,749.04	1,455.83
China	86.37	190.96	217.37	460.80
Egypt	57.71	94.12	172.20	258.06
Vietnam	55.01	46.08	167.31	130.64
Portugal	38.76	39.64	125.64	117.56
Sri Lanka	26.37	24.23	99.59	86.97
South Korea	25.26	25.02	80.87	76.97
Columbia	29.52	25.88	78.75	65.50
Peru	55.15	57.86	160.20	156.33
Italy	-	-	64.63	48.80
Turkey	13.95	11.22	-	-
Total	**958.25**	**1014.04**	**2,915.61**	**2,857.47**

5. According to data released by the Confederation of Indian Textile Industry (CITI), India retained its position as the third-largest supplier of textile and apparel products to the United States in 2025, with exports valued at US$10.8 billion. The United States imported textile and apparel products worth US$113.43 billion during the year, with India accounting for a 9.52 % share of the market. China remained the largest supplier to the U.S. market with exports worth US$20.90 billion and an 18.43 % share, followed by Vietnam at US$18.69 billion with a 16.48 % share. India ranked ahead of Bangladesh, the European Union, Cambodia, Mexico, Indonesia, Pakistan and Türkiye.

6. The India-Oman trade pact provides significant market access opportunities for the textiles and apparel sector, placing India in a strong position to expand its exports and consolidate its presence in a key Gulf market. India's textile products will get tariff advantage of 5% and have a level playing field with competing countries like Bangladesh and Turkey and boost the exports of readymade garments and home textiles. India's exports of textiles, apparel and handicrafts to Oman stood at USD 95.1 million in FY 2025-26, while Oman imports textiles and apparel worth approximately USD 598 million annually.

7. The India-UK Comprehensive Economic and Trade Agreement (CETA) will come into effect on 15th July, 2026. The UK is one of the largest markets for Indian textile and apparel products. Under the India-UK CETA, Indian textile and apparel products will enjoy zero-duty access to the UK. The Indian textile industry expects to double its market share in the UK as the recently concluded Free Trade Agreement exempts Indian textiles and apparel from UK's safeguard duties, bringing tariffs down to zero from about 12%. The UK Department for Business and Trade has estimated imports of clothing are projected to rise by £475 million (45%), textiles by £175 million (40%), and footwear by £55 million (30%).

STATE OF INDUSTRY

1. The Ministry of Statistics and Programme Implementation (MoSPI) released the new series of the All India Index of Industrial Production (IIP) with base year 2022–23 on 29th June 2026, using the Wholesale Price Index (WPI) as the deflator. Subsequently, the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, released the Output Producer Price Index (Output PPI) series with base year 2022–23 on 15th June 2026. As output PPI is a new and important indicator for capturing producer level prices, it has significant implications for compiling IIP. The IIP growth rate for the month of May, 2026 is 5.1% as compared to May, 2025. The IIP declared on 1st June, 2026 are as under:

Items	For the Month		Cumulative		Growth
	May, 2025	May, 2026	Apr.-May. 2025-26	Apr.-May. 2026-27	May,2026 202 %
All India (Mfg.)	116.2	122.6	114.1	120.7	5.5
Textiles	120.9	136.2	118.9	136.0	12.7
Wearing Apparel	103.6	94.5	100.7	92.8	(-)8.8

2. The Government has constituted six sector-specific working groups (including textiles) to identify up to 100 products for increased domestic manufacturing, as part of a broader effort to reduce import dependence and strengthen India's industrial capabilities. According to an official, the initiative is aimed at promoting the indigenization of products that are either not manufactured in India or are produced in insufficient quantities to meet domestic demand. The panels comprise representatives from a range of Ministries and Government Departments, including the Ministry of Commerce and Industry, the Department for Promotion of Industry and Internal Trade (DPIIT), NITI Aayog, the Ministry of Textiles and more.

3. A nationwide initiative aimed at increasing consumer participation in textile waste management and promoting circular fashion was launched in Mumbai on World Environment Day. The 'Mega Used Clothes Up-cyclon', a consumer awareness, used-clothing collection and upcycling programme, was unveiled through a collaboration between the Clothing Manufacturers Association of India (CMAI), the United Nations Industrial Development Organization (UNIDO), ReFiber, Oterri, Tisser, World Trade Center Mumbai and Lions International. The initiative seeks to strengthen India's post-consumer textile waste management ecosystem, a key component in achieving circularity within the textile and apparel industry.

4. According to Shri Arun Vaid of Wazir Advisors, 4th quarter of Financial Year 2025-26 was not a normal quarter for India's textile and apparel industry. Three concurrent macro shocks – a US tariff rollercoaster (India faced 50% tariff from August, 2025 to February, 2026), a West Asia conflict

that disrupted the polyester chain (Freight costs to Europe rose 75 80%, gas prices tripled, crude jumped 40-45%, and polyester and dye/chemical input costs rose 20-25%) and a sharp cotton price surge (Indian cotton prices rose from around Rs. 52,000 to Rs. 75,000 per candy), hit the sector within the same six-month window. The earnings call from 13 leading listed companies across textiles and apparel, held between April and June, 2026, offer a rare and unusually candid read on how industry management is interpreting what just happened, and more importantly, what they are positioning for next.

5. According to a report by Emkay Research, India's textile and apparel industry could be on the verge of a significant revival after years of losing ground in global markets, with favourable trade agreements, Government incentives, tariff advantages and strong domestic demand creating conditions for a fresh growth cycle."India has, traditionally, been a textile powerhouse but lost market share in the global apparel trade, which has been stagnant at 3-4 % over the past 15 years. However, it believes India is at an inflection point to regain its lost glory," The Government's efforts to strengthen the domestic Man-Made Fibre (MMF) ecosystem through Production Linked Incentive (PLI) schemes, PM MITRA Textile Parks and investments in petrochemical capacity. These initiatives are expected to improve supply-chain integration and reduce dependence on imported raw materials.

6. The Government has approved 22 additional applicants under the third round of the Production Linked Incentive (PLI) scheme for textiles, taking the total number of selected companies under the round to 96."A total of 96 companies has been selected under Round-3 of the scheme with a total committed investment of Rs. 12,822.67 crore and a projected turnover of Rs. 58,294.18 crore,"

7. According to Minister of Textiles, Shri Giriraj Singh India's domestic textile market has grown from about Rs. 6 trillion (~$63 billion) in fiscal 2014-15 (FY15) to over Rs. 16 trillion (~$168.2 billion) now, reflecting the sector's robust expansion and increasing contribution to the national economy. The country's textile industry has expanded to nearly $190 billion in 2025-26 and is poised to hit $350 billion by 2030. The textile and apparel sector provides direct employment to more than 53 million people and is expected to generate nearly 20 million additional jobs over the next three years. India has emerged as a major force in technical textiles as well, with the market expanding from about $6 billion to $25 billion under the National Technical Textiles Mission.

8. According to a report by Dolat Capita, the Indian textile sector is entering a phase of recovery and renewed optimism as the uncertainty surrounding US tariffs recedes and global demand begins to improve. The report, said that the "worst is behind" for the sector and highlighted improving industry fundamentals, better demand visibility and favourable policy developments. "The sector, in our opinion, is now entering a phase of renewed optimism, supported by the resolution of US tariff-related uncertainties, improving demand visibility, and a series of strategic Free Trade Agreements (FTAs) that are strengthening India's position in global sourcing chains."

9. The Ministry of Textiles on 24th June, 2026 concluded the two-day Textiles Summit 2026, bringing together representatives from State Governments, industry and academia to chart the future roadmap for the sector with a strong emphasis on sustainability, exports and global market expansion. Addressing the concluding session, Union Textile Minister, Shri Giriraj Singh stressed the need to move from planning to execution by implementing District and State-level strategies with a proactive approach. He highlighted the importance of product-market alignment, value addition, compliance with sustainability and environmental standards, effective utilization of Free Trade Agreements (FTAs), and a greater focus on niche products.

10. According to a recent report by Motilal Oswal, India's textile sector is entering a favourable phase, driven by global supply chain diversification, improving demand visibility and stronger sourcing activity. As global retailers look to reduce dependence on China and increasingly consolidate sourcing with large, compliant and scaled partners, India is well positioned to gain share in global textile and apparel trade. The Report identifies home textiles as one of India's strongest export segments and highlights premiumisation, value-added products, sustainability-led sourcing and brand penetration as key long-term growth drivers.

11. According to the 38th ITMF Global Textile Industry Survey, conducted worldwide during the second half of May, 2026, business sentiment, order intake, order backlogs and capacity utilization all improved versus March — yet every indicator remains weak by historical standards, and rising costs cast doubt on how long the upturn can last. The new survey shows a business situation balance rising to -17 percentage points (pp) from-25pp in March. Business expectations climbed to +16pp (from +5pp), order intake to 9pp (from-25pp), backlogs to 2.5 months and capacity utilization to 74%. Order cancellations stayed contained and inventories lean low. The direction is encouraging, but the levels rest on a thin fragile cushion.

For Address

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