

Voluntary Report – Voluntary - Public Distribution

Date: April 15, 2022

Report Number: IN2022-0040

Report Name: Cotton Import Duty Rescinded Until Late September

Country: India

Post: Mumbai

Report Category: Cotton and Products

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Report Highlights:

On April 13, 2022, the Government of India rescinded its cotton import duty of 10 percent until September 30, 2022. This import duty consists of a five percent basic customs duty and a five percent Agriculture Infrastructure and Development Cess (AIDC), which has been reversed to “Nil” until the end of the Indian cotton marketing year (October/September). This reduction is expected to support the textile sector as they deal with record high domestic fiber prices. Indian ex-gin prices are currently 4-5 percent higher than the Cotlook-A Index, demonstrating that Indian supplies are more expensive than those of global competitors.

General Overview

On April 13, 2022, the Government of India (GOI) published a notification that rescinded the import duty of 10 percent on cotton (HTS code 5201 - *cotton, not carded or combed*). The revocation will be effective on April 14, 2022 until September 30, 2022.

The Indian textile sector has faced major issues in sourcing fiber supplies as domestic prices have risen significantly and are currently 4-5 percent higher than the Cotlook A-Index. This relief will support mills' efforts to achieve their export targets during the remainder of the season. However, trade sources indicate that the duty exemption should be extended to at least the end of December as a large volume of new crop arrivals will be available across the country during that period. The United States, Egypt, and Israel remain major suppliers of Extra Long Staple (ELS) cotton to India. Australia and Brazil are the major suppliers of long staple cotton to India.

Background

On February 2, 2021, the GOI imposed a ten percent duty on imported cotton. The duty consists of a five percent basic customs duty and a five percent Agriculture Infrastructure and Development Cess (AIDC). The GOI also imposed a ten percent duty on imported cotton waste. Since then, the Indian textile sector had expressed concerns over these duties as they have led to higher costs for textile exporters and the textile value-chain who use imported cotton for yarn, apparels, and home textile products.

Disclaimer: This summary is based on a cursory review of the subject announcement and therefore should not be viewed under any circumstance, as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests.

Details of Notification: [Notification No. 22/2022- Customs](#) - Seeks to prescribe BCD and AIDC on Raw Cotton for a specified period.

Type of Regulation: Notification

Public Notice Date: April 13, 2022

Proposed Date of Adoption: Effective on April 14, 2022 until September 30, 2022

Products Affected: Raw Cotton and Cotton Waste

Agency in Charge: Ministry of Textiles, Government of India

Additional Notifications -

- [Notification No. 2/2021-Customs](#) – Customs Duty on raw cotton
- [Notification No. 50/2017-Customs](#) – Customs Duty on raw cotton
- [Notification No 11/2021-Customs](#) – Agriculture Infrastructure and Development Cess (AIDC) on raw cotton
- [Notification No. 15/2021-Customs](#) – Customs Duty on Cotton Waste

Notification No. 22/2022 - Customs

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

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

Notification No. 21/2022-Customs

New Delhi, the 13th of April, 2022

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) and section 124 of the Finance Act, 2021 (13 of 2021) (hereinafter referred to as the said section), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts goods of the description specified in column (3) of the Table below and falling within the Chapter, heading, sub-heading or tariff item of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) as specified in column (2) of the said Table, when imported into India, from so much of the duty of customs leviable thereon under the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), as is in excess of the amount calculated at the standard rate specified in the corresponding entry in column (4) of the said Table and from so much of the Agriculture Infrastructure and Development Cess (hereinafter referred to as AIDC) leviable thereon under the said section, as is in excess of the amount calculated at the rate specified in column (5) of the said Table, namely: -

Table

S.No.	Chapter, Heading, sub-heading or tariff item	Description of goods	Standard Rate	AIDC Rate
(1)	(2)	(3)	(4)	(5)
1.	5201	All goods	Nil	Nil

2. This notification shall come into effect on the 14th April, 2022, and will remain in force up to and inclusive of the 30th September, 2022.

[F. No. CBIC-190354/288/2021-TRU]

(Nitish Kamatak)

Under Secretary to the Government of India

Attachments:

No Attachments.