

**Voluntary Report** – Voluntary - Public Distribution

**Date:** February 27, 2024

**Report Number:** IN2024-0008

**Report Name:** Government Rescinds Import Duty on Premium Cotton

**Country:** India

**Post:** Mumbai

**Report Category:** Cotton and Products

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**Report Highlights:**

On February 19, the Government of India (GOI) published a notification that rescinded -effective February 20- the import duty of 10 percent for cotton with a staple length above 32 millimeters (mm). This revokes the previous import duty that included a five percent basic customs duty and a five percent tax. The reduction in duty should support increased imports of high value cotton used for the manufacturing of premium cotton textiles and apparels for this season, as well as medium term requirements.

## **General Overview**

On February 19, the GOI published a notification that rescinded the import duty of 10 percent effective February 20, on cotton (*HTS code 5201 00 25*) with a staple length above 32 mm. According to the Ministry of Textiles, cotton fiber with staple length above 32.5 mm is classified as extra-long staple (ELS).

ELS production accounts for less than one percent of India's cotton production and will therefore benefit textile mills manufacturing products (yarns, apparels, and home textile products) with imported ELS cotton. The United States, Egypt, and Israel remain major suppliers of ELS cotton to India. Trade sources indicate that exports of U.S. ELS cotton (also known as Pima cotton (36 mm and above)) is likely to increase in the coming months. More than 90 percent of imported U.S. cotton is re-exported in the form of contamination free yarn and fabric. U.S. cotton exports to India in 2023 reached \$231 million, with Pima cotton accounting for \$116 million. The import duty of 11 percent on imported cotton below staple length of 32 mm remains in effect.

## **Background**

On February 1, 2021, the GOI announced an eleven percent duty on imported cotton, effective February 2, 2021. The duty comprised of five percent basic customs duty, five percent tax, and one percent social welfare charge. The GOI also imposed a ten percent duty on imported cotton waste. The duties were applicable for cotton imports destined for use in domestic textile and fabric manufacturing, and negatively impacted Indian textile exports as 90-95 percent of imported cotton is processed and re-exported. Shortly after the duty imposition, the Indian textile sector faced difficulty in sourcing high quality contamination free fiber supplies, and the GOI rescinded the cotton import duty on April 13, 2022, until September 30, 2022 - the end of the Indian cotton marketing year (October/September). The duty was reinstated from October 1, 2022, after significant amounts of supplies were stocked by the industry. U.S. cotton shipments in 2023 plummeted by 53 percent as compared to 2022, with Pima shipments falling by 15 percent, and upland long-staple cotton shipments falling by 68 percent in value.

**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. 10/2024- Customs](#) - Seeks to amend notification No. 50/2017- Customs dated June 30, 2017

[Notification No. 11/2024 – Customs](#) - Seeks to amend notification 11/2021-Customs dated February 1, 2021, to exempt Agriculture Infrastructure and Development Cess on goods falling under tariff item 5201 00 25.

**Type of Regulation:** Notification

**Public Notice Date:** February 19, 2024

**Proposed Date of Adoption:** Effective February 20, 2024

**Products Affected:** Cotton, not carded or combed; Of staple length exceeding 32.0 mm.

**HS Code:** 5201 00 25

**Agency in Charge:** Ministry of Textiles, Government of India

**Additional Notifications -**

- [Notification No. 2/2021-Customs](#) – Seeks to further amend notification No. 50/2017- Customs dated June 30, 2017, to prescribe effective rate of Basic Customs Duty (BCD).
- [Notification No. 50/2017-Customs](#) – Seeks to supersede notification No. 12/2012- Customs dated March 17, 2012, and prescribes effective rates of customs duty and IGST for goods imported into India.
- [Notification No 11/2021-Customs](#) – Seeks to prescribe effective rate of Agriculture Infrastructure and Development Cess for specified goods.

[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. 10/2024-Customs

New Delhi, the 19<sup>th</sup> February, 2024

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 sub-section (12) of section 3 of the Customs Tariff Act, 1975 (51 of 1975), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 50/2017-Customs, dated the 30<sup>th</sup> June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 785(E), dated the 30<sup>th</sup> June, 2017, namely:-

In the said notification, in the Table, -

- (1) after S. No. 3 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“3AA.	0207 25 00; 0207 27 00	Meat and edible offal, of turkeys, frozen	5%	-	-”;

- (2) after S. No. 32A and the entries relating thereto, the following S. Nos. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“32AA.	0810 40 00	Cranberries, fresh; Blueberries, fresh	10%	-	-
32AB.	0811 90	Cranberries, frozen; Blueberries, frozen	10%	-	-
32AC.	0813 40 90	Cranberries, dried; Blueberries, dried	10%	-	-”;

- (3) after S. No. 90 and the entries relating thereto, the following S. Nos. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“90A.	2008 93 00	Cranberries, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included	5%	-	-
90B.	2008 99	Blueberries, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included	10%	-	-”;

- (4) against S. No. 100, in column (2), for the entry, the entry “2202 99” shall be substituted;

- (5) after S. No. 304A and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“304B.	5201 00 25	Other: of staple length exceeding 32.0 mm	Nil	-	-”.

2. This notification shall come into force on the 20<sup>th</sup> of February, 2024.

[F. No. CBIC-190354/166/2023-TO(TRU-I)]

(Vikram Wanere)  
Under Secretary

Note: The principal notification No. 50/2017-Customs, dated the 30<sup>th</sup> June, 2017 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (i), *vide* number G.S.R. 785(E), dated the 30<sup>th</sup> June, 2017, and was last amended *vide* notification No. 08/2024-Customs, dated the 30<sup>th</sup> January, 2024, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (i), *vide* number G.S.R. 78(E), dated the 30<sup>th</sup> January, 2024.

[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. 11/2024-Customs

New Delhi, the 19<sup>th</sup> February, 2024

G.S.R. ....(E). - In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), read with section 124 of the Finance Act, 2021 (13 of 2021), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 11/2021 – Customs, dated the 1<sup>st</sup> February, 2021, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 69(E), dated the 1<sup>st</sup> February, 2021, namely:-

In the said notification, in the Table, for serial number 14 and the entries relating thereto, the following S. No. and entries shall be substituted, namely: -

(1)	(2)	(3)	(4)
“14.	5201 (other than 5201 00 25)	All goods (Other than goods of staple length exceeding 32.0 mm )	5%”.

2. This notification shall come into force on the 20<sup>th</sup> of February, 2024.

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

(Vikram Vijay Wanere)  
Under Secretary

Note: The principal notification No. 11/2021-Customs, dated the 1<sup>st</sup> February, 2021, was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 69(E), dated the 1<sup>st</sup> February, 2021, and last amended *vide* notification No. 05/2024-Customs, dated the 22<sup>nd</sup> January, 2024, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 55(E), dated the 22<sup>nd</sup> January, 2024.

**Attachments:**

No Attachments.