



**COTTON
ASSOCIATION
OF INDIA**

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News Relating to
**Cotton and
Textile Sector**

Date-08-10-2026

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ICE Cotton Futures: 07-10-2026

ICE COTTON CLOSE						07 Oct 2026
CONTRACT MONTH	OPEN	HIGH	LOW	SETTLE	CHANGE	Op. Int.
Cotton (CT) - Quote: Cents/Pound - Contract Size: 50,000 Pounds.						
Oct-26	0.00	76.30	76.30	76.30	▼1.18	0
Dec-26	81.20	81.37	79.75	80.03	▼1.18	1,71,883
Mar-27	84.15	84.31	82.77	83.12	▼1.05	87,286
May-27	85.82	86.00	84.48	84.83	▼1.01	54,883
Jul-27	86.08	86.25	84.89	85.24	▼1.00	33,433
Oct-27	0.00	78.71	78.71	78.71	▼0.60	26
Dec-27	77.99	78.15	77.59	78.08	▼0.20	31,867

Cotlook Index: 07-10-2026

91.70 (+0.25)

US, India & 13 other economies sign global excess capacity statement

Thursday, 8th Oct 2026, (Source: www.fibre2fashion.com)

Insights

The United States and 14 economies have signed a Joint Ministerial Statement to tackle structural excess capacity and production in key manufacturing sectors.

Convened by the US Trade Representative, it builds on G20 Trade Ministerial talks and outlines work through dedicated sectoral platforms.

The statement urges countries to end non-market policies and practices that distort markets.



The United States and 14 economies have signed a Joint Ministerial Statement expressing their collective resolve to address structural excess capacity and production in key manufacturing sectors, after a meeting of senior officials convened by the Office of the United States Trade Representative (USTR) on the margins of the Organisation for Economic Co-operation and Development (OECD) Trade Committee.

The statement builds on discussions at the G20 Trade Ministerial in Milwaukee,

Wisconsin, and sets out work through new, dedicated sectoral platforms to examine and take effective actions on structural excess capacity and production in several key sectors of concern. It also calls on all countries to take steps to end non-market policies and practices that distort markets and perpetuate structural excess capacity and production, according to a USTR press release.

The signatories include the trade ministers of Argentina, Australia, Canada, the European Union, France, Germany, India, Italy, Japan, the Republic of Korea, Mexico, Poland, Türkiye, the United Kingdom and the United States.

US Trade Representative Jamieson Greer said: "Over the course of the U.S. G20 presidency, numerous economies raised instances of structural excess capacity and production in economies that persistently exceeded global demand and were sustained by foreign government's non-market policies and practices. Left unchecked, these issues will continue to cripple domestic industries, displace local production, and hinder our ability to raise the standard of living for workers and their families. The Trump Administration will continue to engage with our trading partners to defend our domestic industries, workers, and economy from distortions resulting from these pervasive policies and practices."

ICE cotton futures fall on strong dollar, weak crude oil

Thursday, 8th Oct 2026, (Source: www.fibre2fashion.com)

ICE cotton futures declined on Wednesday after three consecutive sessions of gains, pressured by a stronger US dollar, higher Treasury yields, weaker crude oil and broader financial market weakness.

The December contract lost 118 points to settle at 80.03 cents per pound. However, prices remained 227 points higher over the past four sessions, indicating that the recent recovery had not been entirely

erased. Traders were also cautious ahead of key US crop and supply-demand reports due on Friday. ICE cotton contracts settled 20–118 points lower across the board.

Insights

ICE cotton futures fell on Wednesday after three gains, with December down 118 points at 80.03 cents as a stronger US dollar, higher yields and weaker crude weighed.

Volume hit a two-week low of 41,421 contracts and open interest eased to 382,230, indicating liquidation.

Traders await Friday's USDA supply-demand reports, while mill enquiries and exports supported the 77–80 cents range.



Trading activity was subdued, with volume falling to 41,421 contracts, its lowest level in approximately two weeks. Open interest decreased by just 147 contracts to 382,230 contracts. It had declined by 7,264 contracts from the record high of 389,494 recorded on September 29, suggesting continued liquidation of existing positions. The relatively small decline in open interest alongside Wednesday's price fall indicated limited evidence of substantial fresh short positioning.

The US dollar index closed at its highest level in 18 months, making US cotton more expensive for overseas buyers and weighing on export competitiveness. US 10-year Treasury yields

reached 5.36 per cent before easing following a strong Treasury auction. Minutes from the Federal Reserve's September meeting indicated that several officials had considered another interest rate increase before the end of the year, reinforcing expectations of restrictive monetary conditions.

Crude oil prices also remained under pressure, declining in three of the past four sessions. Oil settled at \$88.28 per barrel, its lowest closing level in around four and a half weeks, following a cumulative decline of approximately \$4.59 over four sessions. Easing concerns over Iranian supply disruptions and reports of accelerated releases from emergency reserves weighed on energy prices. Lower crude oil prices also limited support for cotton by potentially improving the relative competitiveness of polyester.

Market participants observed that cotton futures had closely followed broader financial markets over the previous two sessions. Cotton gained alongside other markets on Tuesday but retreated with broader weakness on Wednesday, suggesting that macroeconomic sentiment continued to influence price movements.

Attention now turns to the US Department of Agriculture's (USDA) World Agricultural Supply and Demand Estimates (WASDE) and Crop Production reports, scheduled for Friday, October 9. Traders

will closely monitor revisions to US cotton production, yields, domestic demand, exports and global supply-demand balances.

Meanwhile, lower cotton prices continued to attract some commercial buying and mill enquiries. Recent US export data showed Upland cotton sales of approximately 202,600 running bales for the 2026–27 marketing year, while shipments totalled around 149,500 running bales. On-call fixation activity and commercial purchases had also provided underlying support around the 77–80 cents range during the recent recovery.

China's Zhengzhou Commodity Exchange (ZCE) remained closed on Wednesday for the Golden Week holiday, limiting fresh directional signals from the Chinese futures market. Its scheduled reopening on Thursday, October 8, could provide further indications of Asian market sentiment.

From a technical perspective, the December contract faced immediate psychological support at 80 cents per pound, followed by 79–79.20 cents and the recent low of 77.05 cents. Resistance was seen around 81.70–82 cents, with the next recovery zone at 82.50–83 cents.

This morning (Indian Standard Time), December 2026 cotton was trading at 80.08 cents per pound (up 0.05 cent). Cash cotton traded at 77.78 cents (down 1.18 cent), while the October 2026 contract traded at 76.30 cents (down 1.18 cent). The March 2027 contract was at 83.12 cents (unchanged), May 2027 at 85.06 cents (up 0.23 cent), and July 2027 at 85.29 cents (up 0.05 cent). A few contracts remained at their previous closing levels, with no trading recorded so far today.

Karimnagar Cotton Crop Under Drought Stress

Wednesday, 7th Oct 2026,, Yash Chouhan, (Source: www.smartinfoindia.com)

Rain Awaited in Karimnagar; Drought Affects Cotton Crop Growth

Karimnagar, Telangana: Cotton farmers in Karimnagar district are awaiting rainfall from the northeast monsoon. Due to a prolonged dry spell, the cotton crop has begun to wither in several areas of the district, and plant growth has been stunted. According to farmers, the condition of the cotton crop in fields with red soil is worse compared to those with black soil.

Cotton has been cultivated across approximately 46,000 acres in Karimnagar district this season. It is the district's second most important crop after paddy. Since cotton requires less water than paddy, not only traditional cotton growers but also other farmers have cultivated it over a large area this time.

Farmers state that the cotton crop has faced water scarcity since the beginning of the Kharif season. Despite timely sowing, the lack of adequate rainfall delayed seed germination in many areas. Subsequently, the prolonged absence of rain hindered the crop's growth. Farmers fear that if the dry conditions persist, cotton yields could drop by as much as 50 percent.

Ujjagiri Gangaiah, a farmer from Venkatagiri village in Ramadugu Mandal, has cultivated cotton on

four acres and paddy on three acres. He reported that despite having a well, there is insufficient irrigation water for both crops. According to him, the delay in germination has resulted in stunted cotton plants. This is expected to adversely affect the number of flowers and the overall yield. Gangaiah mentioned that he has spent over ₹30,000 per acre on cotton cultivation and is now worried about recovering his costs.

Manda Rajamallaiiah, a farmer from Gopalpur in Karimnagar Rural Mandal, stated that soil moisture levels have depleted due to high temperatures and the prolonged dry spell. He believes that the crop can be saved if there are two good spells of rain. According to Gangayya, rainfall every 10–15 days until Diwali would help improve the condition of the crop.

Washim Cotton Farmers Face Drought

Thursday, 8th Oct 2026,, Yash Chouhan, (Source: www.smartinfoindia.com)

World Cotton Day: Cotton or Soybean? Rising Costs and Drought Raise Farmers' Concerns

Washim: Washim district in Maharashtra was once a major hub for cotton production; the Karanja and Manora talukas, in particular, were renowned for cotton cultivation. However, due to rising production costs, labor shortages, increasing wages for cotton picking, and market price fluctuations, farmers are gradually shifting towards other crops.

This year, cotton has been sown across 37,756 hectares in Washim district. However, the condition of the crop remains a cause for concern due to a prolonged lack of adequate rainfall. Depleted soil moisture has stunted the growth of cotton plants, leaving farmers facing the challenge of saving their standing crops.

****Cotton Acreage Shrinks Over 15 Years****

About 15 years ago, cotton was cultivated on more than 50,000 hectares in Washim district. The area under cotton cultivation has since decreased significantly; this year, sowing was limited to 37,756 hectares.

Cotton cultivation entails high costs, and the crop requires a long duration in the field. Farmers are struggling with labor shortages and rising wage costs. Amidst market price uncertainties, many are turning to crops like soybean and turmeric instead.

****Production Threatened by Lack of Rain****

A lack of adequate rainfall for nearly two months in the cotton-growing regions of Karanja and Manora has depleted soil moisture, hindering plant growth. If sufficient rain does not arrive soon, the formation of cotton bolls and the overall yield could be adversely affected.

Farmers have demanded compensation of ₹30,000 per acre from the government for crop losses.
Registration Mandatory for Sales at MSP

Farmers wishing to sell cotton to the CCI at the Minimum Support Price (MSP) during the 2026-27 season are required to self-register via the 'Kapas Kisan' mobile app. Registration remains open until October 31, 2026.

For the 2026-27 season, the MSP for cotton has been fixed at ₹8,267 per quintal for medium-staple varieties and ₹8,667 per quintal for long-staple varieties. Farmers hope that CCI procurement will provide relief should market prices fall below the MSP.

Challenges Faced by Farmers on World Cotton Day

World Cotton Day is observed on October 7. For farmers in Washim, rising costs, labor shortages, water scarcity, weather unpredictability, and market price fluctuations remain significant challenges.

Given this situation, the farmers' priorities for the current season are to protect their standing crops, secure relief for crop losses, and obtain market support through the MSP.

CCI Holds Sudhar Utsav in Gujarat

Thursday, 8th Oct 2026,, Yash Chouhan, (Source: www.smartinfoindia.com)

'Sudhar Utsav' at Bodeli APMC on World Cotton Day; ₹7,900 Crore Paid to 3 Lakh Farmers

Bodeli, Gujarat: On the occasion of World Cotton Day, the Cotton Corporation of India (CCI) Ltd., Ahmedabad, organized 'Sudhar Utsav 2026' at the Bodeli APMC. Senior CCI officials, cotton traders, and a large number of farmers participated in the event. Discussions were held regarding cotton procurement, payments to farmers, and measures to boost cotton production.

CCI's E.G.M. Reddy stated that the CCI has procured 98 lakh quintals of cotton in Gujarat. In return, approximately ₹7,900 crore was paid to around 3 lakh farmers. This was highlighted as a significant achievement for the CCI.

It was revealed during the event that about 4 lakh farmers in Gujarat have registered to sell their cotton. This figure is expected to rise to approximately 5 lakh in the near future. The event also emphasized promoting the 'Cotton Revolution' and 'Kasturi Cotton,' alongside the reforms being implemented in the cotton sector.

Scientist Chirag Patel stressed the importance of maintaining an optimal plant population in fields to enhance cotton productivity. He advised farmers to adopt scientific crop management practices to improve production capacity.

Farmers were also encouraged to adopt crop rotation. The event highlighted that subsidies, technical assistance, and training are provided to farmers to improve agricultural output. Crop rotation can help maintain soil quality and make farming more sustainable.

CCI Joint Secretary M.M. Patel said, "The country can become self-reliant only when the farmer becomes self-reliant." He urged farmers to adopt scientific farming practices and avail themselves of the available assistance.

World Cotton Day 2026: India steps up push for sustainable, higher-productivity cotton at 5th Global Cotton Conference

Thursday, 8th Oct 2026,, (Source: www.apparelvIEWS.com)



The Confederation of Indian Textile Industry (CITI), in association with the Union Ministry of Textiles and the Cotton Corporation of India, organised the 5th Global Cotton Conference in New Delhi on October 7, bringing together stakeholders across the cotton value chain, including women farmers, to deliberate on building a robust, resilient and sustainable cotton ecosystem in India.

Supported by Kasturi Cotton, CITI-CDRA and Sharda University, the Conference coincided with World Cotton Day 2026 and was themed “Cotton for Good: Building Prosperity Through Trade, Transformation and Partnership”. Discussions focused on sustainability, traceability and transparency across the cotton value chain; recognising and empowering women cotton farmers during the ‘International Year of the Woman Farmer’; unlocking the value of organic cotton; harnessing technology to improve productivity; and managing market, credit and operational risks.

Several MoUs were exchanged at the inaugural function, including MoUs between the CITI-Cotton Development and Research Association (CITI-CDRA) and German development agency GIZ on Extra Long Staple (ELS) cotton, MoUs between CITI and CottonConnect, and CITI and Fair Labor Association (FLA), as well as those involving the Cotton Textiles Export Promotion Council (TEXPROCIL).

The announcement of Initiatives connected with Kasturi Cotton Bharat and the release of the CITI-CDRA video showcasing its activities also formed part of the inaugural function.



Speakers underscored the importance of technology, innovation, better farm practices and a greater focus on quality, traceability and transparency. They noted that a sustainable and productive cotton value chain can help farmers prosper, enable manufacturers to scale responsibly, strengthen exporters and enhance India's position in the global textiles and apparel market.

Industry representatives called for stable, long-term policies on cotton pricing and availability, alongside measures to improve productivity.

Speaking at the inaugural function, Cotton Corporation of India Chairman-cum-Managing Director Shri Lalit Kumar Gupta said a greater focus on quality, sustainability and traceability was the need of the hour for the growth of the Indian cotton textile sector.

Echoing this sentiment, Shri Ashwin Chandran, Chairman of CITI and CITI-CDRA, emphasised that Indian cotton's quality matters more than quantity. He also called for closer collaboration among stakeholders to strengthen India's cotton textile ecosystem.

CITI Vice Chairman Shri Shreyaskar Chaudhary and TEXPROCIL Vice-Chairman Shri Dharmendra Goyal also addressed the gathering. Textile Commissioner Ms Vrunda Manohar Desai chaired the session titled "From Farm to Luxury: Unlocking the Value of Organic Cotton".



In 2021, the United Nations General Assembly officially designated October 7 as World Cotton Day, recognising cotton's vital role in society.

Cotton is the backbone of rural economies and supports millions of livelihoods across India's textile value chain. Although India is among the world's largest cotton growers, its productivity trails that of several peer countries, affecting export

competitiveness. The productivity challenge is especially significant because cotton remains the primary raw material for most of India's textile exports.

In May 2026, the Union Cabinet approved ₹5,659.22 crore for the Mission for Cotton Productivity, to be implemented from 2026–27 to 2030–31, to address bottlenecks, declining growth and quality concerns in India's cotton sector.

The textile and apparel sector is India's second-biggest employer and a major contributor to GDP and exports. During April-August 2026, India's textile exports rose 6.94% in US dollar terms, while apparel exports declined 9.10%, leaving cumulative textile and apparel exports marginally lower by 0.24% year-on-year. India aims to build a \$350 billion textile and apparel industry by 2030, including \$100 billion in exports.

India-EFTA pact covers 99.6% of exports: Commerce Secretary

Thursday, 8th Oct 2026, (Source: www.fibre2fashion.com)

Insights

India has urged exporters and industry bodies to make greater use of the India-EFTA TEPA, which covers 99.6 per cent of India's exports through EFTA commitments.

Commerce Secretary Rajesh Agrawal said EFTA commitments cover 92.2 per cent of tariff lines, while India covers 82.7 per cent.

He called for five-year market action plans and deeper value-chain partnerships.

Rajesh Agrawal, Commerce Secretary, Ministry of Commerce & Industry, has urged exporters, Export Promotion Councils, industry associations and State Governments to make wider use of opportunities under the India-European Free Trade Association (EFTA) Trade and Economic Partnership Agreement (TEPA), saying EFTA commitments cover 99.6 per cent of India's exports and all non-agricultural products.

Agrawal delivered the keynote address to Export Promotion Councils, industry associations and exporters, as well as business representatives from the EFTA States, at the Outreach Event for Major Exporters.

TEPA entered into force on October 1, 2025. Leaders from all four EFTA States—Iceland, Liechtenstein, Norway and Switzerland—were in New Delhi to mark the first year of the agreement and to guide the way forward.

India and the EFTA States have opened their markets to each other. EFTA's commitments cover 92.2 per cent of its tariff lines. India's commitments cover 82.7 per cent of tariff lines, accounting for 95.3 per cent of EFTA exports, the Ministry of Commerce & Industry said in a press release.

The agreement was not only about tariffs, and that its most important element for business was predictability. Tariffs would remain stable for the foreseeable future with no surprises, allowing businesses to make investments, build supply chains and plan ahead with confidence, Agrawal said.

Further, he urged Indian companies to partner with businesses in the EFTA States and build value chains together, from inputs to final products, for greater reliability on both sides.

The EFTA States are high-income markets that demand and value quality. "If you are able to create quality products in this market, then you are ready for any other market", Agrawal added. Quality earned in these markets would be appreciated and valued in every market.

The EFTA States together import goods and services worth more than \$0.5 trillion a year, providing an important market for India's exports, according to Agrawal. He called on Export Promotion Councils, industry associations and State Governments to take the opportunities under TEPA to businesses across the country so they understand what a free trade agreement offers.

He asked these bodies to prepare an action plan with each partner country for each market for the next five years, setting out how India would grow in each market and identifying the non-tariff issues to be addressed. He said: "The idea is not that businesses in EFTA countries only see India as an extension of their market. The idea is also that businesses in India should see the market of EFTA countries as an extension of their market."

A key feature that sets TEPA apart from other agreements is its investment commitment. Under Article 7.1 of the agreement, the EFTA States aim to increase foreign direct investment from EFTA investors into India by \$50 billion within 10 years from the agreement's entry into force, and by an additional \$50 billion in the succeeding five years. They also aim to facilitate the generation of 1 million jobs within 15 years in India.

India is a growing market with investment opportunities across sectors, and deeper business partnerships on both sides can take investment beyond this level, Agrawal said.

Govt Urged to Approve HTBt Cotton Amid Illegal Market

Wednesday, 7th Oct 2026, (Source: www.money.rediff.com)

Seed industry bodies demand government approval for herbicide-tolerant Bt (HTBt) cotton to curb illegal cultivation, boost production, and help farmers.

Key Points

- Seed industry bodies FSII and NSAI demand government approval for commercial cultivation of HTBt cotton.
- Illegal HTBt cotton cultivation is widespread, creating a Rs 1,500 crore informal seed market.
- Farmers are adopting illegal HTBt cotton due to its cost-effectiveness in weed management.
- Unchecked use of unapproved genes and glyphosate from illegal cultivation poses risks to cotton productivity.
- Approving HTBt cotton is crucial for India to regain self-sufficiency in cotton production.

New Delhi, Oct 7 (PTI) Seed industry bodies FSII and NSAI on Wednesday demanded that the government should allow commercial cultivation of herbicide-tolerant Bt (HTBt) cotton at the earliest, as the crop variety is being grown illegally in some parts of the country, creating a Rs 1,500

crore informal seed market.

The Federation of Seed Industry of India (FSII) and the National Seed Association of India (NSAI) stressed the need to introduce high-yielding varieties and new technologies to boost domestic cotton production and reduce imports.

India's cotton production stands at around 29 million bales (of 170 kg each).

A study, Unauthorised Cultivation of HTBt Cotton in India: Extent, Drivers and Implications, was conducted by the South Asia Biotechnology Centre (SABC) with the support of these two associations. It covered 16 districts across Maharashtra, Telangana, Andhra Pradesh and Rajasthan, combining farmer surveys, supply-chain assessment and ELISA-based gene testing.

"Unauthorised herbicide-tolerant Bt (HTBt) cotton was grown on 65â€ “ 72 lakh acres in Kharif 2025-26, or 24â€ “ 30 per cent of India's total cotton area, sustaining an informal seed market worth an estimated Rs 1,500 crore," FSII Chairman Ajai Rana told reporters.

He informed that 1.25 crore packets of HTBt seed are being sold, currently worth Rs 1,500 crore. The total size of the cotton seed market is 5.5 crore packets worth Rs 6,000 crore.

Sales of legal Bt cotton seeds have declined.

"The government should fast-track the approval of HT Bt cotton," he said, adding that Mahyco has already made an application for this purpose in 2024.

The association also demanded changes in glyphosate label claims. The product is used for weed management in the cotton crop.

"Farmers are not breaking the law out of choice. They are paying a black-market premium because the regulatory system has not given them the technology they need," Rana said.

The study found that farmers are actively bypassing formal channels and paying a premium technology fee to the black market just to secure operational survival and crop insurance, the FSII said.

"Unchecked use of unapproved genes and unmonitored glyphosate spraying could breed resistant pests and weeds that devastate cotton productivity," said Dr C D Mayee, President, Indian Society for Cotton Improvement and President, South Asia Biotechnology Centre.

The study pointed out that labour shortages are driving the shift. Weed control with glyphosate costs Rs 750-850 an acre, against Rs 12,000-15,000 for manual weeding. Glyphosate use rose 26 per cent in a year, from 27,721 kilolitres in 2024-25 to 35,642 kilolitres in 2025-26.

"Due to a drop in productivity per acre, India has lost self-sufficiency in cotton production and

become an importer of cotton. To regain self-sufficiency and revive the cotton economy, regulatory approval of herbicide-tolerant cotton and the pink bollworm trait should be a national priority," Rana said.

Union Minister of State Pabitra Margherita Inaugurates State-of-the-Art Silkworm Seed Infrastructure at Jorhat, Assam

Thursday, 8th Oct 2026, (Source: www.pib.gov.in)

In a significant step towards modernising sericulture infrastructure and strengthening rural livelihoods in the North-Eastern Region, Union Minister of State for Textiles Pabitra Margherita inaugurated the newly constructed Grainage Building and Cold Storage facility at the CSB-Silkworm Seed Production Centre (SSPC), Rowriah, Jorhat in the august presence of Kamakhya Prasad Tasa, Member of Parliament (Kaziranga), Hitendra Nath Goswami, Member of Legislative Assembly (Jorhat), Dr. Dipjyoti Rajkhowa, Vice-Chancellor, Smt. Lakhimi Dutta, Director of Sericulture, Government of Assam, and P. Sivakumar, Member Secretary, Central Silk Board, other senior officials and heads of various organizations under the Ministry of Textiles.



Established under the North-East Region Textile Promotion Scheme (NERTPS), the state-of-the-art facility has an annual capacity to produce 30 lakh Disease-Free Layings (DFLs) of mulberry hybrid seed and preserve up to 1 crore DFLs. The infrastructure will help ensure timely availability of quality silkworm seed and enhance seed production efficiency in the region. The upgraded facility is expected to further strengthen the regional sericulture value chain, generate employment opportunities, and create business opportunities for local suppliers and traders, thereby contributing to the socio-economic development of sericulture farmers.



Addressing the gathering, Union Minister of State for Textiles, Pabitra Margherita emphasised that quality silkworm seed, modern infrastructure, technology and skill development are vital for a productive and sustainable sericulture sector, highlighted the Central Silk Board's strong seed production network covering both mulberry and Vanya sectors. He noted that CSB-NSSO caters to the mulberry seed sector, while BTSSO and MESSO support the Vanya seed sector. Highlighting Assam's rich silk heritage and the potential of the North-Eastern Region, that

the State contributes approximately 79% of India's Muga silk and 74% of Eri silk production. And, during 2026-27 (April-July), Assam recorded raw silk production of 9 MT of mulberry silk, 2131 MT of Eri silk and 73 MT of Muga silk. During the same period, the North-Eastern Region recorded 142 MT of mulberry silk, 3 MT of Tasar silk, 2890 MT of Eri silk and 87 MT of Muga silk, and these production trends further underline the significance of strengthening the sericulture ecosystem in Assam and the North-Eastern Region. He underlined the sector's significant livelihood potential, with sericulture estimated to generate employment for around 29.50 lakh persons during 2025-26, highlighting



the region's strong potential in Vanya silk production and its growing importance in India's silk economy. And, he noted that initiatives such as Mission Senehgori can help transform Muga silk into a high-value global product. He stressed the importance of entrepreneurship and stakeholder collaboration to enhance farmers' productivity, create rural livelihoods and strengthen the Aatmanirbhar North-East. He called for stronger collaboration among the Central Silk Board, State Government, research institutions, farmers, entrepreneurs and other stakeholders to contribute to the development of a Viksit Assam and, in turn, a Viksit Bharat.



completed training under the Ministry of Textiles' flagship Samarth Scheme, promoting skill development and capacity building in the textile and sericulture ecosystem.



As part of the programme, an interactive Seri-Stakeholder Meet was organised to facilitate engagement with stakeholders and deliberate on issues concerning the sericulture sector. Progressive sericulture farmers were felicitated, while P1 Disease-Free Layings were directly distributed to sericulture farmers. Certificates were also presented to trainees who successfully



The inauguration marks an important milestone in CSB's efforts to strengthen the silkworm seed production ecosystem in Assam and the North-Eastern Region, supporting farmers with quality seed, modern infrastructure and improved livelihood opportunities.



COTTON ASSOCIATION OF INDIA

Established 1921

ISO 9001:2015

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NCDEX plans agriculture index comeback with guar, spices derivatives

**KHUSHBOO TIWARI
& KAIRAVI LUKKA**

Mumbai, 7 October

Commodity exchange NCDEX, which is readying to grow in the equity segment, is gearing up to re-launch agricultural indices with plans to restart derivatives trading, according to sources.

The re-launch of its agri indices, discontinued since February 2022, is expected in the next two quarters, sources said.

Sources said the exchange is working to launch two indices on guar (Guardex) and spices (Spicedex). The guar index would have constituents such as guar gum, seeds, and korma, while the spices index would comprise coriander, turmeric, and cumin.

However, the exchange's plans for Agridex, its overall agri-index, is dependent on the lifting of the ban on the derivatives of seven key agri commodities. These include non-basmati paddy, wheat, chana, moong, mustard seed and its derivatives such as mustard oil and cake, soyabean and its derivatives, and crude palm oil. The review of the ban may happen next year as the Securities and Exchange Board of India (Sebi) had extended it in March 2026.

The exchange had first launched the agri-index in 2019 and made it operational in May

Plan of action

- Exchange may relaunch new agri indices within two quarters, sources said
- Guardex will track guar gum, guar seeds and korma commodities
- Spicedex will comprise coriander, turmeric and cumin
- Agridex revival depends on lifting derivatives restrictions on seven commodities
- Expansion part of the diversification plan for NCDEX, with equity segment foray by January next year

2020. However, following the ban of derivatives on seven agri commodities which still remains, the index had to be discontinued. The index used to track 10 commodities selected based on liquidity on the exchange platform.

Subsequently, the other two indices Guarex and Soydex, which were launched in August 2021, were also discontinued.

Sources added that in its overall diversification plans, the exchange may launch indices on guar and spices soon after gauging participation interest.

"As the indices will be cash-settled, unlike other agri-commodities which may have physical delivery, the participation is expected to be revived as the exchange already

has end users in the ecosystem," said a source familiar with the developments.

NCDEX declined to comment on queries sent on email.

"An agri index could help broaden participation and deepen volumes on NCDEX. As the agri derivatives ecosystem evolves, greater awareness, participation and market adoption can support the development of a deeper and more vibrant market over time and support its market share growth," said Sunil Katke, national head of commodities at Kotak Neo.

In its bid to further diversify its offerings, the exchange is targeting an entry into the equity cash segment by January next year, subject to final approval from Sebi. The exchange, backed by top brokers such as Groww and Zerodha, plans to enter the cash segment first, followed by equity derivatives by July next year, subject to regulatory approvals.

NCDEX had raised ₹770 crore last year from brokers and investors, including Radhakishan Damani, Ramesh Damani, Madhusudan Kela and Sunil Singhania, to fund its expansion into new business segments.

Earlier this year, the exchange also launched a mutual fund transaction platform called NCDEX Nidhi and weather derivatives.

GST Council set to take up process reforms today

MONIKA YADAV

New Delhi, 7 October

The Goods and Services Tax (GST) Council is likely to examine proposals for reorienting the complex and technology-heavy indirect tax system to a more business-friendly one at its 57th meeting on Thursday. The Council is expected to shift its focus from rate rationalisation to simplifying compliance and reducing administrative burden on businesses.

After overhauling the indirect tax structure in September last year in the first phase of GST 2.0, the Council is unlikely to undertake any rate changes this time, barring clarifications. Instead, it is expected to address inconsistencies and ambiguities in the regime to ensure that its implementation is aligned with the principles underlying GST 2.0.

The proposals are the outcome of nearly nine months of deliberations with states, including three National Coordination Meetings and several working group sessions of state officials. The deliberations were based on data drawn from the GST system, with proposals examined prior to being placed before the Council.

Officials said that the GST system has become more

mature since its launch in 2017. In the early years, the focus was on bringing businesses into the new tax system, stabilising revenue, and curbing tax evasion. However, the system now has much more transaction-level data, invoice matching, and technology to identify suspicious transactions. This means the tax department can increasingly target those trying to evade the levy instead of putting the same compliance burden on all businesses.

"This meeting could significantly revolutionise the whole GST ecosystem, and is expected to bring great relief to the industry at large. One should consider this as Phase-2 of GST 2.0, where the Council focuses on critical processes and structural changes, adding to the already simplified rate structure

announced last year," said Prashanth Agarwal, partner, PwC India. "The idea is to simplify critical processes, making them system-driven rather than officer-driven," he added.

This change is also expected to reflect in GST enforcement rules. The Council is likely to consider a shift in the enforcement framework, with the threshold for launching prosecution proposed to be raised from ₹1 crore to ₹5 crore. A separate proposal seeks to remove the power of GST officers to arrest taxpayers, with any arrest requiring judicial authorisation.

A government official said only two states are opposed to let go the arrest provision, and that the Centre believes it will be able to convince them in the Council meeting.

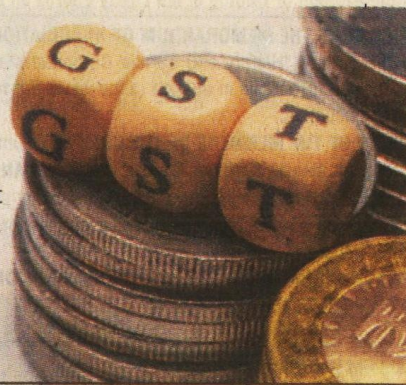
"It is a settled fact that

nearly 98-99 per cent of taxpayers are honest and compliant, yet the compliance burden, litigation exposure, and penal consequences designed for the remaining 1-2 per cent non-compliant elements are often borne by the entire business community," said Vivek Jalan, partner, Tax Connect Advisory Services.

The Council is also expected to consider measures that would reduce the cost of doing business. These include protecting genuine buyers from tax demands caused by supplier defaults; allowing input tax credit (ITC) on more legitimate business expenses such as motor vehicles and group insurance; and permitting refunds of input-service credit in cases of inverted duty structures.

Key agenda items

- Protection for genuine buyers facing supplier defaults
- Wider ITC on health insurance, motor vehicles, and others
- ITC refunds may expand to input services, capital goods
- 90% of eligible refund claims to be released automatically
- Easier export treatment for IT, consulting, research firms
- Annual returns option for businesses up to ₹5 crore turnover



India, US may opt for narrow trade deal

KRITY AMBEY
New Delhi, 7 October

India and the US are unlikely to see a breakthrough in trade negotiations in the near term, as the two sides remain divided over market access, agriculture, purchases of US goods, and India's imports of Russian oil, according to BMI (formerly Business Monitor International), a FitchSolutions company. However, the agency said they may eventually conclude only a narrow interim trade deal.

"We expect India and the US eventually to conclude a narrow interim trade deal, although the remaining differences make a near-term breakthrough unlikely," the agency said in a report on the outlook for the India-US interim trade agreement.

AGRICULTURE, MARKET ACCESS, PURCHASES OF US GOODS, AND INDIA'S IMPORTS OF RUSSIAN OIL REMAIN STICKY POINTS

India and the US began negotiations for a bilateral trade agreement in March last year, with the aim of concluding an interim deal by the fall of 2025. More than a year after that target, with the fall of 2026 underway, talks are still ongoing.

BMI expects negotiations to continue towards the December 14-15 Group of Twenty summit in Miami, which could serve as the next political anchor, although it considers an agreement by then unlikely.

The two countries had reached an agreement in February and issued a joint statement, under which the US committed to cut reciprocal tariffs on India to 18 per cent from 25 per cent, while India committed to ramping up energy purchases from the US. However, soon after, the Supreme Court of the United States struck down the legal basis for the reciprocal tariff.

Since then, New Delhi and Washington have again engaged in negotiations to finalise updated terms of the deal. India has also sought a mechanism to ensure it gets a tariff advantage in the US over other competing economies under the trade deal.

While India and the US have narrowed their differences, the remaining issues will be the hardest to resolve, the BMI report observed.

Earlier this week, Union Finance Minister Nirmala Sitharaman said the two partners had reached a plateau in the negotiations, beyond which it was difficult for either side to offer further concessions.

Climate risk to micro loans

Climate events hurt borrower livelihoods, repayments

Abhinav Jindal
Shweta Rai

Microfinance is one of India's deepest financial-inclusion networks, serving about 6.27 crore active borrowers across 685 districts. These households often depend on agriculture, livestock, vending, informal work and small businesses, making them particularly exposed to floods, heatwaves, droughts and erratic rainfall.

The Economic Survey 2025-26 records NBFC-MFIs with 39 per cent of microfinance loan outstanding, followed by banks at 32 per cent, small finance banks at 16 per cent and other NBFCs at 12 per cent. While conventional asset-quality risks are closely monitored, climate-related credit risk remains less visible.

INCOMPLETE DIAGNOSIS

Microfinance lenders track days past due, portfolio at risk, collection efficiency, and NPAs. These indicators show what happened to a loan, but not necessarily why. A borrower may become delinquent because of over-borrowing — or because a flood destroyed a crop, extreme heat prevented outdoor work or a cyclone disrupted local commerce.

Evidence already points to this connection. MFIN has reported heatwaves affecting borrower livelihoods and repayment ability. Bandhan Bank has linked Assam floods to weaker collections and slippages, while rating agencies have highlighted natural calamities as risks to repayment and collection efficiency.

A World Bank analysis of Northern Arc Capital's portfolios provides stronger evidence. Across 27,000 microfinance loans in nine districts during the 2018 Kerala floods, collection efficiency fell from 96 per cent to 60 per cent during the flood month. After Cyclone Fani, analysis of 75,000 loans across 14 districts found collection efficiency declining from 97 per cent to 90 per cent before recovering. Yet India lacks a standard public dataset showing what proportion of microfinance delinquency is attributable to verified climate events.

The treatment exists, but is at best fragmented. For instance, The Credit Guarantee Scheme for Microfinance Institutions 2.0 facilitates up to ₹20,000 crore of credit and was estimated to benefit around 36 lakh borrowers. However, it primarily addresses



VERIFY. Microfinance delinquency attributable to climate events

funding stress rather than identifying climate-affected portfolios.

The RBI's natural-calamity framework permits restructuring and fresh lending to affected borrowers. Meanwhile, MFIN, with ADB support, is developing a parametric natural-catastrophe insurance initiative.

Three steps can help bridge the gap between climate risk and microfinance risk.

First, capture the cause alongside delinquency. When repayment deteriorates after a verified flood, drought, cyclone or heatwave, lenders should tag the event against geography, livelihood and subsequent repayment performance.

Second, make climate information part of credit-risk assessment. MFIs can combine district-level hazard data with borrower livelihoods and branch concentration. A dairy borrower in a drought-prone district and a trader in a flood-prone market face different risks even when conventional credit indicators appear similar.

Third, pre-design relief mechanisms. Temporary disruption may require repayment flexibility or emergency liquidity, while persistent livelihood damage may require restructuring, insurance or adaptation finance. Research on BRAC's pre-approved emergency loans for flood-exposed borrowers found benefits for household resilience alongside improved repayment and branch profitability.

India has microfinance support schemes, disaster-relief provisions and emerging climate-risk tools, but these remain disconnected. Linking physical events to livelihood losses, repayment deterioration and appropriate relief can turn climate risk from an episodic disruption into a measurable credit-risk factor.

Jindal is a Senior Economist, and Rai is Vice President, at a private Indian bank. Views are personal

Rural economy decoupling from monsoon shocks: RBI

SANJEEB MUKHERJEE
New Delhi, 7 October

India's rural economy is becoming more resilient to weak monsoons as a growing share of non-crop activities, diversification into allied sectors, and rising irrigation coverage reduce the dependence of rural incomes on the rains, the Reserve Bank of India (RBI) said on Wednesday.

The findings come as India faces the likely impact of a severely deficient southwest monsoon in 2026. Published in the Monetary Policy Committee's (MPC's) report in a section titled 'Indian Agriculture Sector Amid Weather Shocks', the study provides data and empirical evidence for a trend that policymakers and researchers have highlighted in recent years.

While rainfall shortfalls, according to the report, remain a major driver of year-to-year fluctuations in agricultural output, the country's rural economy is increasingly cushioned by resilient allied-sector activities.

"For agricultural households possessing land up to one acre, wages contribute more than 55 per cent of household income, while crop production and livestock together contribute 36 per cent. This suggests that rural household incomes are increasingly supported by activities beyond crop production," the report said.



It analysed growth in agriculture and non-agricultural rural activities over the years, using 2011-12 and 2022-23 base years. The study found that agricultural growth suffers more in years of higher monsoon deficits, while growth in the non-agricultural component remains close to 6 per cent across different rainfall conditions. "In years of surplus rainfall, by contrast, agricultural growth averages 5.1 per cent, above the 4.3 per cent recorded in years close to the LPA (long-period average)," the report said.

The same pattern is evident in the regression estimates. Between 1994-95 and 2025-26, a regression of annual growth in agriculture and allied activities on rainfall shortfalls from the LPA produced a coefficient of minus 0.40, statistically significant at the 1 per cent level. The

rainfall shortfall measure explains about 39 per cent of the variation in agricultural growth. For the non-agricultural component, the coefficient is 0.01 and is not statistically significant. The pattern is also broadly stable across the two equal sub-periods.

Within the broader farm sector, the sensitivity to deficient monsoons is also becoming less significant because of increased irrigation coverage, new weather-resilient crop varieties and diversification towards less water-intensive crops, the report said.

The composition of agricultural output has also shifted towards allied activities.

Between 1999-2000 and 2024-25, the coefficient for agriculture and allied GVA was minus 0.44 and significant at the 1 per cent level, while the coefficients for milk, eggs,

meat and fish, as well as the non-agricultural component, were small and statistically insignificant.

"These estimates suggest that growth in these activities is less closely related to aggregate rainfall shortfalls than agricultural GVA. Rolling correlations of the absolute deviation of rainfall from the LPA with growth in agricultural GVA and the rural-linked activity proxy have generally become less negative since the mid-2000s (irrespective of the window length) while remaining below zero throughout," the report said. Summing up its analysis, the RBI report said empirical findings suggest that while rainfall shortfalls remain important for agricultural output, their association with allied activities and other rural-linked activity has moderated over time.

Non-farm rural activity stays resilient

Average growth by size of the rainfall deviation (%)

	Agriculture and allied	Non-agriculture rural activity
Deficit >4%	1.63	5.94
Deficit >5%	1.10	6.10
Deficit >7%	0.26	5.80
Deficit >10%	-1.12	5.94
Normal $\pm$ 4%	4.35	6.55
Surplus >4%	5.05	5.67

Note: Monsoon rainfall deviation between June and September over long-period average
Source: RBI staff estimates

RBI turns hawkish, raises repo rate by 25 bps to 5.5%

U-TURN. MPC changes stance to 'calibrated tightening' on rising inflation expectation

K Ram Kumar
Mumbai

The Reserve Bank of India's rate-setting panel, after a gap of nearly four years, kicked off a fresh rate-hike cycle on Wednesday. The central bank raised the repo rate by 25 basis points (bps) to 5.5 per cent amid rising inflationary pressures driven by food and fuel prices, even as the economic momentum remained broad-based.

Citing concerns that inflation and its outlook were no longer as benign as they were last year, the six-member Monetary Policy Committee (MPC) unanimously voted for the rate increase, a move that economists and bankers had seen coming. The surprise element, though, was the change in the MPC's policy stance from "neutral" to "calibrated tightening".

RAISES FY27 GDP TO 7.1%
The RBI also raised its FY27 real GDP growth forecast to 7.1 per cent from 6.7 per cent earlier, reflecting confidence in domestic demand and economic resilience. It also nudged up its CPI inflation projection to 5.2 per cent from 5 per cent, with infla-

Navigating uncertainty

Growth projections bumped up

Real GDP growth projections (in %)

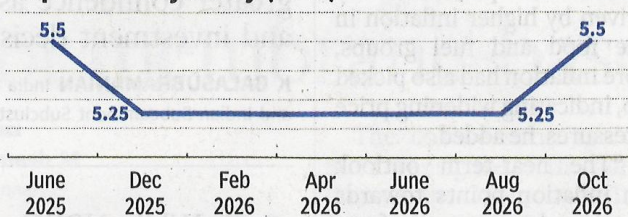
	August MPC	October MPC
Q2 2026-27	6.4	7.2
Q3 2026-27	6.5	6.9
Q4 2026-27	6.8	6.8
2026-27	6.7	7.1
Q1 2027-28	-	7.1

Inflation, a pain point

CPI inflation projections (in %)

	August MPC	October MPC
Q2 2026-27	4.7	4.9
Q3 2026-27	5.9	6.0
Q4 2026-27	5.5	5.7
2026-27	5.0	5.2
Q1 2027-28	5.3	5.6

Repo rate trajectory (in %)



Source: RBI

tion expected to peak at 6 per cent in the third quarter before easing gradually.

DEARER LOANS, EMIS

The repo rate hike will translate into higher borrowing costs for customers with floating rates set to increase. Retail borrowers, including home and auto loan customers, as well as MSMEs are likely to see higher EMIs. Deposit rates, however, may remain stable in the near term.

Giving the policy a distinctly hawkish tone, RBI Governor Sanjay Malhotra said rate cuts are off the table for now, with future policy action likely limited to either further hikes or a pause, depending on incoming data.

"The duration and extent of the rate hike cycle will be contingent on the actual growth-inflation developments and outlook...", he said.

The decision marks the

end of the 125 bps easing cycle that began in February 2025 and concluded in December, when the repo rate was lowered to 5.25 per cent. The MPC noted that while geopolitical developments continue to cloud the global outlook, India's economy remains resilient and growth broad-based.

"It is clear that inflation and its outlook are not benign as they were last year, with headline CPI inflation expected to average almost 5.8 per cent in the next three quarters and core inflation projected at 4.4 per cent this financial year. In this milieu, recalibrating the policy rate is imperative," said Malhotra.

Brajesh Kumar Singh, MD and CEO, Canara Bank, said, "The upward revision of FY27 real GDP growth reflects good growth momentum and healthy credit demand."

Economists expect another 50 bps of rate hikes in FY27, with the trajectory dependent on the West Asia conflict, the pass-through of input cost pressures to retail inflation and the impact of El Nino on crop output, among others.

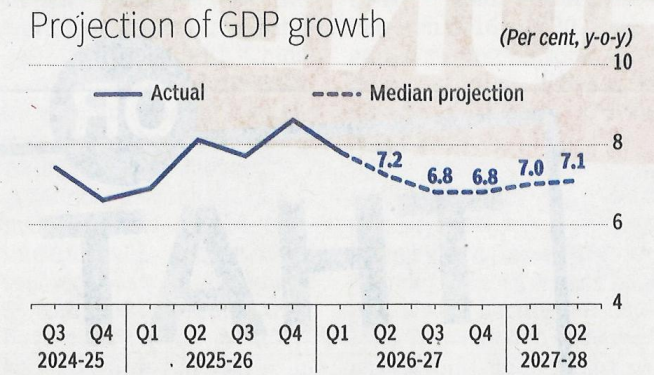
More reports p2, p3

RBI raises real GDP, CPI inflation forecasts for FY27

Our Bureau
Mumbai

The Reserve Bank of India has revised upwards its real GDP growth projection for FY27 to 7.1 per cent from the earlier 6.7 per cent, as the economy is expected to remain resilient even as the central bank hiked the repo rate by 25 basis points to 5.5 per cent.

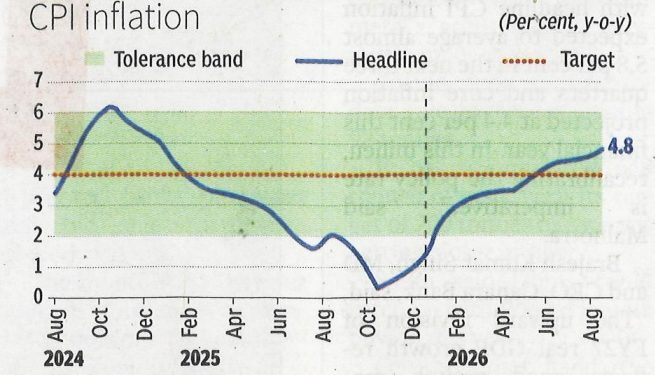
It also raised its CPI inflation projection for FY27 to 5.2 per cent from the earlier 5 per cent, as the near-term inflation outlook points to continued supply-side pressures due to a deficient South-West monsoon, El Nino conditions and high volatility in international oil prices.



Sources: Survey of Professional Forecasters, RBI and National Statistics Office.

“Notwithstanding these persistent global headwinds, the Indian economy has remained resilient. In Q2, available high-frequency indicators for July-August suggest sustained momentum in domestic economic activity...

Domestic demand remains resilient and is well supported by robust external demand, with merchandise exports registering double-digit growth,” per the Monetary Policy Statement. Governor Sanjay Malhotra



National Statistics Office (NSO); and RBI staff estimates.

cautioned that, going ahead, global economic uncertainty would continue to have some bearing on domestic economic activity. Real GDP growth for Q1 2027-28 is projected at 7.1 per cent.

The risks are evenly balanced, according to the statement. **CPI INFLATION** The Governor noted that CPI inflation increased to 4.8 per cent in August from 4.5 per

cent in July. While the increase was predominantly driven by higher inflation in the food and fuel groups, core inflation had also picked up, indicating widening price pressures, he added. “The near-term outlook on inflation points towards continued pressures from the supply side on account of the deficient monsoon, ongoing El Nino conditions and high energy and other commodity prices, the pass-through of which is still continuing,” he said. Inflation for Q1 2027-28 is projected at 5.6 per cent, with risks evenly balanced. Core inflation is projected at 4.4 per cent for 2026-27 against 4.3 per cent projected earlier.

'FTA utilisation cell set up to boost trade pact gains'

Amiti Sen
New Delhi

In an effort to make India's free trade agreements (FTAs) deliver more substantial gains for Indian exporters and address low utilisation of the pacts, the Commerce Department has set up an FTA Utilisation Cell to help businesses identify and tap opportunities in partner markets, Commerce Secretary Rajesh Agrawal said on Wednesday.

"The idea behind that cell is to first explain the FTA and explain the opportunities to every entrepreneur across the country through the industry associations, through the EPCs (export promotion councils), through the state government so that people understand what does a free trade agreement provides

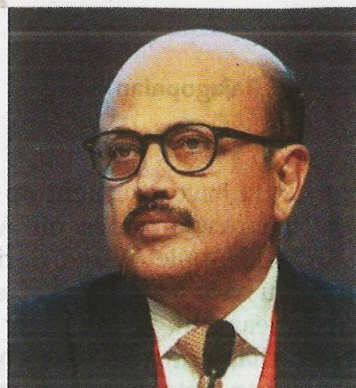
for and how these are new opportunities that businesses need to look at," Agrawal said at the India-EFTA Prosperity Summit.

EXPORT PROMOTION

The cell will also work with export promotion councils to improve utilisation of the agreements and draw up market-specific action plans with partner countries over the next four to five years, he said.

Agrawal said the Commerce Department seeks to ensure that FTAs translate into actual business outcomes, rather than remaining instruments negotiated by governments.

"True value proposition will only come if it translates into outcome. Every time I go and brief the agreements and outcomes of provisions to the leaders... they ask



Rajesh Agrawal

when is the potential outcome going to be realised," he said, noting that India's experience with earlier FTAs had "not been that great".

"Our growth rates in FTA partner countries in the past have not been phenomenally different from how we have grown in non FTA partner countries. This question becomes important and top-most in the mind of our leaders," he said.

Agrawal said the government's argument that the latest FTAs would deliver better results was based on the complementary nature of the economies involved, but added that this would have to be demonstrated through actual trade outcomes.

FIVE-YEAR PLAN

He called for export promotion councils to prepare five-year action plans for each FTA, identifying non-tariff barriers, quality standards and potential anchor companies that could drive exports in partner markets.

"Trade agreements are being worked out by the government. But until and unless we actively use these our industry, manufacturers and farmers will not be able to benefit out of it," he said.

The government has final-

ised FTAs with EFTA (Switzerland, Iceland, Norway and Liechtenstein), the UAE, Australia, Mauritius, Oman, New Zealand, the UK and the European Union. Agrawal said the EFTA agreement should be viewed as part of a wider network, with the UK and EU pacts together giving Indian businesses access to 32 countries with largely zero-tariff trade.

The Commerce Secretary also stressed that the value of FTAs extended beyond tariff cuts, with tariff predictability allowing businesses to take investment decisions, build supply chains and plan long-term growth.

India's share in EFTA's total imports is currently only about \$2-3 billion, or less than 1 per cent of the bloc's total combined imports of about \$500 billion..

Thunderstorms to strike TN, Puducherry, Karaikal for the next six days, says IMD

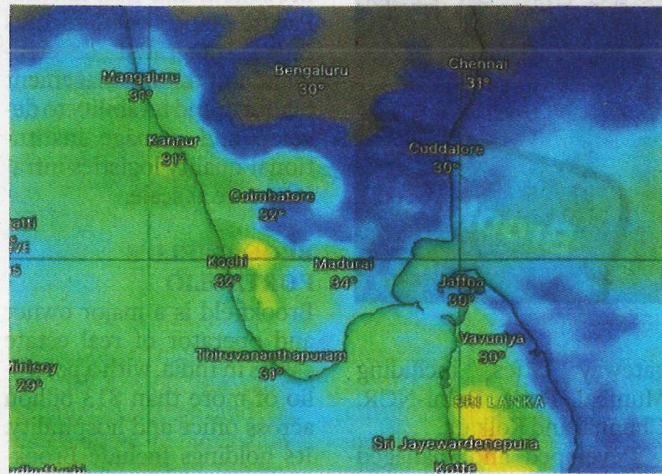
Vinson Kurian
Thiruvananthapuram

The India Meteorological Department (IMD) said the conditions may become favourable for the further withdrawal of the South-West monsoon from some more parts of Maharashtra and Chhattisgarh, where it is currently stalled, as well as parts of Telangana and north interior Karnataka over the next 2-3 days.

This came a day after Myanmar, India's north-eastern neighbour and a Bay of Bengal littoral country, declared the 2026 monsoon season over.

The move could signal the beginning of a regional shift towards the North-East monsoon.

In India, the IMD said thunderstorms and lightning — characteristic features of the transition — are likely over Tamil Nadu, Puducherry and Karaikal during the next six days.



RAIN ALERT. Widespread thunderstorms and rain are forecast for Kerala, coastal Karnataka and south and west Tamil Nadu until Saturday

UNSETTLED WEATHER

The transition is likely to keep parts of the South Peninsula unsettled. Strong surface winds are expected over coastal Andhra Pradesh, Yanam and Rayalaseema on Thursday and Friday.

Kerala, Mahe and Lakshadweep could see thunderstorms and lightning on Friday and Saturday, with gusty

winds likely over Kerala and Mahe on Thursday and Sunday, and over coastal Andhra Pradesh, Yanam and Rayalaseema on Thursday and Friday.

WIDER SPREAD OF RAIN

The rainfall pattern is expected to persist, although its intensity and coverage will vary. Isolated to scattered

rain is likely over Lakshadweep and Tamil Nadu, Puducherry and Karaikal on Thursday and again for three days from Saturday.

Kerala and Mahe could receive isolated to scattered rain on Monday and Tuesday, while coastal Andhra Pradesh, Yanam, coastal Karnataka, Rayalaseema and south interior Karnataka are likely to see such rain during the next six days.

North interior Karnataka may also receive rain on Friday and Saturday.

The broader rain belt is expected to become more pronounced towards the end of the week.

Rainfall is likely to be fairly widespread to widespread over Lakshadweep, Tamil Nadu, Puducherry and Karaikal on Friday, and over Kerala and Mahe for three days from Thursday.

The IMD has also forecast isolated heavy rain over Kerala, Mahe, Tamil Nadu, Puducherry and Karaikal for three days from Thursday.

Rupee slides to 5-month low of 96.7/\$; bond yields rise

Ashokamithran T
Mumbai

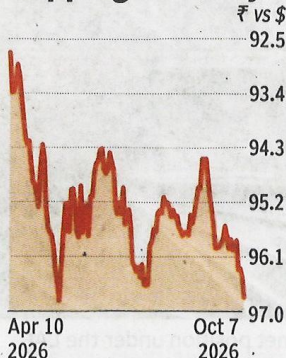
The rupee closed at a five-month low of 96.7 against the dollar on Wednesday, after the Reserve Bank of India (RBI) shifted its monetary policy stance to "calibrated tightening".

The currency opened at 96.4 against the dollar and weakened to 96.8 after RBI Governor Sanjay Malhotra indicated that easing was no longer under consideration amid a higher inflation outlook, before recovering some ground by close of trade.

NOT ENOUGH CUE

"The market may be looking for stronger liquidity tightening or direct FX interven-

Slipping currency



tion rather than just a rate hike. Hence, the RBI move is structurally positive for the rupee but insufficient to reverse the immediate depreciation pressure. The near-term direction will depend more on RBI intervention, crude oil prices and capital

MARKET ACTION

The Nifty50 ended a tad lower at 22,603.05, while the BSE Sensex shed about 0.6 per cent

flows, with 97 emerging an important psychological level," said Kunal Sodhani, Head of Treasury at Shinhan Bank.

BOND YIELDS RISE

The surprise change in stance also pushed the benchmark 10-year government bond yield higher by 5 basis points to 7.24 per cent.

"The bond market had moved ahead of the RBI. The 10-year bond yield was already above 7 per cent be-

fore [Wednesday], so I don't expect the hike on its own to push it significantly higher," said Nishchay Nath, Founder and CEO of BondScanner.

STOCKS DOWN

The equity markets, too, reflected the cautious sentiment. The Nifty50 ended a tad lower at 22,603.05, while the BSE Sensex shed about 0.6 per cent to close at 72,638.70.

The Bank Nifty finished around the 55,000 mark, largely flat but under pressure through the session.

"Looking ahead, the market's focus will shift to the September quarter earnings season for further direction," said Vinod Nair, Head of Research at Geojit Investments.

SME textile companies stitching their growth path through IPOs

Gayathri G

Chennai

The textile industry, traditionally dominated by closely knit family businesses, is increasingly turning to the capital markets to fund its next phase of growth.

A growing number of small and mid-sized textile and apparel companies across the value chain are tapping the SME IPO route to raise funds for capacity expansion, working capital, debt reduction and diversification into higher-value products.

TNA Solutions, Kumar Cotton Mills, Decent Spinners and Manisha Textiles have filed draft papers in the textiles category in 2026, while Tirupati Balaji Exim and Unitec Fibres are among those in the textiles-fabrics segment.

Textile manufacturing is working-capital intensive, with companies having to fund raw material purchases, inventory and receivables. Customer recovery cycles can stretch to 90-120 days, adding to the pressure on cash flows and interest costs.

"More small and mid-sized textile and apparel companies are choosing the SME IPO route because it gives them a practical way to raise ₹10-70 crore for expansion, machinery, working capital and debt reduction — needs that are central to textile businesses but often difficult to fund through bank borrowing alone," said Anish Maheshwari, CEO and MD,

Looms to listings

Companies	IPO size (₹ cr)	Segment
Vinod Texworld	43.00	Dyed and printed fabrics
Panchatv Bharat	25.00	Unstitched denim fabrics
Vivekanand Cotspin	22.20	Cotton and yarn
Unitec Fibres	34.47	Recycled polyester staple fibre
Paramount Syntex	84.00	Synthetic fibres, dyed fibres and yarns
TNA Solutions	37.86	Home textile products

VSure Investments Affairs.

EXPANSION PUSH

The sector is also moving beyond conventional yarn and fabric manufacturing. Companies are increasingly entering synthetic fibres, technical textiles, non-woven fabrics, specialised fabrics and value-added apparel, opening up newer markets.

The government's push for man-made fibre textiles and technical textiles has also encouraged investments in newer segments. For smaller manufacturers, equity capital can help finance such investments without relying entirely on bank borrowing.

"The best textile SME IPOs are those where capital is clearly tied to capacity utilisation, export orders, product diversification or technology upgrades," he said.

EXPORT OPPORTUNITY

Export potential is another factor driving interest. According to domestic brokerage PL Capital, the global apparel market stood at approximately \$1.9 trillion in 2025 and is expected to grow at a 4.1 per cent CAGR between 2026 and 2034.

Against this backdrop, India's textile and apparel exports stood around \$37 billion in FY26, it said.

"India's apparel export share was approximately 3 per cent in 2025, compared with 27.3 per cent for China, 6.8 per cent for Bangladesh and 6.5 per cent for Vietnam, highlighting the headroom for India to increase its participation in global sourcing," the brokerage added.

Maheshwari said export recovery, free trade agreements (FTAs), China-plus-one sourcing and improved capacity utilisation were positive factors, but their impact remained uneven across the sector.

For promoters of family-run businesses, a public listing could provide access to equity capital while creating a platform for future fundraising as the company grows.

"Investors are not adequately pricing the risks in many small textile IPOs," Maheshwari said.

Subscription interest, grey-market activity and small issue sizes could sometimes obscure weak earnings quality, customer concentration, commodity exposure and poor liquidity, he cautioned.

Amid inflationary pressures, apparel industry eyes a strong festival season

TIME TO CHEER. For organised players, the period accounts for 35-40 per cent of annual sales

Meenakshi Verma Ambwani
New Delhi

Apparel industry is gearing up for a robust festival season supported by positive consumer sentiment despite inflationary pressures amid an uncertain geopolitical environment. Players expect the longer festival season, compared to last year, to also provide a tailwind for the sector.

For organised apparel players, festival season is critical, accounting for 35-40 per cent of their annual sales.

Bhavay Pruthi, SVP - E-commerce & Product Management, Libas, said the company expects to garner growth to the tune of 20-25 per cent year-on-year.

"While inflationary pressures continue to influence consumer spending, we are seeing consumers remain willing to spend during key festive occasions, particularly on products that offer a strong value proposition. The longer festive window is also expected to provide a



PROLONGED JOY. Apparel players expect the longer season to provide a tailwind for the sector

positive tailwind and allow retailers and brands to engage consumers across multiple occasions rather than concentrating demand around a few peak days, he added."

Pruthi noted that while consumers are becoming increasingly value-conscious, festive spending remains aspirational, with consumers willing to trade up for

products and experiences that they perceive as meaningful or premium.

Ajay Kapoor, President - Retail, Fabindia, said, "Consumers had been holding back on discretionary spending amid geopolitical uncertainties, but market indicators have been encouraging, and we expect high single-digit growth during the festive period. Onam has been de-

cent for us and the projections for Puja in the East are also positive. We expect this momentum to continue across markets as the festival season progresses."

SHOPPING WINDOW

Akhil Jain, CEO, Madame, said the company is expecting to garner 15-20 per cent year-on-year growth during the period, supported by a

longer shopping window and improving consumer sentiment.

"What we are seeing is a more value-conscious but not value-averse consumer. Customers are still willing to spend on fashion, but they are looking for stronger reasons to buy, whether that is versatility, quality, newness or the relevance of the product to an occasion. We are also seeing consumers start their festival shopping earlier, with greater digital discovery, followed by store visits and purchases," he added.

Jain said the brand is preparing for the festival season with "sharper occasion-led collections, stronger newness across categories and a more agile inventory approach."

A spokesperson for Myntra said that early trends during Raksha Bandhan and Onam have set the tone for the festival season and as it gathers pace, the platform is witnessing a strong momentum across fashion, beauty, jewellery and gifting.