

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Voluntary  Public

**Date:** 10/28/2016

**GAIN Report Number:** IN6136

## India

**Post:** New Delhi

### **Cotton Production Scenario Improves for Indian Agriculture**

**Report Categories:**

Cotton and Products

Agriculture in the Economy

Agricultural Situation

**Approved By:**

Adam Branson

**Prepared By:**

Dhruv Sood

**Report Highlights:**

Better yield prospects in Northern India have prompted a revision of the MY 2016/17 production estimate to 27 million 480 lb. bales while area has been revised lower to 10.5 million hectares based on data from the Ministry of Agriculture. Cotton arrivals continue going to market yards, but mill consumption remains flat.

**General Information:**

<b>Cotton</b>	<b>2014/2015</b>		<b>2015/2016</b>		<b>2016/2017</b>	
<b>Market Begin Year</b>	<b>Aug 2014</b>		<b>Aug 2015</b>		<b>Aug 2016</b>	
<b>India</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Planted</b>	-	-	-	-	-	-
<b>Area Harvested</b>	12,850	12,846	11,900	11,877	10,750	10,500
<b>Beginning Stocks</b>	11,459	11,459	13,486	14,479	10,944	11,730
<b>Production</b>	29,500	30,139	26,400	26,391	26,500	27,000
<b>Imports</b>	1,226	1,226	1,072	1,072	1,500	1,500
<b>MY Imports from U.S.</b>	-	-	-	-	-	-
<b>Total Supply</b>	42,185	42,824	40,958	41,942	38,944	40,230
<b>Exports</b>	4,199	4,199	5,764	5,762	3,900	3,900
<b>Use</b>	24,500	24,146	24,250	24,450	24,000	24,000
<b>Loss</b>	-	-	-	-	-	-
<b>Total Dom. Cons.</b>	24,500	24,146	24,250	24,450	24,000	24,000
<b>Ending Stocks</b>	13,486	14,479	10,944	11,730	11,044	12,330
<b>Total Distribution</b>	42,185	42,824	40,958	41,942	38,944	40,230

(1000 HA) ,1000 480 lb. Bales

**Area Lowered**

The Ministry of Agriculture, Government of India published the first advance estimate for Marketing Year (MY) 2016/17. As of September 30, 2016, the planted cotton area is estimated at 10.5 million hectares. Post has lowered the planted area based on data reported by the Ministry of Agriculture.

**Production Forecast Higher with Better Yields**

Post has increased the MY 2016/17 production to 27 million 480 lb. bales (34.6 million 170 kg bales/5.8 mmt). An increase of 500,000 480 lb. bale (640,360 170 kg bales/108,800 mt) over USDA official figures due to anticipated higher yields in the cotton growing states of Punjab, Haryana and Rajasthan in Northern India. Trade sources indicate that farmers have seen a recovery from last year’s pest infestation due to vigilant crop monitoring, overall better plant protection measures, and improved soil moisture and weather conditions. Nevertheless, a few districts in Punjab and Haryana reported sporadic whitefly occurrences (e.g., 8-10 adults or fewer than 20 nymphs per leaf during early morning hours). Yields in Punjab are expected to be 597 kg per hectare which is closer to the four year average while yields in Rajasthan and Haryana are expected to be around 661 kg per hectare and 476 kg per hectare respectively.

As indicated in Post’s August Cotton report dated August 3, 2016, (IN6101), Post revised the MY 2014/15 production levels to reflect official CAB data.

### **Cotton Arrivals Cross 1 Million 170 kg bales**

Arrivals as of October 21, 2016, reached 814,769 480 lb. bales (1.04 million 170 kg bales/177,395 mt) as reported by the Cotton Corporation of India. Arrivals reported are from Northern and Central India cotton growing states. There is no reported procurement at Minimum Support Price levels to date.

Daily arrivals are reported at around 5,000 170 kg bales.

### **Cotton Advisory Board Meeting on Oct 24, 2016**

On October 24, 2016, the Cotton Advisory Board headed by the Textile Commissioner announced the 2016/17 area and production estimates in its meeting. The area is estimated at 10.5 million hectares and the MY2016/17 production is estimated at 27.4 million 480 lb. bales (35.1 million 170 kg bales/ 5.9 mmt).

### **Trade Forecast Unchanged**

Post estimates exports in MY 2016/17 at 3.9 million 480 lb. bales (5 million 170 kg bales/850,000 mt).

Demand for cotton from traditional markets such as China and Pakistan has reduced considerably while Bangladesh is buying limited quantities. As domestic cotton prices were above international prices, August and September Indian cotton exports were the lowest levels since 2012. Major exports shipments were overland from Gujarat to Bangladesh. MY 2015/16 exports have been revised to 5.76 million 480 lb. bales (7.37 million 170 kg bales) as reflected in official trade data.

MY 2016/17 imports are estimated at 1.5 million 480 lb. bales (1.92 170 kg bales/ 326,500 mt).

Imports recorded in the first two months of MY 2016 (August and September) were the highest in the previous 10 years. There was a surge in imports from Australia as there was limited availability of domestic Indian cotton. Though cheaper West African cotton was available, mills imported significant volumes of higher quality Australian cotton. Trade sources indicate that spinners were opting for newer Australian crop cotton in comparison to West African cotton as the fiber had better yarn realization levels. MY 2015/16 imports have been revised to 480 lb. bales (1.37 million 170 kg bales) based on official trade data.

### **Consumption Unchanged**

Post estimates consumption to remain at 24 million 480 lb. bales (30.7 million 170 kg bales/ 5.22 mmt).

Mills are reporting slack capacity as demand for cotton products has slowed. Indian cotton prices are expected to fall in the coming months as the pace of arrivals picks up. MY 2015/16 consumption has been revised upwards based on updated non-textile consumption figures as reported by the CAB as well as mill consumption numbers revised by the Textile Commissioner.

As indicated in Post's August Cotton report dated August 3, 2016, (IN6101), Post revised the MY 2014/15 consumption levels to reflect official CAB data.