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India

Cotton and Products Annual

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Report Highlights:

India's 2013/14 cotton production is forecast at 34.5 million 170 kg bales (26.9 million 480 lb bales /5.9 mmt) from 12 million hectares, the second highest area and production on record. Farmers have shown a strong preference for cotton in recent years and current market prices are already above the levels that informed planting decisions in 2011 and 2012. Exports are expected to reach 7.5 million 170 kg bales (5.8 million 480 lb bales/1.3 mmt), down from the increased 2012/13 estimate of 9.0 million 170 kg bales (7 million 480 lb bales/ 1.5 mmt). Much will depend on the import policies determined by China. Exports to smaller markets like Bangladesh and Vietnam are likely to account for half of the 2013/14 export forecast. India's textile industry appears to be recovering from the losses and reduced borrowing limits that resulted from market volatility in 2011. The industry is on pace for record yarn exports; spinning margins, which have narrowed of late, have been robust for the past six months. With lower exports, adequate supply and hoped for improvement in global textile demand, cotton consumption is expected to expand to a record 27.5 million 170 kg bales (21.5 million 480 lb bales/4.7 mmt), up 500,000 480 lb bales from the revised 2012/13 estimate.

General Overview

Cotton India	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	12,200	12,200	11,700	11,800		12,000
Beginning Stocks	10,674	10,464	7,744	7,384		6,134
Production	27,500	27,500	25,500	25,500		26,900
Imports	600	400	1,500	1,250		1,000
MY Imports from U.S.	0	0	0	0		0
Total Supply	38,774	38,364	34,744	34,134		34,034
Exports	11,080	11,080	5,500	7,000		5,800
Use	19,950	19,900	21,750	21,000		21,500
Loss	0	0	0	0		0
Total Dom. Cons.	19,950	19,900	21,750	21,000		21,500
Ending Stocks	7,744	7,384	7,494	6,134		6,734
Total Distribution	38,774	38,364	34,744	34,134		34,034

1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA

Commodities:

Cotton

Production:

India's 2013/14 cotton production is forecast at 34.5 million 170 kg bales (26.9 million 480 lb bales /5.9 mmt) from 12 million hectares, the second highest area and production on record. Farmers have shown a strong preference for cotton in recent years. In 2012/13, despite competitive prices for alternate crops, drier than average conditions in key cotton growing areas and a late start to the monsoon, farmers planted 11.8 million hectares, well above pre-season expectations. With stronger than expected exports in 2012/13 and robust domestic consumption, seed cotton prices are already 10 percent higher than the Rs. 4,500 per 100 kg (39 cents/lb) that informed farmers' early season planting decisions in 2011/12 and 2012/13. Assuming that prices remain firm as new-crop planting approaches, farmers are expected to favor cotton over competing crops. Cotton's relative drought tolerance also gives it an edge over competing crops as 65 percent of India's cotton area is rain fed.

In 2012/13, Gujarat, India's largest cotton producing state was affected by drier than average conditions, which led to a reduction in cotton acreage and production. While farmers have developed measures to conserve water in the state, principally through small "check" dams, rainfall was late and sparse enough to affect planting. Given Gujarat's role as a key supplier of cotton to export markets and the adequate ginning capacity in the state, farmers are expected to increase 2013/14 planted area by more than 15 percent to 2.8 million hectares if monsoon rains cooperate. In Maharashtra, which accounts for more than 30 percent of India's cotton plantings, area is expected to be largely unchanged from a year ago as farmers continue to view cotton as one of their best kharif (summer) planting options. Cotton area in Andhra Pradesh, India's third largest cotton producing state was a record 2.2 million hectares in 2012/13. Area is expected to decline by more than 10 percent as farmers whose crops were affected by the late-season cyclone "Nilam" shift some of their cotton acreage to alternate crops like chilies, a crop less influenced by late-season rains. Area in the well-irrigated cotton areas in the northern states of Punjab, Haryana and Rajasthan is forecast unchanged from a year ago.

While yields have increased from an estimated 300 kg per hectare to nearly 500 kg per hectare over the past decade with the introduction of biotech seeds, better hybrids and expanded surface irrigation in some areas, there is concern within the industry that yields are stagnating or even declining. The increasing prevalence of "sucking insects" such as whitefly, the need for better micronutrient and fertilizer management, the spread of cotton into more drought prone areas and occasionally inconsistent seed quality are all cited as factors affecting yields. Despite these ongoing challenges, yields are forecast at 490 kg per hectare, up three percent from 2012/13 when erratic rains affected yields. India's cotton yields continue to be significantly lower than the global average of 761 kg per hectare, a difference due, in part, to the relatively low plant populations that farmers deploy in order to create rows that are wide enough for bullocks to traverse. The advent of biotech cotton has helped to improve the predictability and stability of cotton as a crop which has supported the expansion of cotton area in recent years.

The Government of India has not announced the minimum support price (MSP) for the 2013/14 crop year. While prices vary by variety, the 2012/13 MSP for the most commonly traded staple length was increased 22 percent from Rs. 3,150 per 100 kg (27 cents/lb) of seed cotton to Rs. 3,850 per 100 kg (33 cents/lb). The higher MSP resulted in the Cotton Corporation of India (CCI) and other government agencies procuring 2.2 million 170 kg bales of cotton of which 2 million 170 kg bales are still in CCI stocks, much of it in Andhra Pradesh where farmers were affected by cyclone "Nilam" during harvest. Cotton prices have increased over the past month and the textile industry has pressured CCI to begin selling its stocks in the domestic market. Higher market prices should enable CCI and other government agencies to cover their costs when cotton sales begin.

It is difficult to predict the timing of the 2013/14 MSP announcement, some years the new prices are not announced until planting is nearly complete. However, two factors seem to point to the possibility of an increase. Currently, seed cotton prices are 25 percent higher than the MSP, if prices remain firm in the run up to planting, the MSP could be increased without exceeding prevailing market prices. Additionally, if government agencies are able to sell their 2012/13 stocks at a profit, officials may be more inclined to consider an MSP increase. The added price certainty of a higher MSP could prompt farmers to expand area beyond the forecast in this report; area reached 12.2 million hectares in 2011/12. Policy makers are approaching MSP levels that could lead to more regular market intervention by CCI and other government agencies if global market prices fall, a situation that would be further exacerbated if the weakened rupee begins to appreciate.

2012/13 planted area has been adjusted to 11.8 million hectares to better reflect official data. The production estimate is unchanged at 32.5 million 170 kg bales (25.5 million 480 lb bales / 5.5 mmt). The pace of cotton arrivals continues to lag the year ago pace. As of March 10, arrivals had reached 22.5 million 170 kg bales (17.6 million 480 lb bales / 3.8 mmt) compared to 23.7 million 170 kg bales (18.5 million 480 lb bales / 4.0 mmt) a year ago. Arrivals in Gujarat and Madhya Pradesh continue to lag significantly behind the year-ago pace. Industry sources again indicate that farmers are holding cotton in anticipation of higher prices. With the spread of cellular phones and mobile market information services, farmers are increasingly able to make more informed crop marketing decisions.

General Production Outlook: Cotton, a predominantly monsoon-season or kharif crop, is planted from the end of April through September, and harvested in the fall and winter. With the area under Bt cotton and improved varieties now reaching an estimated 92 percent of total area, prospects for future growth in productivity are limited as most cotton is grown under rain-fed conditions and on small farms. Researchers are working on production schemes with higher plant populations that could improve yields if they gain popularity with farmers. There are an estimated 5.5 million cotton farmers with the average farm size of 1.5 hectares which limits their ability to adopt capital intensive production technologies and infrastructure. However, yields would likely benefit from training in the management of irrigation, fertilizers, micro nutrients, pests and diseases to boost yields above current levels. Future growth in cotton production is more likely to come from higher yields than a significant area expansion.

India accounts for about a third of global cotton area. Within India, two-thirds of cotton is produced in the central cotton growing zone in the states of Maharashtra, Madhya Pradesh, Gujarat and Odisha where much of the crop is rain fed. The northern zone, which consists of the states of Punjab, Haryana and Rajasthan, produces cotton under irrigated conditions and accounts for about 15 percent of production. In the south, the states of Andhra Pradesh, Karnataka and Tamil Nadu account for 20 percent of production. The Central and Southern zones typically grow long duration cotton that allows farmers to reap multiple pickings or harvests. While the number of pickings has declined as traditional varieties have been replaced by biotech hybrids, farmers can still extract up to five pickings per plant depending on weather conditions. In contrast, the irrigated cotton in the northern zone is mostly a short duration crop that fits into a cotton-wheat cropping system.

Bt cotton: Since its introduction in 2002, Bt cotton has been widely adopted and now accounts for an estimated 92 percent of total cotton area and over 95 percent of India's cotton production. The Government of India has approved six biotech events and more than 300 hybrids for cultivation in different agro-climatic zones. In addition to the approved varieties, there are estimated 40-50 Bt cotton hybrids that are developed and multiplied informally outside of regulated marketing channels and sold at cheaper rates relative to approved hybrids. One of the results of the adoption of Bt cotton has been a significant shift in the varietal profile and share of different types of cotton being produced in India. Most of the Bt hybrids are of medium and long staple cotton (26 to 32 mm), which is resulting in declining production of short staple (below 22 mm) and extra long staple (35 mm and above). If the current trend continues, the domestic textile industry may seek to increasingly augment their extra long staple and short staple cotton requirements through imports.

Consumption:

MY 2013/14 consumption is forecast at a record 27.5 million 170 kg bales (21.5 million 480 lb bales/ 4.7 mmt). The textile industry continues to recover from the losses suffered during 2011/12. The industry has enjoyed strong spinning margins throughout much of 2012/13 and is on pace to export a record volume of yarn. Margins have started to narrow and the industry is calling on the Government of India to release the 2.0 million 170 kg bales that are currently held by CCI. Whether favorable spinning margins will persist in 2013/14 is difficult to determine. However, the industry is optimistic that textile demand in major western markets will strengthen in 2013/14 and, while India's GDP growth has cooled of late, the economy continues to grow at an enviable rate of six percent, suggesting that domestic demand will at least remain firm. A weakened rupee, if it persists, will also be beneficial for yarn and textile exports. See the tables at the end of this report for additional information concerning textile production and cotton consumption.

Trade:

2013/14 exports are forecast at 7.5 million 170 kg bales (5.8 million 480 lb bales/1.3 mmt), down 15 percent from the revised 2012/13 estimate. China is again expected to be the key determiner of India's export volumes. Exportable supplies of cotton are forecast to be adequate and exports to regional buyers like Pakistan and Bangladesh and Asian buyers like Vietnam and Indonesia are expected to average about 300,000 170 kg bales per month or 3.6 million 170 kg bales for the year. The degree to which exports exceed that level will depend on China. Currently, assuming that China will again be buyer of foreign cotton, albeit it at reduced levels, India's exports to China are forecast at 4.0 million 170 kg bales. The rupee has consistently traded at Rs. 53-55 per dollar over the past six months which has helped to support export volumes. If the rupee strengthens, India's price advantage in export markets could be curbed.

Exports for MY 2012/13 are estimated at 9.0 million 170 kg bales (7 million 480 lb bales/ 1.5 mmt), well above earlier expectations as strong demand from China, a weak rupee and competitive pricing spurred exports. Trade sources indicate that export shipments for 2012/13 had reached 7.8 million 170 kg bales (6.1 million 480 lb bales/1.3 mmt) through mid-March. China, Bangladesh, Pakistan and Vietnam are the biggest export markets for Indian cotton. With strong domestic demand, assumed weaker demand from China and a recent halving of the margin (from 8-9 cents per pound to 3-4 cents per pound) between Indian ex-gin prices and the Cotlook A index, the pace of exports is expected to slow through the balance of the August/July marketing year. Nevertheless, demand from regional and Asian buyers will likely lead to average monthly exports of 300,000 170 kg bales from April to July. Additionally, CCI may make a portion of the 2.0 million 170 kg bales it currently holds available to exports. Thus far, the higher than expected export pace has not prompted the textile industry to press for cotton export controls, instead the industry is actively encouraging the government to initiate the sale of CCI stocks in the domestic market.

India typically imports long staple cottons to augment domestic supplies for processing and re-export as high-end textiles. However, prior to the onset of the delayed 2012/13 harvest, mills imported larger volumes of cotton to augment general cotton supplies. Given the pace of exports and strong consumption thus far, mills could again be required to import larger volumes of cotton prior to the onset of the 2013 harvest. 2012/13 imports are estimated at 1.6 million 170 kg bales (1.2 million 480 lb bales/270,000 mt). For 2013/14, imports are estimated marginally lower at 1.0 million 480 lb bales /255,000 mt.

Policy:

As India has emerged as a cotton exporter in recent years, the Government of India has enacted a variety of trade policies to ensure that competitively-priced adequate supplies are available to the textile industry. India's national fiber policy affirms that cotton exports should be limited to the exportable surplus. In March 2012, the Government of India enacted a ban on exports on account of the rapid pace of exports and the potential effect on domestic supplies of cotton. The ban was lifted in May of 2012 and replaced with a new export registration policy that enabled closer monitoring of exports. In October 2012, the Government of India announced the cotton export policy for MY 2012/13 (Oct/Sep). The policy was largely a continuation of the previous May 2012 policy. Cotton exports are allowed under Open General License subject to relatively strict export registration requirements, but are not currently subject to a quantitative limit or quota. For more information on India's export policies see table 13.

Thus far, the textile industry has not pressed the government for export controls during 2012/13. Instead, the focus has been on releasing cotton from government-held stocks. While the export pace has exceeded expectations, it remains well below the record 2011/12 pace that prompted the government to briefly ban exports. Unless exports surge unexpectedly over the next few months, it seems unlikely that the textile industry will press for export controls. However, officials continue to monitor the pace of exports and could seek to tighten export registration requirements or deploy some other means of slowing exports if the pace continues to exceed expectations.

Cotton Advisory Board (CAB) Reconstituted: The CAB, which is comprised of inter-ministerial experts, meets regularly to estimate domestic cotton production, consumption and trade. The reconstituted CAB will now have a consultative committee that will give input to the Board. The consultative committee includes members from the textile industry and cotton trade. Both the consultative committee and the CAB are headed by the Textile Commissioner.

Production Policy

The Government of India establishes a minimum support price for cotton. New prices are typically announced annually and may or may not precede the start of planting. CCI, a central government organization, is responsible for price support operations in all states, but is occasionally assisted by other federal or state government marketing organizations. Government agencies purchase seed cotton at the MSP, and sell the processed cotton at market prices, and the losses incurred in the operation are borne by the government. In 2012\13, CCI procured 2.2 million 170 kg bales (1.7 million 480 lb bales/374,000 mt), of which 95 percent was from Andhra Pradesh to support farmers affected by tropical cyclone 'Nilam' in the first week of November. CCI was also involved in small procurement operations in the states of Maharashtra, Orissa, Karnataka and Madhya Pradesh but through most of the season,

market prices have been above the MSP. Besides the MSP operations, CCI and state marketing organizations are also involved in purchasing cotton at open market prices for commercial sales. Purchases have been very limited thus far in 2012/13 amounting to 50,000 170 kg bales (39,040 480 lb bales /8,500 mt). See the production section for a discussion of the current MSP situation.

Various central and state government agencies and research institutions are engaged in cotton varietal development, seed distribution, crop surveillance, integrated pest management, extension and marketing activities. In 1999, the central government launched the Technology Mission on Cotton (TMC) to improve the availability of quality cotton at reasonable prices. The goal of the TMC is bring about improvement in the production, productivity and quality of cotton through research, transfer of technology and improvement in the marketing and raw cotton processing sectors.

Marketing:

India exports medium-to-long staple cotton (25 to 32 mm length) to China, Bangladesh and East Asian countries. However, India will likely continue to import ELS and quality long staple cotton (28-34 mm), with occasional imports of short staple cotton (below 22 mm) when international prices are favorable. The United States has been the leading supplier of cotton to India over the past few years. Indian mills importing U.S. Pima and upland cotton recognize its quality and consistency, and are ready to pay a premium over competing origins. However, U.S. cotton faces competition from suppliers like Egypt and Australia due to their freight advantage and shorter delivery periods. Due to warm weather conditions and tradition, cotton is typically the preferred fiber in India. However, poly-cotton blends are becoming increasingly popular due to their durability and ease of maintenance. Prices of cotton relative to man-made fibers will be key in determining the future growth of cotton usage in India.

Due to warm weather conditions and tradition, cotton is typically the preferred fiber in India. However, poly-cotton blends are becoming increasingly popular due to their durability and ease of maintenance. Industry sources report that higher cotton prices have caused some mills to shift their cotton/polyester blends in favor of polyester. Prices of cotton relative to man-made fibers (MMF) will be key in determining the future growth of cotton usage in India.

Value Added Cotton

The textile and clothing industry is largely cotton-based, accounting for 14 percent of total industrial production, 17 percent of total export earnings, four percent of GDP and providing direct employment to over 35 million people and indirect employment to an additional 55 million people. After agriculture, the textile industry is India's largest employer. The "organized" or modern textile sector is dominated by spinning units which, in terms of numbers, account for 80 percent of the "units" in the modern industry. India's textile industry would likely benefit from increased value addition in terms of weaving and garment manufacturing, but the industry continues to focus much of its effort on expansion of the spinning sector. The Indian textile industry includes both an "organized" sector (large-scale spinning units and composite mills) and an "unorganized" sector (small-scale spinning units, power looms, handlooms, hosiery units). More than 95 percent of yarn is produced in the organized sector. The weaving industry is mainly supplied by the unorganized sector, with power looms accounting for 63 percent, handlooms for 12 percent, and hosiery units for 21 percent of total cloth production. The organized sector weaving mills account for the remaining four percent of cloth production.

According to the Government of India, India ranks third in global exports of textiles and sixth in global exports of clothing with shares of 5.1 percent and 3.2 percent respectively. The United States and China are the top markets for textile exports with Bangladesh also emerging as a strong market. Cotton textile exports account for 50 percent of total textile exports. Cotton ready-made garments account for the major share of cotton textile exports followed by cotton yarn and cotton fabric. Cotton yarn exports have been on “Open General License” (not subject to quotas) since April of 2011. For additional information on textile exports and production see the tables at the end of this report.

In an effort to promote the export of value-added cotton textiles, the Government of India in its latest budget announcement for the upcoming 2013/14 fiscal year (Apr/Mar) has largely continued with major schemes to ensure affordable credit, technology improvement, skill development and duty relief to the textile sector. India’s current trade policy provides incentives to encourage textile exports such as favourable interest rates on pre-shipment credit, duty-free import of trimmings required by the garment industry and duty-free import of tools by the handicrafts industry. Firms with export oriented unit status and firms importing against an advance export license receive a duty drawback on imports of raw materials for the export of value-added goods. The Export Promotion Capital Goods plan, which enabled imports of capital goods and machinery at reduced duty rates against export obligations, will expire on March 31, 2013. Additionally, the Market Linked Focus Product Scheme, where exporters can earn credits valued at two percent of their exports to the United States and European Union, is also set to expire on March 31, 2013.

Debt Restructuring Package: To ease the financial distress from the global economic slowdown of the past few years and the losses from the market volatility during 2011, the government approved a debt restructuring package to aid textile mills. The program is administered on a case-by-case basis within parameters set by the Reserve Bank of India. Banks have extended the program to 307 textiles mills and 200 readymade garments factories.

The Technology Upgradation Fund Scheme (TUFS): TUFS has provided support for the modernization of the textile industry since 1999 through lower rates of interest on loans for the purchase of capital goods and improved technology. The Ministry of Textiles has proposed a budget of \$442 million for the upcoming 2013/14 fiscal year (Apr/Mar).

Zero Excise Duty Route: The Government of India in its latest budget announcement for the upcoming 2013/14 fiscal year has cut the excise duty on ready garments made from cotton from 3.5 percent to zero.

Scheme for Integrated Textile Parks (SITP): SITP provides the textile industry with infrastructure facilities for setting up their textile units. SITP has created 61 new textile parks. The scheme is based on a public private partnership model where the Government of India share is restricted to 40 percent of the project cost or \$7.3 million (Rs. 400 million) whichever is lower. An additional grant of \$1.8 million (Rs. 100 million) will soon be available to each new project to assist firms in the apparel sector.

Scheme for Integrated Processing Development (IPD): IPD is a new scheme with an initial annual outlay of \$92 million (Rs. 5 billion) to address the environmental concerns relating to effluent treatment.

Various Schemes for Handloom Sector: For the overall development of the handloom sector, the Government of India has taken various policy initiatives to sustain and develop the industry. The latest federal budget provides \$17 million for FY 2013/14 (Apr/May) to make loans available at a reduced interest rate. This is in addition to two existing programs, the \$710 million Comprehensive Handloom Package and the \$430 million Revival, Reform and Restructuring Package.

State Textile Policies: The major cotton producing states of Gujarat and Maharashtra announced their textile policies in 2012, with several programs and schemes encouraging industries to locate their textile units in their respective states. The Gujarat Textile Policy will provide a five year interest subsidy on new plants, a power tariff concession for five years and a refund of the valued added tax on raw materials for new units and the expansion of existing units. The policy is aimed at bringing additional textile processing capacity closer to growers in India's leading cotton producing state. Gujarat currently supplies a large volume of India's cotton exports. In Maharashtra, similar interest subsidies are being provided on long-term loans for setting up new units. A significant volume of cotton is shipped out of Maharashtra to states where there is greater processing capacity; these measures are aimed at keeping cotton in the state and creating jobs. Over the next 5 years, some processing capacity may shift from the south (where about half of India's cotton is processed) to the central states in view of the continuous power shortage problems faced by the industry in the south.

Production, Supply and Demand Data Statistics:

Extra Long Staple Cotton:

Table 1: Extra Long Staple (ELS) Cotton

PSD Table - ELS COTTON (1-3/8" or 35mm staple length)							
Units : 480 lbs bales	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Beginning Stocks	51,736	59,545	150,540	216,550	129,274	86,872	59,543
Production	156,162	140,546	132,738	171,778	187,394	163,970	156,162
Imports	273,284	340,854	339,294	158,679	168,416	214,723	234,243
Total Supply	481,182	540,945	622,571	547,008	485,085	465,565	449,948
Exports	-	-	-	-	-	-	-
Domestic Consumption	421,637	390,405	406,021	417,733	398,213	406,021	398,213
Ending Stocks	59,545	150,540	216,550	129,274	86,872	59,543	51,735
Total Distribution	481,182	540,945	622,571	547,008	485,085	465,565	449,948

India's ELS production is forecast to decline slightly as farmers shift to higher yielding long and medium staple varieties. There are very few Indian cotton varieties (DCH-32, TCH-213, and *Suvin* grown mostly in southern India) that meet international ELS specifications. The fiber quality and yields

of these varieties have deteriorated in recent years causing marketing problems and lower returns to growers. Therefore, farmers are increasingly shifting to long staple varieties (Bunny, Brahma, and other 30-34 mm cotton varieties), which have higher yields and fewer quality problems. Efforts to improve the productivity of ELS parent lines have met with limited success. There are some early efforts to develop biotech ELS varieties.

ELS cotton consumption is forecast marginally lower. India's domestic consumption requirement for ELS cotton is largely met through imports and the United States and Egypt are the major suppliers. ELS cotton is used for the production of quality yarn, fabric, and dress material for a small but growing high-end domestic market segment and for export. Demand for luxury goods has fallen. Mills are still seeking ELS, but only for quantities equal to their orders. Local mills are increasingly using the long staple varieties for blending with imported ELS cotton for the production of quality yarn and fabric.

Table 2: Planting Season, Irrigation & Cotton Type by Major Region

REGION	STATES	COTTON GROWN	PLANTING SEASON AND IRRIGATION STATUS
North	Punjab, Haryana, Rajasthan	Medium & Short Staple	End April-May/Largely Irrigated
Central	Gujarat, Maharashtra, Madhya Pradesh	Medium and Long Staple	Mid June -July (after onset of monsoon) /Largely rain fed
South	Andhra Pradesh, Karnataka, Tamil Nadu	Long and Extra Long Staple	August-September/Largely rain fed

Note: There is a small cotton crop planted in January-February in South India

Table 3: Cotton Consumption (Mill & Small Sector Units) By Month
(Figures in Million 480lb Bales)

Month\Year	2010/11*	2011/12*	2012/13
Aug	1.697	1.455	1.725
Sept	1.673	1.694	1.659
Oct	1.725	1.387	1.708

Nov	1.647	1.432	1.637
Dec	1.762	1.572	1.744
Jan	1.726	1.587	1.562
Feb	1.580	1.585	
Mar	1.699	1.591	
Apr	1.575	1.586	
May	1.455	1.662	
Jun	1.423	1.653	
Jul	1.484	1.728	
Loss	1.045	0.780	1.171
TOTAL	20.491	19.713	21.121

Source: * Figures in Bold are Provisional
Source: Textile Commissioner's Office, GOI

Table 4: Month End Spot Prices of Popular Indian Varieties (cents per pound)

Year	Bengal Deshi (below 22 mm)	SG J-34 (25 mm)	H-4 (28mm)	Shankar-6 (29mm)	MCU-5 33mm	DCH-32 (35 mm)
2010/11						
Aug	0.73	0.90	0.91	0.94	1.00	1.19
Sept	0.76	0.98	1.01	1.04	1.14	1.26
Oct	0.81	1.10	1.19	1.02	1.25	1.44
Nov	0.86	1.09	1.13	0.99	1.22	1.42
Dec	0.98	1.17	1.18	1.02	1.23	1.49
Jan	1.19	1.29	1.35	1.15	1.47	2.10
Feb	1.38	1.61	1.57	1.37	1.74	2.33
Mar	1.49	1.76	1.68	1.45	1.83	2.33
Apr	1.36	1.43	1.26	1.37	1.72	2.14
May	1.21	1.21	1.14	1.09	1.51	1.93
Jun	1.23	1.11	1.05	0.90	1.40	1.84
Jul	1.25	0.92	0.88	0.73	1.26	1.67
2011/12						
Aug	1.38	0.96	0.92	0.86	1.22	1.56
Sept	1.36	1.02	0.98	1.06	1.12	1.44

Oct	0.95	0.90	1.02	0.97	1.06	1.28
Nov	0.92	0.77	0.88	0.94	0.97	1.21
Dec	0.83	0.74	0.80	0.82	0.88	1.04
Jan	0.91	0.83	0.87	0.93	0.94	1.20
Feb	0.88	0.78	0.84	0.92	-	1.21
Mar	0.88	0.79	0.84	0.85	-	1.13
Apr	0.85	0.75	0.82	0.81	-	1.11
May	0.83	0.71	0.77	0.72	0.78	0.75
Jun	0.92	0.75	0.77	0.76	0.77	0.77
Jul	1.01	0.80	0.83	0.89	0.83	0.84
2012/13						
Aug	0.97	0.81	0.85	0.88	-	0.85
Sept	0.87	0.75	0.79	0.81	-	0.79
Oct	1.00	0.76	0.77	0.80	-	1.10
Nov	0.90	0.75	0.76	0.78	-	1.05
Dec	0.81	0.76	0.77	0.79	-	1.06
Jan	0.80	0.79	0.80	0.82	-	1.06
Feb	0.86	0.89	0.90	0.87	-	1.12
Mar	0.87	0.90	0.90	0.90	-	1.12

Source: Cotton Association of India (formerly East India Cotton Association), Mumbai

**Table 5a: India's Cotton Exports by Month
(Figures in 480lb Bales)**

Month\Year	2010/11	2011/12	2012/13
Aug	77,355	340,780	44,423
Sept	15,556	740,873	81,461
Oct	19,915	543,692	125,324
Nov	1,410,798	1,635,913	598,973
Dec	2,004,301	1,266,216	1,414,849
Jan	285,940	1,970,873	
Feb	917,215	1,814,992	
Mar	450	399,840	
Apr	294	1,069,467	
May	501	623,467	
Jun	3,858	460,803	
Jul	252,484	203,790	
TOTAL	4,988,667	11,070,706	2,265,030

Source: Directorate General of Foreign Trade, Ministry of Commerce

**Table 5b: India's Cotton Imports by Month
(Figures in 480lb Bales)**

Month\Year	2010/11	2011/12	2012/13
Aug	4,689	6,821	49,140
Sept	5,535	1,966	158,710
Oct	8,212	9,875	243,997
Nov	7,317	11,450	166,435
Dec	11,257	10,031	81,397
Jan	11,533	29,096	
Feb	25,124	62,639	
Mar	20,131	72,252	
Apr	26,570	76,868	
May	34,704	61,936	
Jun	21,752	26,552	
Jul	10,270	20,544	
TOTAL	187,094	390,030	699,678

Source: Directorate General of Foreign Trade, Ministry of Commerce

Table 6a: Cotton Export Trade Matrix

Period	Aug-Jul	Units	480 lb bales		
2010/11		2011/12		2012/13 (Aug-Dec, 2012)	
United States	335	United States	395	United States	-
China	3,051,239	China	8,547,437	China	1,492,236
Bangladesh	785,925	Bangladesh	1,214,862	Bangladesh	345,685
Pakistan	456,215	Pakistan	375,856	Pakistan	219,006
Taiwan	156,326	Vietnam	235,748	Taiwan	82,650
Vietnam	145,960	Indonesia	179,296	Vietnam	56,268
Indonesia	131,689	Malaysia	161,479	Indonesia	26,988
Malaysia	66,598	Taiwan	112,840	Malaysia	18,675
Hong Kong	52,328	Thailand	81,199	Hong Kong	7,886
Turkey	41,957	Hong Kong	66,336	Turkey	3,638
<i>Total of Top 10</i>	<i>4,888,572</i>	<i>Total of Top 10</i>	<i>10,975,447</i>	<i>Total of Top 10</i>	<i>2,253,033</i>
Others	100,094	Others	95,263	Others	11,997
Grand Total	4,988,666	Grand Total	11,070,710	Grand Total	2,265,030

Source: Directorate General of Foreign Trade, Ministry of Commerce

Table 6b: Cotton Import Trade Matrix

Period	Aug-Jul	Units	480 lb bales		
2010/11		2011/12		2012/13 (Aug-Dec, 2012)	
United States	76,257	United States	95,382	United States	32,569
Egypt	71,094	Pakistan	180,627	Tanzania	109,528
Turkmenistan	5,746	Egypt	49,751	Australia	78,402
Israel	5,686	Australia	12,787	Kenya	70,479
Australia	5,640	Israel	8,970	Thailand	52,282
Sudan	5,231	China	8,943	Cote d Ivoire	49,544
China	2,714	Nigeria	4,758	Pakistan	48,580
Sri Lanka	1,456	Sudan	3,220	Egypt	28,302
Korea South	1,419	Argentina	2,108	Mali	25,799
Japan	1,350	Zambia	2,081	Argentina	24,260
<i>Total of Top 10</i>	<i>176,595</i>	<i>Total of Top 10</i>	<i>181,326</i>	<i>Total of Top 10</i>	<i>519,744</i>
Others	10,500	Others	208,700	Others	180,526
Grand Total	187,094	Grand Total	390,025	Grand Total	700,271

Source: Directorate General of Foreign Trade, Ministry of Commerce

Table 7: Growth of the Indian Textile Industry

Item*	1991/92	1995/96	2000/01	2003/04	2004/05	2005/06	2008/09	2009/10	2010/11	2011/12	2012/13 (Apr-Jan) (P)
Organized Mills											
Spinning	846	1,294	1,565	1,564	1,566	1,570	1,653	1,673	1,692	1,761	1,769
Composite	271	275	281	223	223	210	177	180	186	194	198
Exclusive Weaving	na	172	203	206	202	204	184	183	182	173	175
Small Scale Spinning Units	na	750	996	1,135	1,161	1,173	1,247	1,260	1,398	1,338	1,347
Power Loom Units ('000s)	na	327	373	413	425	433	494	505	513	520	523
Spindles (millions)	28	32	38	37	37	38	41	42	48	43	44
Rotors ('000s)	113	226	454	482	500	520	659	675	750	523	541
Looms	169	148	140	105	103	92	71	71	70	52	52

(‘000s)											
Power Loom (‘000s)	na	1,372	1,661	1,836	1,902	1,943	2,205	2,246	2,278	2,299	2,323

* - Indian fiscal Year (April/March)

na - not available

P - Provisional

Source: The Textile Commissioner’s Office, GOI

Table 8: Production of Spun Yarn (Million Kg.)

Year /1	Cotton	Blended	100% Non-Cotton	Total
1995-96	1,894	395	196	2,485
2000-01	2,267	646	247	3,160
2001-02	2,212	609	280	3,101
2002-03	2,177	585	319	3,081
2003-04	2,121	589	342	3,052
2004-05	2,272	585	366	3,223
2005-06	2,521	588	349	3,458
2006-07	2,824	635	354	3,813
2007-08	2,948	677	378	4,003
2008-09	2,896	655	361	3,912
2009-10	3,079	707	407	4,193
2010-11	3,490	796	427	4,713
2011-12	3,127	789	457	4,373

2012/13 (Apr-Dec) (P)	2,631	610	340	3,580
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/1: Indian fiscal year (April-March)

P: Provisional estimate for April 2012 to Dec 2012.

Source: Textile Commissioner's Office, GOI

Table 9: Production of Manmade Fiber (Million Kg.)

Year /1	Viscose	Acrylic	Polyester	Poly-Propylene	Total
1995-96	194	74	228	2	498
1997-98	188	79	439	2	708
1998-99	178	79	523	2	782
1999-00	202	79	551	2	835
2000-01	236	99	566	2	904
2001-02	185	95	551	2	834
2002-03	225	105	582	2	914
2003-04	221	117	613	3	953
2004-05	248	128	644	3	1,023
2005-06	229	108	628	3	968
2006-07	247	97	792	4	1,139
2007-08	280	81	880	3	1,244
2008-09	233	80	750	3	1,066
2009-10	302	90	872	3	1,268
2010-11	305	79	896	4	1,285

2011-12	323	78	830	4	1,234
2012-13 (Apr-Dec) (P)	251	56	638	3	948

/1: Indian fiscal year (April-March)

P: Provisional estimate for April 2012 to Dec 2012.

Source: Textile Commissioner's Office, GOI

Table 10: Production of Manmade Filament Yarn (Million Kg.)

Year/1	Viscose	Polyester	Nylon	Poly-Propylene	Total
1995-96	61	376	42	15	494
1997-98	57	668	30	14	769
1998-99	61	745	29	15	850
1999-00	49	801	26	17	894
2000-01	55	820	26	18	920
2001-02	48	866	28	20	962
2002-03	51	995	30	24	1,100
2003-04	53	1,013	31	21	1,118
2004-05	54	1,004	35	16	1,109
2005-06	53	1,076	37	14	1,179
2006-07	54	1,271	32	13	1,370
2007-08	51	1,420	28	11	1,509
2008-09	42	1,330	28	15	1,416
2009-10	43	1,434	30	15	1,522
2010-11	41	1,462	33	13	1,550
2011-12	42	1,380	28	13	1,463

2012-13 (Apr-Dec) (P)	32	997	17	15	1,061
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/1: Indian fiscal year (April-March)
P: Provisional estimate for April 2012 to Dec 2012.
Source: Textile Commissioner's Office, GOI

Table 11: India's Exports of Textile Products (US\$ million)
Indian fiscal year (April-March)

Item	2009-10	2010-11	2011-12	2012-13 (P)*
Cotton Textiles				
Yarn/Fabric/Made-up	3,695	5,792	6,808	6,040
Readymade Garments	8,048	8,577	9,627	6,721
<i>Sub-total</i>	11,743	14,369	16,435	12,761
Man-made Textiles				
Yarn/Fabric/Made-up	3,613	4,283	5,065	3,732
Readymade garments	1,215	1,479	2,177	1,982
<i>Sub-total</i>	4,828	5,762	7,242	5,714
Wool Textiles (Yarn/Fabric/Made-up)	470	442	508	354
Silk Textiles (Yarn/Fabric/Made-up)	596	632	473	337
Handloom Products	265	346	554	449
Handicrafts	962	1,294	1,079	992
Coir & Coir Manufacturers	161	160	213	164
Jute	218	460	457	324

Other Textiles Items (Carpets, floor covering, etc)	2,374	3,314	5,079	3,010
Other Textiles Readymade garments	802	971	1,269	1,159
Total Exports	22,419	27,748	33,310	25,264

Export statistics in the table exclude exports of fiber & fiber waste (cotton/ manmade/ silk/ wool/ others)

P - Provisional estimates

2012* refers to provisional estimates for April 2012 to Jan 2013, i.e., 10 months of IFY 2012/13.

Source: Textile Commissioner's Office and Directorate General of Commercial Intelligence and Statistics, Ministry of Commerce

**Table 12a: India's Cotton Yarn* Exports by Month
(Figures in thousand Metric Tons)**

Month/Year	2010-11	2011-12	2012-13
Aug	63.38	58.28	92.81
Sep	57.18	99.97	65.45
Oct	57.26	48.14	75.73
Nov	77.47	57.95	86.73
Dec	78.67	66.33	108.35
Jan	30.62	74.50	-
Feb	2.15	62.60	-
Mar	67.97	65.90	-
Apr	51.34	68.07	-
May	47.46	94.40	-
Jun	50.49	77.60	-
Jul	62.25	88.99	-
TOTAL	646.24	862.73	429.07

*HS code: 5204, 5205 and 5207

Source: Directorate General of Foreign Trade, Ministry of Commerce

**Table 12a: India's Cotton Fabric* Exports by Month
(Figures in thousand Metric Tons)**

Month/Year	2010-11	2011-12	2012-13
Aug	160,275	69,847	76,236

Sep	54,091	78,881	72,229
Oct	58,393	57,317	70,239
Nov	44,896	59,584	65,249
Dec	58,806	84,697	74,432
Jan	69,052	79,762	-
Feb	70,709	80,219	-
Mar	61,286	80,233	-
Apr	74,807	68,851	-
May	68,259	71,988	-
Jun	65,899	83,648	-
Jul	82,835	68,129	-
TOTAL	869,309	883,157	358,383

*HS code: 5208 and 5209

Source: Directorate General of Foreign Trade, Ministry of Commerce

Table 13: India's Cotton Export Policies Since 2010

- Prior to April, 2010, exports of raw cotton were allowed without any restrictions or export taxes. Export contracts had to be registered with the Textile Commissioner's Office (TCO).
- On April 9, 2010, the GOI imposed an export tax of Rs. 2,500 (\$5.6) per metric ton on raw cotton.
- On April 19, 2010, the TCO suspended registration and exports of raw cotton (GAIN IN1039).
- On May 21, 2010, the government moved exports of raw cotton to the restricted list, thereby imposing licensing restrictions on exports of raw cotton. The Directorate General of Foreign Trade (DGFT) issued export licenses for the unshipped export contracts registered with the TCO prior to April 19, 2010 (GAIN IN1049).
- On August 17, 2010, the government removed licensing restrictions on exports of raw cotton by moving it from the restricted list to the free list and removed export tax. However, all export contracts had to be registered with the TCO (GAIN IN1081).
- On September 18, 2010, the Empowered Group of Ministers established an export quota of 4.3 million bales (5.5 million Indian bales) for Indian marketing year 2010/11 (October/September).
- On October 1, 2010, the TCO commenced export contract registration and closed registration on October 10, 2010 when the quota limit was reached. The TCO issued export authorization for 3.92 million bales to be shipped within the period of November 1 to December 15, 2010.
- On December 16, 2010, the GOI issued a notification stating that exports of cotton were to be registered with the DGFT instead of the TCO.
- On December 16, 2010, the DGFT issued a circular stating the modalities of registration and export of the "unutilized" export quota that could not be shipped before December 15, 2010 (GAIN IN1101).

- In early January, the DGFT registered about 1.48 million 480 lb bales (1.9 million 170 kg bales) of export contracts against the estimated ‘unutilized’ cotton quota that could not be shipped prior to December 15, 2010, for shipment during January 27-February 26, 2011.
- After February 27, 2011, no further exports of raw cotton were allowed.
- On August 2, 2011, Cotton exports were placed on OGL (Open General License) without any quantitative limits on exports subject to registration of export contracts with DGFT.
- In November 2011, the Government of India lifted the import quota restrictions and allowed duty free import of textile items from the Least Developed Member countries (LDCs) of South Asia Free Trade Agreement (SAFTA) including Bangladesh, Bhutan, Maldives, Nepal and Afghanistan.
- On March 5, 2012, the Ministry of Textiles issued a notification effectively banning all raw cotton exports.
- On March 12, 2012, the Ministry of Textiles issued a notification clarifying the terms of the export ban. Exports registered but not shipped before March 4, 2012 would be allowed but fresh raw cotton exports were prohibited indefinitely.
- On March 16, 2012, the Ministry of Textiles issued a notification outlining the procedure for scrutiny and revalidation of registration certificates (RCs).
- On March 22, 2012, the Ministry of Textiles issued a notification exempting 5,000 170 kg bales of Assam Comilla Cotton exports from the ban.
- On March 24, 2012, a trade notice was issued by the Ministry of Textiles notifying that priority in scrutiny and revalidation of RCs for cotton exports will be given to neighboring countries such as Bangladesh and Pakistan via land route to ease congestion at land borders.
- On May 1, 2012, a policy circular was issued by the Ministry of Textiles on Clarification regarding withdrawal of provision of revalidation of RCs by regional authorities (RAs) for export of cotton and cotton yarn.
- On May 4, 2012, a notification was issued by the Ministry of Textiles permitting the Cotton Corporation of India (CCI) to export cotton during Indian cotton season MY 2011/12 (Oct/Sep).
- On May 4 and May 8, 2012, shortly after lifting its ban on cotton exports, the Ministry of Textiles issued notifications outlining new procedures for the registration of new cotton export contracts. The new policy limited the amount of each RC to 10,000 170 kg bales (1,700 mt) of cotton for established exporters and to 1,500 170 kg bales for exporters who have not exported previously.
- On May 10, 2012, the DGFT issued a circular stipulating additional conditions for obtaining cotton RCs. Exporters were required to notify DGFT by e-mail of their intent to register additional quantities followed by a hard copy of their application within two working days.
- On May 24, 2012, a clarification was issued by DGFT regarding standard weight and tolerance in weight of 1 Indian bale of cotton which is equivalent to 170 kilograms. The clarification was issued in respect of exporters exporting cotton bales of non-standard weight. Weight of each bale must be within the prescribed limit of 170 kg irrespective of the number of non-standard bales shipped.
- On October 1, 2012, procedure and conditions for registration of contracts for export of cotton for 2012/13 were announced. The new policy limits the amount of each RC to 10,000 170 kg bales (1,700 mt) of cotton for established exporters and to 1,500 170 kg bales for exporters who have not exported previously. (GAIN IN2136)
- On October 1, 2012, the Ministry of Textiles issued a notification exempting 5,000 170 kg bales of Assam Comilla Cotton exports from any export restrictions.

- On November 30, 2012, DGFT issued a notification modifying procedures and conditions related to cotton export registration for Indian MY 2012/13 (Oct/Sep). The export policy was amended to allow registration of cotton exports up to a maximum quantity of 30,000 170 kg bales. Exporters must export 50 percent (15,000 170 kg bales) of a registration before they can register an additional 30,000 170 kg bales. (GAIN IN2159)
- On January 3, 2013, India's Ministry of Commerce and Industry issued a policy circular modifying procedures for cotton exports sent via the land route through the Wagah-Atari border to Pakistan for the 2012/13 marketing year. To ease land congestion, Indian exporters have the option to seek a onetime maximum 30 day extension based on the validity of the registration certificate (RC) to complete any outstanding commitments due to delays. (GAIN IN3015)