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# GAIN Report

Global Agricultural Information Network

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## India

### Cotton and Products Annual

**2014**

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**Report Highlights:**

India's 2014/15 cotton production is forecast at 28 million 480 lb bales (6.3 mmt) from 11.8 million hectares, down 1.0 million 480 lb bales from 2013/14. Projected area is the third highest on record while yields are expected to drop closer to recent averages following the strong performance of the 2013 monsoon. Cotton consumption is expected to increase to 23.5 million 480 lb bales as yarn exports and strong domestic demand steer cotton to India's growing textile sector. Exports are forecast 25 percent lower at 6.0 million 480 lb bales. Exportable supplies are likely to compete more directly with domestic demand as supplies tighten in response to lower production. India has emerged as a significant regional exporter and supplier of cotton to China in recent years. While regional exports are expected to continue at current levels, Chinese demand and trade policies will likely have a significant effect on India's 2014/15 overall export volumes.

## Executive Summary:

Cotton India	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Aug 2012		Market Year Begin: Aug 2013		Market Year Begin: Aug 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	12,000	12,000	11,700	11,700		11,800
Beginning Stocks	10,919	10,819	11,069	10,819		9,419
Production	28,500	28,500	29,000	29,000		28,000
Imports	1,200	1,200	1,100	600		1,000
MY Imports from U.S.	0	0	0	0		0
Total Supply	40,619	40,519	41,169	40,419		38,419
Exports	7,750	7,700	7,500	8,000		7,000
Use	21,800	22,000	23,250	23,000		23,500
Loss	0	0	0	0		0
Total Dom. Cons.	21,800	22,000	23,250	23,000		23,500
Ending Stocks	11,069	10,819	10,419	9,419		7,919
Total Distribution	40,619	40,519	41,169	40,419		38,419
1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA						

## Commodities

### Cotton

#### Production

India's 2014/15 cotton production is forecast at 36 million 170 kg bales (28 million 480 lb bales/6.3 mmt) from 11.8 million hectares, the third highest area on record. Farmers have shown a consistently strong preference for cotton relative to other crops in recent years. With competitive cotton prices, planted area is expected to increase by 100,000 hectares from 11.7 million hectares in MY 2012/13.

Production is expected to decline by 1.2 million 170 kg bales (1 million 480 lb bales/217,000mt) based on a forecast yield of 520 kg (see Table 14). After several years of spotty monsoon performance, yields were exceptionally good in 2013/14 following a strong monsoon. Lower forecast yields assume normal monsoon performance.

**Northern India:** Cotton in the northern states of Punjab, Haryana, and Rajasthan is irrigated and area is generally stable from year to year. Yields are forecast lower than a year ago but similar to the five-year average. The north typically starts the cotton harvest early and late monsoon rains can lead to dropped bolls and lower yields as harvest progresses. Area is forecast five percent lower as farmers are expected to shift to less labor intensive crops. Farmers cite rising labor costs for the harvesting of cotton as a concern.

**Central India:** 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 maintain MY 2014/15 planted area to 2.8 million hectares if monsoon rains cooperate. 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. Overall water storage in reservoirs in Gujarat and Maharashtra during the current year is better (53 percent of total live storage capacity) than the corresponding period of last year (39 percent) and the ten-year average of 44 percent. In Maharashtra, which accounts for more than 35 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. Similarly in the central state of Madhya Pradesh, area is forecast unchanged.

**Southern India:** Cotton area in Andhra Pradesh, India's third largest cotton producing state was 2 million hectares in 2013/14. Area is expected to increase by five percent as firm cotton prices prompt farmers to shift some area from crops like pulses, chilies, maize, and soybeans to cotton. Yields are forecast below the five-year average of 554 kg per hectare. Andhra Pradesh often receives late season storms, but if weather conditions are optimal during harvest, yields could be higher. In Karnataka, firm prices are expected to give a moderate boost to area.

While yields have increased from an estimated 300 kg per hectare to over 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. Overall yields are forecast at 521 kg per hectare, down from 2013/14 when favorable monsoon rains pushed yields well above the five year average of 514 kg per hectare. 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.

**Minimum Support Price Not Announced:** The Government of India has not announced the minimum support price (MSP) for the 2014/15 crop year. While prices vary by variety, the 2013/14 MSP for the most commonly traded staple length was increased 2.5 percent from Rs. 3,850 per 100 kg (32 cents/lb) of seed cotton to Rs. 3,950 per 100 kg (33 cents/lb). While cotton prices traded well above the MSP for most of 2013/14 season, only 40,000 170 kg bales (31,200 480 lb bales / 6,800 mt) of cotton procurement has taken place on the part of the public-sector Cotton Corporation of India under MSP operations. It is difficult to predict the timing of the 2014/15 MSP announcement, some years the new

prices are not announced until planting is nearly complete. Seed cotton prices are currently 25 percent higher than the MSP. Assuming domestic prices continue to rise prior to the onset of the 2014 harvest; the MSP could be increased without exceeding prevailing market prices.

**Unseasonal Rains Slow Arrivals:** On March 18, 2014, MY 2013/14 cotton arrivals, as reported by the Cotton Corporation of India, had reached 26 million 170 kg bales (20 million 480 lb bales/4.42 mmt) compared to 27.5 million 170 kg bales (21.4 million 480 lb bales/4.67 mmt) a year ago. The pace of daily cotton arrivals slowed due to unseasonal showers and hailstorms in late February and early March in northern India and the states of Maharashtra, Madhya Pradesh, and Andhra Pradesh. Trade reports indicate that the erratic weather has damaged Rabi (winter) crops in these states and farmers have put off the transportation of their remaining kharif (summer) crops (such as cotton) to terminal markets. Industry sources also 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. For MY 2013/14, total arrivals as a percentage of the total production estimate have reached 70 percent as of March 18, 2014; compared to 75 percent in MY 2012/13.

**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 93 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. Cotton plant populations are relatively low in India because farmers leave rows large enough to traverse with a bullock and cultivator for weed control purposes. Lower plant populations are offset to some extent by the multiple pickings farmers obtain through manual rather than machine harvesting.

Researchers are working on production schemes with higher plant populations that could improve yields if they gain popularity with farmers. There are an estimated 5.8 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 30 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.

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.

**Biotech Cotton:** Since its introduction in 2002, Bt cotton has been widely adopted and now accounts for an estimated 93 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 2014/15 consumption is forecast 500,000 480 lb bales higher at 23.5 million bales (5.1 mmt). The textile sector is in relatively good condition compared to a few years ago and capacity in the industry continues to expand. Major production states like Gujarat and Maharashtra are taking steps to attract textile industry investment nearer to cotton production. The industry has enjoyed strong spinning margins throughout much of 2013/14 and is on pace to export a record volume of cotton yarn. China continues to be a major buyer of Indian yarn and is expected to continue buying barring a significant change in pricing or trade policies. The Indian rupee has strengthened nearly three percent versus the dollar over the past two months, but is still 35 percent below the value of two years ago, suggesting that Indian yarn export prices could remain relatively competitive during 2014/15. Per month average cotton consumption in MY 2013/14 was 2.2 million 170 kg bales (1.7 million 480 lb bales/374,000 mt). While India's GDP growth has cooled of late, the economy continues to grow at an enviable rate of five percent, suggesting that domestic demand will at least remain firm and contribute to cotton consumption.

## **Trade**

2014/15 exports are forecast at 6.0 million 480 lb bales (7.7 million 170 kg bales/1.3 mmt). India is expected to again be a regional supplier to Pakistan and Bangladesh along with Southeast Asian markets like Vietnam and Indonesia. However, China will likely be the key determiner of India's export volumes. While steps have been taken by India's Cotton Advisory Board and USDA to increase the supply of cotton in recent historical estimates, India appears to be headed for a year in which exportable supplies will be constrained by domestic demand and lower production. As always, the Government of India is expected to monitor the pace of exports and could seek to implement measures to ration exportable supplies to conserve supplies for the domestic textile sector. The rupee has consistently traded at Rs. 60-64 per dollar over the past six months which has helped to support export volumes. If the rupee continues to strengthen, as it has over the past two months to Rs. 59 per dollar, India's price advantage in export markets could be curbed.

Exports for MY 2013/14 are estimated at 10.0 million 170 kg bales (8 million 480 lb bales/ 1.7 mmt), as strong demand from China, and competitive pricing spurred exports. Trade sources indicate that export shipments for MY 2013/14 had reached 8.8 million 170 kg bales (6.8 million 480 lb bales/1.5 mmt) through mid-March with four months remaining in the marketing season. China, Bangladesh, Pakistan and Vietnam are the biggest export markets for Indian cotton. The pace of exports is expected to taper starting in April, but the margin between Indian ex-gin cotton and the Cotlook A index has doubled to nearly 10 cents per pound which could direct foreign demand to India and push the pace of exports higher than expected over the next few months.

India typically imports long staple cottons to augment domestic supplies for processing and re-export as high-end textiles. However, in recent years, mills, particularly in the south have begun to import medium staple cotton from West African nations and other sources to augment supplies. These imports typically occur from August to November prior to the onset of the Indian harvest. While 2013/14 imports are expected lower at 600,000 480 lb bales, imports are expected higher in 2014/15 given the relatively tight supply situation.

## **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. 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. Based on the current 2014/15 forecast, exportable supplies could be limited which will likely prompt close monitoring of the exportable supply of cotton as the marketing year progresses.

In MY 2013/14, Government of India announced the establishment of an online reporting system for ginner and others in the cotton trade aimed at enhancing cotton data collection. Government of India has been requesting the cotton trade (cotton producers, ginner, bale pressers, traders etc.) to voluntarily register their unit/firm with textile commissioner's office and file monthly cotton statistics related to ginned cotton production and consumption. It is not clear when the system will begin to produce data that facilitates the analysis of the Indian cotton sector.

To improve and facilitate the export clearance process, Government of India issued a notification amending the procedure for the issue of registration certificates (RCs) for export of various commodities such as raw cotton and cotton yarn. The announcement simplifies the export registration process by eliminating the need for exporters to submit hard copies of the documents when submitting their online export registration application. For more information on India's export policies see Table 13.

## **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. The Cotton Corporation of India, a government-run procurement and distribution company, 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 minimum support price and sell the processed cotton at market prices. Any losses incurred in the operation are borne by the government.

The Cotton Corporation of India occasionally buys cotton at market prices to trade commercially, procuring 400,000 170 kg bales (312,300 million 480 lb bales/68,000 mt) under its commercial operations in 2013/14. Because market prices have been well above the minimum support price for most of the season, only 40,000 170 kg bales (31,200 480 lb bales / 6,800 mt) procurement has taken place in 2013/14 to support market prices. See the production section for a discussion of the current MSP situation.

## **Marketing**

India exports medium-to-long staple cotton (25 to 32 mm length) to China, Bangladesh and Southeast Asian countries. However, India will likely continue to import ELS and quality long staple cotton (28-34 mm), with occasional imports of medium or 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 popular due to their durability and ease of maintenance.

## **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, 4 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. Domestic demand is primarily supported by the higher consumption of readymade garments and home textiles due to the rising income levels, a growing organized retail segment, and a rising consumer class. Cotton always faces competition from India's large man-made fiber 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 characterized by the unorganized sector, with power looms accounting for 61 percent, hosiery units for 23 percent and handlooms for 11 percent of total cloth production. The organized sector weaving mills account for the remaining five 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 market shares of 5.3 percent and 3.3 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.

For the upcoming 2014/15 fiscal year (Apr/Mar), the Government of India has largely continued with major schemes in an effort to promote the export of value-added cotton textiles, 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 favorable 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 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. TUFS has been approved for continuation for the entire 12th Five Year Plan (2012-2017). The Ministry of Textiles has not proposed a budget yet for fiscal year 2014/15 (Apr/Mar).

**Scheme for Integrated Textile Parks (SITP):** SITP provides the textile industry with infrastructure facilities for setting up their textile units. SITP has sanctioned 61 new textile parks. The scheme is based on a public private partnership model where the Government of India’s 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. This is in addition to two existing programs, the \$710 million Comprehensive Handloom Package (Comprehensive Handloom Development Scheme (which includes Marketing and Export Promotion), Cluster Development and Development and Strengthening of Handloom Institutions), Revival, Reform and Restructuring Package (RRR), Institutional credit, etc. The Government of India also implements various training programmes under Integrated Skill Development Scheme to upgrade skills and employability of the handloom weavers and the \$430 million Revival, Reform and Restructuring Package.

**Yarn Supply Scheme:** The Government of India approved the continuation of the Mill Gate Price Scheme (MGPS) now renamed as Yarn Supply Scheme. The scheme will cover the weavers who are under privileged as also vulnerable groups, by providing them subsidized yarn so that they can compete with the power loom and mill sector.

**State Textile Policies:** The major cotton producing states of Gujarat and Maharashtra announced their textile policies in 2012, with several programs encouraging industries to locate their textile units in their

respective states. Similarly in 2013, the southern state of Karnataka announced its new textile policy for 2013-18.

The Karnataka textile policy aims to promote and develop the textile and garment sector by providing incentives for investing in the sector and augmenting the overall capacity of the industry. Incentives include a land acquisition subsidy (reimbursement of between 25–50 percent of the cost of land acquisition), a capital investment subsidy (15-20 percent capital investment subsidy on the value of fixed assets), a power subsidy, and select tax reimbursements.

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, interest subsidies are being provided on long-term loans for setting up new units. Lower income areas are also receiving a ten percent capital subsidy for new textile units in Vidarbha, Marathwada, and northern Maharashtra. 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, especially if power shortages persist 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)								
<b>Units : 480 lbs bales</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Beginning Stocks	51,736	170,073	92,646	126,363	83,647	52,321	82,311	65,133
Production	156,162	140,546	132,738	171,778	187,394	163,970	156,162	152,258
Imports	258,882	86,544	209,399	117,350	109,220	225,192	146,792	132,738
Total	466,78	397,16	434,78	415,49	380,26	441,48	385,26	350,12

Supply	1	2	3	2	1	4	5	9
Exports	-	-	-	-	-	-	-	-
Domestic Consumption	296,708	304,516	308,420	331,844	327,940	359,173	320,132	312,324
Ending Stocks	170,073	92,646	126,363	83,647	52,321	82,311	65,133	37,805
Total Distribution	466,781	397,162	434,783	415,492	380,261	441,484	385,265	350,129

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 reflecting lower imports and production. India's domestic consumption requirement for ELS cotton is largely met through imports and the United States, Egypt and Australia 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. Mills are still seeking ELS, but only for quantities equal to their export 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
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**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 480 lb Bales)

Month	2009/10	2010/11	2011/12	2012/13	2013/14
Aug	1.452	1.697	1.455	1.723	1.892
Sep	1.428	1.673	1.694	1.676	1.851
Oct	1.415	1.725	1.387	1.706	1.834
Nov	1.442	1.647	1.432	1.647	1.349
Dec	1.522	1.762	1.572	1.768	1.687
Jan	1.526	1.726	1.587	1.819	1.694
Feb	1.469	1.580	1.585	1.737	
Mar	1.562	1.699	1.591	1.843	
Apr	1.603	1.575	1.586	1.813	
May	1.634	1.455	1.662	1.784	
Jun	1.617	1.423	1.653	1.758	
Jul	1.726	1.484	1.728	1.883	
Loss*	1.327	1.045	0.390	0.781	1.171
<b>Total</b>	<b>19.723</b>	<b>20.491</b>	<b>19.323</b>	<b>21.937</b>	

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	ICS 201 (below 22mm)	ICS 202 (26mm)	ICS 105 (28 mm)	ICS 105 (29 mm)	ICS 106 (32 mm)	ICS 107 (34 mm)
<b>2011/12</b>						
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
<b>2012/13</b>						
Aug	0.97	0.81	0.85	0.87	-	1.23
Sept	0.87	0.75	0.79	0.80	0.86	1.14
Oct	0.93	0.76	0.80	0.82	0.84	1.10
Nov	0.90	0.75	0.77	0.79	0.82	1.05
Dec	0.81	0.76	0.77	0.79	0.81	1.06
Jan	0.80	0.79	0.79	0.80	0.84	1.06
Feb	0.86	0.89	0.86	0.88	0.91	1.12
Mar	0.85	0.89	0.90	0.92	-	1.18
Apr	0.82	0.87	0.86	0.89	0.95	1.15
May	0.84	0.87	0.88	0.90	0.95	1.13
Jun	0.89	0.89	0.89	0.91	0.93	1.12
Jul	0.84	0.87	0.89	0.90	0.94	1.11
<b>2013/14</b>						
Aug	0.83	0.92	0.99	0.99	1.03	1.14
Sept	0.78	0.85	0.95	0.96	0.99	1.15
Oct	0.86	-	0.85	0.85	0.88	1.10
Nov	0.83	-	0.78	0.79	0.82	1.15
Dec	0.82	0.83	0.81	0.83	0.87	1.31
Jan	0.85	0.87	0.87	0.88	0.91	1.32
Feb	0.80	0.85	0.83	0.86	0.88	1.26
Mar	0.81	0.88	0.85	0.88	0.90	1.29

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	2013/14
Aug	77,355	340,780	44,423	203,399
Sep	15,556	740,873	81,916	100,297
Oct	19,915	543,692	125,324	106,920

Nov	1,410,798	1,635,913	599,005	1,427,199
Dec	2,004,301	1,266,216	1,434,190	1,840,492
Jan	285,940	1,970,873	1,855,089	-
Feb	917,215	1,814,992	1,689,627	-
Mar	450	399,840	938,806	-
Apr	294	1,069,467	266,130	-
May	501	623,467	215,943	-
Jun	3,858	462,677	276,304	-
Jul	252,484	203,790	210,982	-
<b>TOTAL</b>	<b>4,988,666</b>	<b>11,072,579</b>	<b>7,737,739</b>	<b>3,678,307</b>

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	2013/14
Aug	4,689	6,821	49,140	84,189
Sep	5,535	1,966	158,710	75,664
Oct	8,212	9,875	244,589	88,529
Nov	7,317	11,450	166,435	42,963
Dec	11,257	10,031	81,397	13,761
Jan	11,533	29,096	47,781	-
Feb	25,124	62,639	35,559	-
Mar	20,131	72,252	43,707	-
Apr	26,570	76,868	57,903	-
May	34,704	61,886	62,386	-
Jun	21,752	24,485	111,375	-
Jul	10,270	20,544	127,942	-
<b>TOTAL</b>	<b>187,094</b>	<b>387,913</b>	<b>1,186,923</b>	<b>305,106</b>

Source: Directorate General of Foreign Trade, Ministry of Commerce

**Table 6a: Cotton Export Trade Matrix**

Period	Aug-Jul	Units	480 lb bales		
2011/12		2012/13		2013/14 (Aug-Dec, 2013)	
United States	395	United States	152	United States	-
China	8,547,437	China	4,463,240	China	2,525,271
Bangladesh	1,216,731	Bangladesh	1,392,380	Bangladesh	511,450
Pakistan	375,856	Pakistan	870,527	Vietnam	156,542



Mills												
Spinning	846	1,294	1,565	1,564	1,566	1,570	1,653	1,673	1,692	1,761	1,769	1,757
Composite	271	275	281	223	223	210	177	180	186	194	198	197
Exclusive Weaving	na	172	203	206	202	204	184	183	182	173	173	174
Small Scale Spinning Units	na	750	996	1,135	1,161	1,173	1,247	1,260	1,398	1,338	1,350	1,311
Power Loom Units ('000s)	na	327	373	413	425	433	494	505	513	520	523	527
Spindles (millions)	28	32	38	37	37	38	41	42	48	43	44	44
Rotors ('000s)	113	226	454	482	500	520	659	675	750	523	542	553
Looms ('000s)	169	148	140	105	103	92	71	71	70	52	52	51
Power Loom ('000s)	na	1,372	1,661	1,836	1,902	1,943	2,205	2,246	2,278	2,299	2,323	2,347

\* - 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.)**

<b>Year/1</b>	<b>COTTON</b>	<b>BLENDED</b>	<b>NON-COTTON</b>	<b>TOTAL</b>
<b>1995-96</b>	1,894	395	196	2,485
<b>2000-01</b>	2,267	646	247	3,160
<b>2001-02</b>	2,212	609	280	3,101
<b>2002-03</b>	2,177	585	319	3,081
<b>2003-04</b>	2,121	589	342	3,052
<b>2004-05</b>	2,272	585	366	3,223
<b>2005-06</b>	2,521	588	349	3,458
<b>2006-07</b>	2,824	635	354	3,813
<b>2007-08</b>	2,948	677	378	4,003
<b>2008-09</b>	2,896	655	361	3,912
<b>2009-10</b>	3,079	707	407	4,193
<b>2010-11</b>	3,490	796	427	4,713
<b>2011-12</b>	3,126	789	457	4,372
<b>2012-13</b>	3,583	826	457	4,847
<b>2013-14 (P) Apr-Dec</b>	3,288	758	414	4,460

/1: Indian fiscal year (April-March)

P: Provisional estimate for April 2013 to Dec 2013.

Source: Textile Commissioner's Office, GOI

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

<b>Year /1</b>	<b>Viscose</b>	<b>Acrylic</b>	<b>Polyester</b>	<b>Poly-Propylene</b>	<b>Total</b>
<b>1995-96</b>	194	74	228	2	498
<b>1997-98</b>	188	79	439	2	708
<b>1998-99</b>	178	79	523	2	782
<b>1999-00</b>	202	79	551	2	835
<b>2000-01</b>	236	99	566	2	904
<b>2001-02</b>	185	95	551	2	834
<b>2002-03</b>	225	105	582	2	914
<b>2003-04</b>	221	117	613	3	953
<b>2004-05</b>	248	128	644	3	1,023
<b>2005-06</b>	229	108	628	3	968
<b>2006-07</b>	247	97	792	4	1,139
<b>2007-08</b>	280	81	880	3	1,244
<b>2008-09</b>	233	80	750	3	1,066
<b>2009-10</b>	302	90	872	3	1,268
<b>2010-11</b>	305	79	896	4	1,285
<b>2011-12</b>	323	78	830	4	1,234
<b>2012-13</b>	337	74	848	4	1,263
<b>2013-14 (P) Apr-Jan</b>	302	83	709	3	1,097

/1: Indian fiscal year (April-March)

P: Provisional estimate for April 2013 to Jan 2014.

Source: Textile Commissioner's Office, GOI

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

<b>Year/1</b>	<b>Viscose</b>	<b>Polyester</b>	<b>Nylon</b>	<b>Poly-Propylene</b>	<b>Total</b>
<b>1995-96</b>	61	376	42	15	494
<b>1997-98</b>	57	668	30	14	769
<b>1998-99</b>	61	745	29	15	850
<b>1999-00</b>	49	801	26	17	894
<b>2000-01</b>	55	820	26	18	920
<b>2001-02</b>	48	866	28	20	962
<b>2002-03</b>	51	995	30	24	1,100
<b>2003-04</b>	53	1,013	31	21	1,118
<b>2004-05</b>	54	1,004	35	16	1,109
<b>2005-06</b>	53	1,076	37	14	1,179
<b>2006-07</b>	54	1,271	32	13	1,370
<b>2007-08</b>	51	1,420	28	11	1,509
<b>2008-09</b>	42	1,330	28	15	1,416
<b>2009-10</b>	43	1,434	30	15	1,522
<b>2010-11</b>	41	1,462	33	13	1,550
<b>2011-12</b>	42	1,380	28	13	1,463
<b>2012-13</b>	43	1,288	23	19	1,372
<b>2013-14 (Apr- Jan) (P)</b>	37	1,028	19	11	1,094

/1: Indian fiscal year (April-March)

P: Provisional estimate for April 2013 to Jan 2014.

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)	2013-14 (P)*
<b>Cotton Textiles</b>					
Yarn/Fabric/Made-up	3,695	5,792	6,808	7,975	5,062
Readymade Garments	8,048	8,577	9,627	7,991	4,935
<i>Sub-total</i>	11,743	14,369	16,435	15,966	9,996
<b>Man-made Textiles</b>					
Yarn/Fabric/Made-up	3,613	4,283	5,065	3,863	2,893
Readymade garments	1,215	1,479	2,177	2,371	1,770
<i>Sub-total</i>	4,828	5,762	7,242	6,233	4,663
<b>Wool Textiles (Yarn/Fabric/Made-up)</b>	470	442	508	531	261
<b>Silk Textiles (Yarn/Fabric/Made-up)</b>	596	632	473	404	211
<b>Handloom Products</b>	265	346	554	517	n.a.
<b>Handicrafts</b>	962	1,294	1,079	992	215
<b>Coir &amp; Coir Manufacturers</b>	161	160	213	164	125
<b>Jute</b>	218	460	457	390	219
<b>Other Textiles Items (Carpets, floor covering, etc.)</b>	2,374	3,314	5,079	6,692	1,610
<b>Other Textiles Readymade garments</b>	802	971	1,269	1,159	1,228
<b>Total Exports</b>	22,419	27,748	33,310	33,049	18,528

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

P - Provisional estimates

2013-14\* refers to provisional estimates for April 2013 to Oct 2014, i.e., 7 months of IFY 2013/14.

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	2009-10	2010-11	2011-12	2012-13	2013-14
Aug	46.09	63.38	58.28	92.81	112.86
Sep	45.74	57.18	99.97	65.39	107.87
Oct	55.95	57.26	48.14	75.75	119.09
Nov	48.69	77.47	57.95	86.72	106.32
Dec	54.53	78.67	66.33	108.48	112.85
Jan	52.75	30.62	74.50	98.80	-
Feb	61.67	2.15	62.60	101.67	-
Mar	73.46	67.97	65.90	106.58	-
Apr	71.88	51.34	87.89	79.75	-
May	65.20	47.46	94.40	94.88	-
Jun	60.27	50.49	77.60	103.24	-
Jul	60.17	62.25	106.86	110.98	-
<b>TOTAL</b>	<b>696.39</b>	<b>646.24</b>	<b>900.42</b>	<b>1,125.05</b>	<b>558.99</b>

\*HS code: 5204, 5205 and 5207

Source: Directorate General of Foreign Trade, Ministry of Commerce

**Table 12b: India's Cotton Fabric\* Exports by Month**  
(Figures in thousand square meters)

Month/Year	2009-10	2010-11	2011-12	2012-13	2013-14
Aug	48,805	160,275	69,847	77,093	78,929
Sep	45,256	54,091	78,881	72,827	100,969
Oct	46,080	58,393	57,317	70,553	101,291
Nov	41,361	44,896	59,584	66,084	85,809
Dec	46,324	58,806	84,697	75,412	100,182
Jan	51,374	69,052	79,762	74,008	-
Feb	47,950	70,709	80,219	65,141	-
Mar	51,344	61,286	80,233	75,329	-
Apr	41,967	74,807	69,011	65,658	-
May	44,634	68,259	72,021	65,462	-
Jun	45,597	65,899	83,716	67,755	-
Jul	53,521	82,835	68,767	78,547	-
<b>TOTAL</b>	<b>564,213</b>	<b>869,309</b>	<b>884,055</b>	<b>853,870</b>	<b>467,181</b>

\*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 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)
- On September 25, 2013 Government of India issued a notification stating withdrawal of any incentives on exports of cotton, and cotton yarn under the Focus Market Scheme (FMS). (GAIN IN3108)
- On October 17, 2013, India's Ministry of Textiles announced the establishment of a mandatory online reporting system for ginnerers and others in the cotton trade aimed at enhancing data collection. (GAIN IN3126)
- On January 3, 2014, India's Ministry of Commerce and Industry issued a notification amending the procedure for the issue of registration certificates (RCs) for export of various commodities such as raw cotton and cotton yarn. The announcement simplifies the export registration process by eliminating the need for exporters to submit hard copies of the documents when submitting their online export registration application. (GAIN IN4012)

- On January 23, 2014, the Government of India amended a notification that makes cotton yarn eligible for benefits under the Incremental Export Incentivisation Scheme (IEIS) up to March 31, 2014, the end of the India fiscal year. The scheme provides a credit of two percent of the FOB value of exports that can be used to import any goods free of duty up to the value of the credit. (GAIN IN4012)
- On February 27, 2014, the Government of India amended a notification adding a number of textile items including cotton yarn, cotton fabric and bed linen to the Market Linked Focus Product Scheme (MLFPS) scheme. Here again, the scheme provides a credit of two percent of the FOB value of exports to certain high priority markets that can be used to import products duty free up to the value of the credit. All garments covered under Chapters 61 and 62 of the Harmonized Tariff Schedule that are exported to the United States and European Union are now eligible for program until further notice. (GAIN IN4012)
- On March 3, 2014, India's Ministry of Textiles issued a press note appealing to the cotton trade (cotton producers, ginners, bale pressers, traders etc.) to voluntarily register their unit/firm with textile commissioner's office and file monthly cotton statistics related to ginned and/or pressed cotton production, consumption/distribution and its trading.

**Table 14: Area, Production & Yield of Cotton in Major States  
(Area 000 ha; Production 000 bales, Yield kg/ha)**

		Final	Estimated	Estimated	Estimated	FAS Forecast
STATE		2010/11	2011/12	2012/13	2013/14	2014/15
Maharashtra	Area	3,942	4,125	4,146	3,950	3,980
	Production	8,200	7,025	7,325	7,700	7,600
	Yield	354	290	300	331	325
Gujarat	Area	2,633	2,962	2,497	2,700	2,750
	Production	10,300	11,880	8,980	11,000	11,100
	Yield	665	682	611	693	686
Madhya Pradesh	Area	650	706	608	620	615
	Production	1,700	1,730	1,830	1,800	1,700

	Yield	445	417	512	494	470
Punjab	Area	530	560	480	510	450
	Production	1,600	1,750	1,850	1,750	1,450
	Yield	513	531	655	583	548
Haryana	Area	492	641	614	614	590
	Production	1,400	2,300	2,200	2,050	1,750
	Yield	484	610	609	568	504
Rajasthan	Area	335	470	450	445	440
	Production	900	1,690	1,590	1,500	1,300
	Yield	457	611	601	573	502
Andhra Pradesh	Area	1,879	1,879	2,400	2,000	2,100
	Production	5,300	5,350	7,750	6,300	6,350
	Yield	480	484	549	536	514
Karnataka	Area	545	554	485	550	560
	Production	1,000	1,390	1,390	1,500	1,400
	Yield	312	427	487	464	425
Tamil Nadu	Area	122	133	128	140	145
	Production	500	430	380	500	440
	Yield	697	550	505	607	516
Others	Area	107	148	170	170	170
	Production	400	545	595	500	450
	Yield	636	626	595	500	450
Loose	Production	2,610	2,610	2,610	2,610	2,610
<b>All-India</b>	<b>Area</b>	<b>11,235</b>	<b>12,178</b>	<b>11,978</b>	<b>11,699</b>	<b>11,800</b>
	<b>Production</b>	<b>33,910</b>	<b>36,700</b>	<b>36,500</b>	<b>37,210</b>	<b>36,150</b>
	<b>Yield</b>	<b>513</b>	<b>512</b>	<b>518</b>	<b>541</b>	<b>521</b>