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India

Cotton and Products Annual

2010

Approved By:

David Leishman

Prepared By:

Santosh Singh

Report Highlights:

India's MY 2010/11 (August/July) cotton production is forecast to increase to a record 25.0 million U.S. bales on expected higher yields and record cotton planting. Consumption is forecast to increase to 20.1 million bales on expected continued strong domestic demand and recovery in export demand for cotton textiles. Exports are forecast at 5.9 million bales; and imports at 625,000 bales, mostly extra long staple cotton.

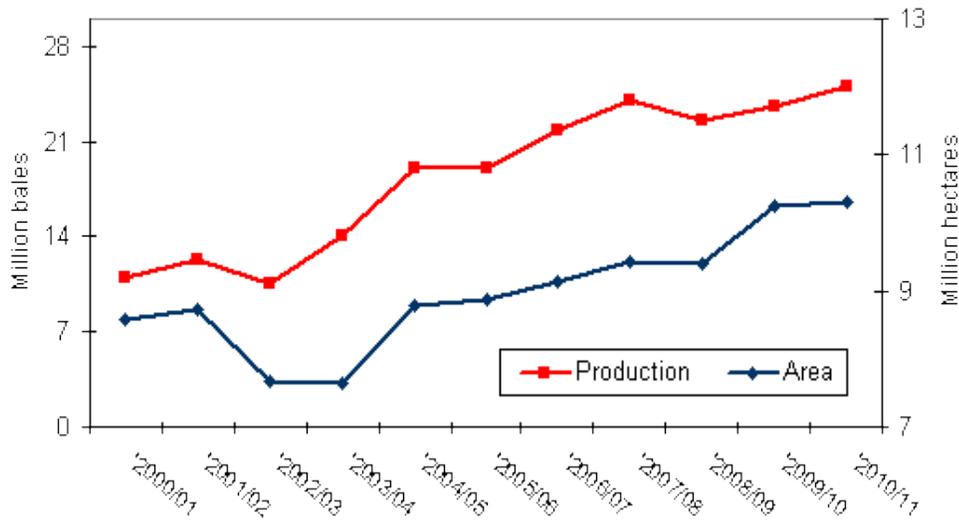
Commodities:

Cotton

Production:

Assuming normal 2010 monsoon and weather conditions, India's marketing year (MY) 2010/11 (August/July) cotton production is forecast to increase to a record 25.0 million bales (5.4 million tons) on expected record planting and improved yields (see Table 1). Planting intentions for the 2010/11 cotton crop will be favorably influenced by comparatively strong cotton prices, and relatively stable yields vis-à-vis other competing crops during the current marketing year (2009/10). Assuming timely and well distributed monsoon at the time of planting, cotton area in MY 2010/11 is forecast to increase marginally to a record 10.3 million hectares. Cotton yields are expected to increase to 528 kg per hectare, a six percent increase over last year's weather impacted crop (3-4 weeks delayed planting).

Figure 1: Cotton Area and Production



Cotton, a predominantly monsoon-season crop, is planted from the end of April through September, and harvested in the fall and winter (Table 3B). Planting intentions are largely influenced by the relative price and profitability of cotton vis-à-vis competing crops (rice, guar, and fodder crops in the north; coarse grains, pulses, and sugarcane in the central region; and rice, tobacco, and chilies in the south). Despite the delayed 2009 monsoon, cotton farmers realized relatively stable yields vis-à-vis other competing crops due to low crop damage from pest, diseases and weather extremities ^[1]. With the MY 2009/10 end-season cotton prices expected to remain firm on strong domestic and export demand, cotton area in most cotton growing states is forecast slightly higher than last year, except in Gujarat and Maharashtra where farmers may revert back to the traditional competing crops like peanut/sugarcane (Table 3A).

After the early scare of drought like conditions in June-Early August, MY 2009/10 cotton production prospects improved with the recovery of monsoon rains from late August-October. Delayed monsoon rains supported record cotton planting of 10.26 million hectares ^[2]. Despite 4-6 weeks delay in planting, optimal weather conditions during the crop growth and harvest stage contained any significant decline in cotton yields (499 kgs/hec), only 5 percent lower than last year). The latest cotton arrival estimates ^[3] indicate that MY 2009/10 production will reach 23.5 million bales, India's second largest crop ever. The states of Gujarat, Maharashtra and Andhra Pradesh are the major producers accounting for more than 71 percent of total cotton production (Table 3A).

Riding on the expectation of the recent growth trend to continue, the government has set up an ambitious production target of 28.1 million bales by 2010/11 ^[4]. With the area under Bt cotton and improved varieties now reaching the peak (90 percent of total area), the prospect for future growth in productivity is limited as most cotton is grown under rainfed conditions and on small size of land holdings ^[5]. Although potential exists for a further increase in yields, cotton farmers will have to make significant investment on production technologies for improved management of irrigation, fertilizers and micro nutrients and pests and diseases. Some industry sources expect India's cotton production to peak at 26.5 million bales in the next 2-3 years.

Bt Cotton

Bt cotton has been the success story in Indian agriculture after the 'Green Revolution' in cereal crops in late 1960's. Since the introduction of Bt cotton in 2002, area under Bt cotton has grown peaked to nearly 90 percent of the total cotton area in 2009/10 in the short span eight years. Bt cotton area is expected to maintain its share of 90 percent in MY 2010/11, but there will be an expansion in area of approved Bt seed varieties ^[6]. Offered with a wide choice of approved Bt seed hybrids, farmers are also evaluating various Bt cotton hybrid varieties for factors such as better germplasm (higher yield potential), improved Bt technology (stacked gene events) and adequate availability of seeds.

Since 2002, the Government of India has approved six events and about 284 hybrids for cultivation in different agro-climatic zones. Most of the approved Bt cotton hybrids are from two Monsanto events, including the Bollgard II (stacked gene event) that provides protection against a wider range of bollworm pest. Indian cotton farmers have a wider choice of Bt cotton hybrids as they increasingly adopt higher yielding Bt hybrids (better germplasm or improved Bt technology like BG-II) among range of available approved Bt hybrids.

Bt Cotton Events/Hybrids Approved for Commercial Cultivation

Year	Gene/Event	No. of Hybrids
2002	Cry1Ac (Mon 531) ^[7]	3
2003	Cry1Ac (Mon 531)	3
2004	Cry1Ac (Mon 531)	4

2005	Cry1Ac (Mon 531)	20
2006	Cry1Ac (Mon 531)	44
	Cry1Ac & Cry2Ab (Mon 15985) ^[8]	7
	Cry1Ac (Event 1) ^[9]	8
	Cry1Ab and Cry1Ac (GFM Event) ^[10]	3
2007	Cry1Ac (Mon 531)	100
	Cry1Ac & Cry2Ab (Mon 15985)	20
	Cry1Ac (Event 1)	12
	Cry1Ab and Cry1Ac (GFM Event)	6
2008	Cry1Ac (Mon 531)	143
	Cry1Ac & Cry2Ab (Mon 15985)	94
	Cry1Ac (Event 1)	18
	Cry1Ab and Cry1Ac (GFM Event)	25
	Cry1Ac ^[11] (CICR Event)	1
2009	Cry1Ac (Mon 531)	143
	Cry1Ac & Cry2Ab (Mon 15985)	94
	Cry1Ac (Event 1)	18
	Cry1Ab and Cry1Ac (GFM Event)	25
	Cry1Ac (CICR Event)	2
	Synthetic Cry1C (Event 9124) ^[12]	2

Source: IGMORIS <http://igmoris.nic.in/>

In addition to the approved varieties, there are about forty to fifty Bt cotton hybrids, illegally developed, multiplied and marketed by farmers and seed companies, which are sold at cheaper rates vis-à-vis approved hybrids. With the price differential between approved and unapproved Bt hybrids declining significantly since 2006, and growing awareness about the reliability and benefits of approved Bt seeds over unapproved Bt seeds, farmers now prefer to use approved Bt hybrid seeds.

One of the fallouts 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 an declining area under short staple (below 22 mm) and extra long staple (35 mm and above). If the current trend continues, the domestic textile industry may have to increasingly augment their extra long staple and short staple cotton requirements through imports.

^[1] Cotton is a relatively hardy crop with longer planting period and can withstand dry conditions better than other competing crops.

^[2] With the normal planting period for the major competing crops over by mid-August, farmers preferred shifting more area to cotton..

^[3] Market arrivals, through April 3, 2010, are estimated at 20.64 million bales vis-à-vis 20.03 million bales for the comparable period last year. Market sources report some farmers delaying sales on expectation of higher late season prices.

^[4] Report from the working group on textile and jute industry for the 11th five year plan (2007-2012) <http://www.txcindia.com>.

^[5] There are about 5.5 million cotton farmers with the average size of holding of less than a hectare which limits their ability to adopt capital intensive production technologies and infrastructure.

^[6] Approved Bt seed area expected to increase to 8.8 million hectares from 8.4 million hectares last year.

^[7] Developed by Mahyco Monsanto Biotech Ltd., and sourced from Monsanto.

^[8] Stacked gene event developed by Mahyco Monsanto Biotech Ltd., and sourced from Monsanto.

^[9] Developed by J.K. Agri Genetics Seeds Ltd., and sourced from Indian Institute of Tech., Kharagpur,

^[10] Developed by Nath Seeds, and sourced from China featuring fused genes.

^[11] Developed by Central Institute of Cotton Research, Nagpur.

^[12] Developed by Metahelix Life Sciences Private Ltd.

Consumption:

Cotton consumption in MY 2010/11 is forecast to increase to 20.1 million bales on expected continued strong domestic demand for textiles, improvement in export demand for cotton textiles, and sufficient domestic supplies (see Table 1). Expected recovery in the global economy should fuel export demand for Indian textiles provided the value of the Indian rupee vis-à-vis U.S. dollar remains steady. A steadily growing Indian population coupled with expected stronger growth in

the economy ^[1] and will support higher domestic demand for cotton textiles. A normal 2010 monsoon would support cotton consumption by ensuring comfortable domestic cotton supplies at economical prices and augmenting the purchasing power of the agriculture based rural economy comprising of more than 60 percent Indian population.

After faltering in MY 2008/09, India's cotton consumption recovered strongly in MY 2009/10 on increased off take of cotton yarn and fabric in the domestic market. Despite high cotton prices and declining textile exports, domestic demand for cotton textiles has largely been fueled the expanding middle class and the strong rural economy. Consequently, MY 2009/10 consumption is estimated to increase by more than 7 percent to 19.2 million bales. Industry sources report that the domestic economy can support a growth of 5 to 7 percent per annum in cotton consumption in the next few years. The recovery of global economy can fuel export demand for cotton textile, which may further augment growth of cotton consumption in India.

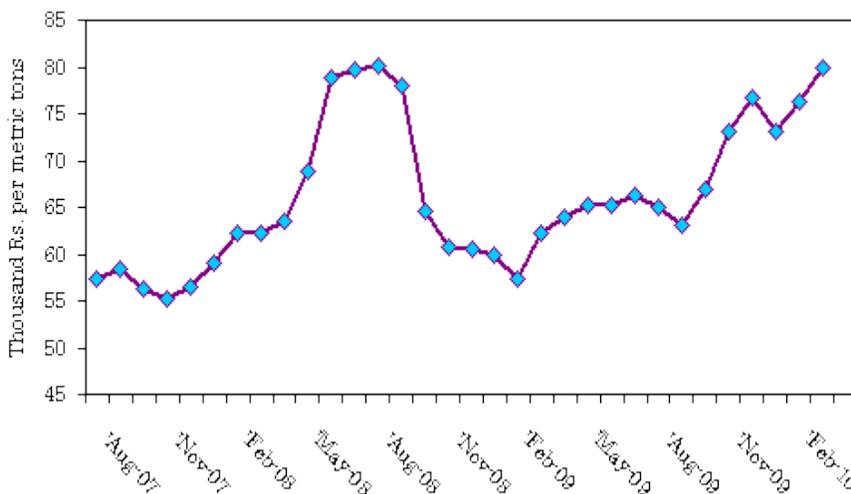
Due to tropical weather conditions and tradition, cotton is the preferred fiber in India. However, poly-cotton blends are becoming increasingly popular in India due to their durability and ease of maintenance under tropical conditions. Mills are increasingly shifting their cotton/polyester blends in favor of polyester due to rising cotton prices. Future growth in cotton usage is likely to be determined by the relative prices of cotton vis-à-vis MMFs.

Cotton's share in the textile industry's total fiber use continued to decline for the second consecutive year in IFY 2009/10 (April/March) is estimated at 56.7 percent (Table 14) due to relatively higher cotton prices vis-à-vis man-made fiber and filament yarns (Table 15). While prices of man-made fibers have also increased since November/December 2009, cotton prices have gained further in recent months. Assuming the current relative price ratio remains stable, cotton's share in total fiber use may decline further to 55 to 56 percent in IFY 2010/11.

Prices

Strong international cotton prices fueled domestic cotton prices in MY 2009/10 despite sufficient domestic supplies. Prices of the most commonly traded varieties are currently ranging between 76 to 80 cents per lb., nearly 25 to 30 percent higher than the comparable period last year. The cotton prices were well above the government announced minimum support prices right from the beginning of the season. Consequently, the government agencies did not undertake any MSP procurement operation unlike last year (see IN9058).

Fig 2 : Shankar -6 Cotton Prices



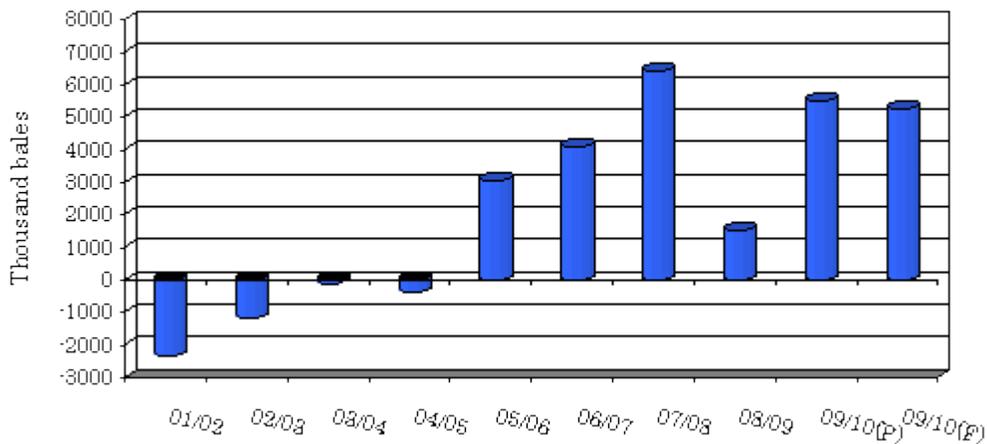
Prices are expected to remain steady on continued strong export demand. The domestic cotton prices during the upcoming MY 2010/11 should closely follow the international cotton price movement as India will continue to be a major exporter due to forecast record cotton production.

^[1] Despite the global recession, the Indian economy showed a recovery in Indian fiscal year 2009/10 (April/March) with growth rate expected at 7.2 percent compared to 6.7 percent in IFY 2008/09. Analyst expect Indian economy to recover further in IFY 2010/11 with the forecast growth ranging from 7.5 to 9 percent per annum. As per the last census, Indian population has been growing at 1.8 percent per annum.

Trade:

Buoyed by the Bt cotton stimulated jump in domestic cotton production, India has emerged as a net cotton exporter since MY 2005/06 and one of the leading cotton exporters after the United States ^[1].

Fig 3: Indian Net Cotton Trade



Despite forecast record domestic production, Post forecast's cotton exports in MY 2010/11 slightly lower at 5.9 million bales on expected strong domestic off take. MY 2010/11 imports are forecast at 625,000, mostly extra long staple (ELS) and some short staple cotton to augment declining local supplies of ELS and short staple cotton. However, the relative price of local cotton vis-à-vis world cotton and the value of Indian rupee vis-à-vis U.S. dollars may temper these forecast trade volumes.

The Textile Commissioner's Office, who have the mandate to register export contracts and shipments, indicate that about 4.4 million bales have been exported during August 2009 to March 2010 (see table 6). However, actual shipments may be higher as some exporters may have yet to register their shipments for January-March, 2010. Major export destinations have been China, Bangladesh, Pakistan, Hongkong, Indonesia, Vietnam and other Far-east countries (see Table 7^[2]). The export registrations during the months of March have been reported at about 1.5 million bales for delivery through May, 2009. Market sources expect exports to slow down in the coming months on insufficient quality cotton supplies. Consequently, MY 2009/10 exports are expected to reach 6.1 million assuming there is no change in the current price parity between Indian cotton vis-à-vis cotton from other origins.

Although official imports statistics are available only for the first two months, industry source report that MY 2009/10 imports will reach 600,000 bales, mostly ELS and some short staple cotton from the U.S., Egypt, and West Africa.

^[1] With the exception of My 2008/09 where India's cotton exports faltered as the high MSP made Indian cotton uncompetitive in the international market.

^[2] The Textile Commissioners' Office compiles the country wise export shipments for Indian marketing year (October/September). Country-wise breakup of monthly exports figures are not made available.

Stocks:

MY 2009/10 ending stocks are estimated lower at 8.6 million bales due to improved domestic and export off take. However, these stocks are more than sufficient for five months consumption against the normal stocks of 3-4 months of consumption requirement. Most of the cotton stocks will be with domestic mills and private trade unlike last year where more than half of the ending stocks were with government agencies (MSP procurement). Despite forecast record domestic production, strong recovery in exports and consumption will further drawdown the MY 2010/11 ending stocks to 8.2 million bales, sufficient for 4-5 month consumption requirement.

Policy:

Production Policy

The GOI establishes minimum support prices (MSP) for cotton at the beginning of every marketing season. The Cotton Corporation of India (CCI), a central government organization, is responsible for price support operations in all states, but are occasionally assisted by state government marketing organizations. Typically, market prices remain well above the MSP, except for the MY 2008/09 when the MSP prices were hiked significantly. 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 exchequer. The GOI did not make any significant changes in the MSP for the MY 2009/10 over last year. Besides the MSP operations, CCI and state marketing organizations are also involved in purchasing cotton at open market prices for normal commercial sales. The futures trading in cotton was launched by Cotton Association of India (formerly East India Cotton

Association) in 1998, subsequently three more commodity exchanges do futures trading in cotton. However, cotton futures have not gained enough volume to significantly affect the market.

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 to focus on bringing 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.

In 1999, the Ministry of Textiles launched the Technology Upgradation Fund Scheme (TUFS) that provides an interest subsidy on loans intended to upgrade and modernize the textile industry. At the end of Sept 2009, more than Rs. 672 billion (\$15 billion) loans had been disbursed under the TUFS to nearly 26,200 textile units. In 2007, the government launched the Scheme for Integrated Textile Parks to provide the textile industry with world-class infrastructure facilities. The central government also has several ongoing schemes for development of specific sectors like handlooms, power looms etc ^[1]. Several state governments supplement the central government efforts on development of textile industry through tax incentives and other schemes in their respective states.

Trade Policy

The import tariff on cotton and cotton textile products (Table 19) remained unchanged in the 2010 Indian budget that is effective for IFY 2010/11 (April/March) ^[2]. Raw cotton exports are allowed without any quantitative restrictions but exports have to be registered with the Textile Commissioner's Office prior to actual shipments ^[3]. Currently, the GOI does not impose any tax or provide any direct export subsidies for exports of raw cotton.

With the expiration of the MFA in January 2005, Indian exports of all textile products have been liberalized. In an effort to promote the export of value-added cotton textiles, the GOI provides various incentives. Export oriented units (EOUs) and firms importing against an advance license receive a duty drawback (zero duty for EOUs, and duty discounts for others) on imports of raw materials for the export of value-added goods. Under the "Export Promotion Capital Goods" plan, imports of capital goods and machinery are allowed at reduced duty rates against export obligations (zero duty for a 100 percent EOU). Furthermore, the GOI provides textile exporters government assistance worth 2 percent of their value of exports to the U.S. and E.U. in the form of duty free scrips under the Market linked Focus Product Scheme. The scrips can be used for importing goods duty free and is transferable.

^[1] For more information on TUFS and other central government schemes for the textile industry, refer the website of Office of the Textile Commissioner <http://www.txcindia.com/> and review various schemes in the heading 'Progress of Central Schemes'.

^[2] On July 8, 2008, the Government of India removed the import duty (14.7 percent) on cotton.

^[3] On July 22, 2008, the Ministry of Commerce issued a notification ^[3] that imposes the condition that states "The contracts for exports of cotton shall be registered with the Textile Commissioner prior to shipment. Clearance of cotton consignments by customs should be done after verifying that the contracts have been registered." This was done to enable the government to monitor India's exports of cotton as well as the domestic cotton supply situation.

Marketing:

India will be in the global export market for the next few (4-5) years as domestic consumption catches up with production. Most exports are expected to be of medium-to-long staple cotton (25 to 32 mm length) to China, Bangladesh, Far East countries and other neighboring countries. However, India will 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 are appreciative of its quality and consistency, and are ready to pay some premium over competing origins. However, U.S. cotton faces competition from neighboring suppliers like Egypt, West Africa, the Commonwealth of Independent States (CIS), and Australia due to their freight advantage and shorter delivery periods.

Production, Supply and Demand Data Statistics:

Table 1: Commodity, Cotton (480 lb bales), PSD

(Area in Thousand Hectares and Other Figures in thousand 480 lb bales)

Cotton India	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Aug 2008			Market Year Begin: Aug 2009			Market Year Begin: Aug 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Mar
			Data			Data		Data	
Area Planted	0	9,406	9,406	0	10,260	10,260		10,300	
Area Harvested	9,406	9,406	9,406	10,260	10,260	10,260		10,300	
Beginning Stocks	6,634	6,634	6,634	9,774	9,684	9,764		8,564	
Production	22,600	22,600	22,600	23,500	23,800	23,500		25,000	
Imports	800	550	800	600	400	600		625	
MY Imports from U.S.	0	190	190	0	180	180		200	
Total Supply	30,034	29,784	30,034	33,874	33,884	33,864		34,189	
Exports	2,360	2,360	2,370	6,100	6,700	6,100		5,900	
Use	17,900	16,260	16,300	19,200	17,550	17,500		18,300	
Loss	0	1,480	1,600	0	1,550	1,700		1,800	
Total Dom. Cons.	17,900	17,740	17,900	19,200	19,100	19,200		20,100	
Ending Stocks	9,774	9,684	9,764	8,574	8,084	8,564		8,189	
Total Distribution	30,034	29,784	30,034	33,874	33,884	33,864		34,189	

Note: 1. Area in thousand hectares, Other PSD numbers in thousand 480 lb.

2. Note: Production figures in the table include 937,000 bales of loose cotton.

Table 2: Commodity, ELS Cotton (1-3/8" or 35mm staple length and above)

Units : 480 lbs bales	2006/07	2007/08	2008/09	2009/10	2010/11
	(Final)	(Final)	(Revised)	(Revised)	(Forecast)
Beginning Stocks	59500	51050	51050	82050	44050
Production	156000	156000	140500	134000	156000
Imports	265000	272000	281000	234000	273000
Total Supply	480500	472050	472550	450050	473050

Exports	0	0	0	0	0
Domestic Consumption	429450	421000	390500	406000	420000
Ending Stocks	51050	51050	82050	44050	53050
Total Distribution	480500	481182	472550	450050	473050

Source: Trade sources

Table 3A: Area, Production & Yield of Cotton in Major States

(Area 000 ha; Production 000 bales, Yield kg/ha)

		Final	Final	Revised	Revised	Forecast
STATE		2006/07	2007/08	2008/09	2009/10	2010/11
Maharashtra	Area	3107	3194	3142	3500	3400
	Production	3904	4841	4841	4763	5075
	Yield	274	330	335	296	325
Gujarat	Area	2390	2422	2354	2624	2600
	Production	8042	8589	7027	7808	8355
	Yield	733	772	650	648	700
Madhya Pradesh	Area	639	630	625	646	650
	Production	1484	1562	1405	1327	1405
	Yield	505	540	490	447	471
Punjab	Area	607	604	527	536	580
	Production	1874	1562	1366	1171	1562
	Yield	672	563	565	476	586
Haryana	Area	530	483	456	520	550
	Production	1171	1171	1093	1171	1327
	Yield	481	528	522	490	525
Rajasthan	Area	350	339	302	444	480
	Production	703	703	586	898	1015
	Yield	437	451	422	440	460
Andhra Pradesh	Area	972	1138	1399	1320	1350
	Production	2811	3592	4138	4138	4060
	Yield	630	687	644	683	655
Karnataka	Area	378	402	408	450	470
	Production	468	625	703	703	703
	Yield	270	338	375	340	326
Tamil Nadu	Area	100	119	109	120	120
	Production	390	312	390	429	390
	Yield	850	571	780	779	708
Others	Area	71	108	84	100	100
	Production	78	78	156	156	156
	Yield	239	157	405	340	340
Loose	Production	937	937	937	937	937
All-India	Area	9144	9439	9406	10260	10300
	Production	21862	23970	22643	23502	24985
	Yield	521	553	524	499	528

Note: Statewise break-up for loose cotton is not available.

Table 3B: Planting Season, Irrigation & Cotton Type by Major Region

REGION	STATES	COTTON GROWN	PLANTING SEASON & IRRIGATION STATUS
North	Punjab, Haryana, Rajasthan	Medium & Short Staple	End April-May/ Largely Irrigated
Central	Gujarat, Maharashtra, Madhya Pradesh	Medium & Long Staple	Mid June-July (after onset of monsoon)/Largely rainfed
South ¹	Andhra Pradesh, Karnataka, Tamil Nadu	Long & Extra Long Staple	August-September/Largely rainfed

Note: ¹ -There is also a small summer cotton crop planted in January-February in Tamil Nadu.

Table 4: Cotton Consumption (Mills and Small Spinning Sectors) by Months
(Million US Bales)

Month\Year	2005/06	2006/07	2007/08	2008/09	2009/10
Aug	1.350	1.402	1.448	1.376	1.451
Sept	1.186	1.400	1.408	1.320	
Oct	1.206	1.353	1.430	1.291	
Nov	1.178	1.391	1.323	1.323	
Dec	1.277	1.444	1.473	1.404	
Jan	1.281	1.423	1.448	1.333	
Feb	1.190	1.336	1.416	1.267	
Mar	1.342	1.436	1.441	1.367	
Apr	1.278	1.410	1.404	1.337	
May	1.312	1.397	1.480	1.392	
Jun	1.309	1.394	1.448	1.406	
Jul	1.361	1.438	1.444	1.482	
TOTAL	15.268	16.823	17.163	16.298	1.451

Note: Figures in bold are provisional estimates.

Source: The Textile Commissioner's Office, Government of India (GOI).

Table 5: Month-End Prices of Popular Varieties (Rupees per Ton)

Year	ICS 201	ICS 202	ICS 105 28mm	ICS 105 29mm	ICS 106 33mm	ICS 107
	Bengal Deshi	SG J-34	H-4	Shankar-6	MCU-5	DCH-32
	(below 22 mm)	(25 mm)	(28 mm)	(29 mm)	(33 mm)	(35 mm)
2008/09						
Aug	75360	74520	79020	80140	82960	91390
Sept	70020	68050	77330	77890	81550	89980
Oct	74520	60740	63830	64680	69740	88580
Nov	71143	55396	60458	60739	68331	84360
Dec	73112	57646	59052	60458	65801	78736
Jan	72549	59052	58771	59895	63551	78736
Feb	64676	56240	55959	57365	61301	74518
Mar	64113	60739	59333	62145	64676	90265
Apr	65238	62989	59052	63832	65238	89984
May	67488	64676	61301	65238	66644	90546
Jun	67769	65238	61583	65238	67207	91108
Jul	66925	64957	63270	66363	68050	93077
2009/10						
Aug	66925	63832	62426	64957	68050	93077
Sept	65801	59614	60739	62989	66644	92514
Oct	68613	62145	61583	66925	66644	92514
Nov	73112	68331	70581	73112	75924	120916
Dec	68894	70862	73112	76767	78455	113886
Jan	65519	70300	70581	73112	76486	112480
Feb	61864	71143	73393	76205	77611	112480
Mar	59333	75361	76486	79861	na	116698

Source: Cotton Association of India (Formerly East India Cotton Association), Mumbai.

Table 6: Cotton Exports by Months (Thousand US Bales)

Month\Year	2008/09	2009/10
Aug	28.345	157.568
Sept	6.186	249.784
Oct	22.953	429.339
Nov	257.709	911.788
Dec	148.496	1207.995
Jan	203.263	775.082
Feb	279.276	550.942
Mar	366.523	159.474
Apr	239.577	
May	304.016	
Jun	473.830	
Jul	41.079	
TOTAL	2371.252	4441.972

* Figures in Bold are provisional estimate

Source: The Textile Commissioner's Office, GOI.

Table 7: Commodity, Cotton, Export Trade Matrix

Country	India		
Commodity	Cotton		
Period	Oct-Sept	Units	480 lb bales
	2008		2009*
USA	0	USA	0
China Rep.	898724	China Rep.	2282404
Pakistan	864975	Bangladesh	631388
Turkey	371019	Pakistan	284040
Indonesia	105348	Hongkong	167435
Thailand	83849	Indonesia	141623
Hongkong	66654	Vietnam	136364
Vietnam	64830	Turkey	121437
Bangladesh	49573	Taiwan	93604
Chinese Taipei	40056	Thailand	47996
Korea RP	14708	Malaysia	25720
Total of top 10	2559735	Total of top 10	3932010
Others not listed	141162	Others not listed	128358
Total	2700898	Total	4060368

Note: 1. Figures in the table are provisional estimates for Indian marketing year (October/September) and are not reflected in the PS&D.

2. 2009* data are October 2009 to March 2010 (provisional).

Source: Textile Commissioner's Office, Ministry of Textiles, GOI.

Table 8: Commodity, Cotton, Import Trade Matrix

Country	India		
Commodity	Cotton		
Period	August-July	Units	480 lb bales
	2008		2009*
U.S.A.	261718	U.S.A.	89314
Tanzania	152568	Bangladesh	30805
Bangladesh	71778	Tanzania	17471
Uzbekistan	70327	Egypt A Rep	15336
Burkina FASO	51252	Pakistan	9370
Egypt A Rep	49562	Mali	6228
Pakistan	30423	Australia	4349
Greece	22868	Zimbabwe	3458
Mali	20861	Chad	3215
Zimbabwe	18909	Cameroon	2930
Chad	12286	U.A.E.	2439
Total of top 10	500835	Total of top 10	95602
Others not listed	130007	Others not listed	17793
GRAND TOTAL	892560	GRAND TOTAL	202708

Note: 1. MY 2009 data are August to November 2009 (provisional).

2. Figures include non-spinnable cotton waste not included in the PS&D.

Source: Directorate General of Commercial Intelligence & Statistics (DGCIS), GOI.

Table 9: Growth of the Indian Textile Industry

Item\Year *	1995/96	2000/01	2005/06	2006/07	2007/08	2008/09	2009/10 (E)
Organized Mills @							
Spinning	1294	1565	1570	1608	1597	1653	1661
Composite	275	281	210	200	176	177	178
Exclusive Weaving	172	203	204	204	179	184	183
Small Scale Spinning Units	750	996	1173	1236	1219	1247	1250
Power Loom Units ('000s)	326	374	434	440	470	494	503
Spindles (millions)@	31.75	37.91	37.51	39.5	39.07	41.34	41.53
Rotors ('000s)@	226	454	520	601	621	659	648
Looms ('000s)@	148	140	92	88	71	71	71
Power Loom ('000s) @	1365	1662	1944	1990	2106	2205	2238
Spun Yarn Prod (mil kg)							
Cotton Yarn	1894	2267	2521	2824	2948	2898	3036
Other Spun Yarn	591	893	937	989	1055	1016	1116
Man-made Filament Yarn Prod (mil kg)	493	920	1179	1371	1509	1418	1540
Man-made Fiber Prod (mil kg)	498.4	904.3	968.1	1139.6	1244.7	1066.0	1300.0
Fabric Production (mil sq m)							
Cotton	18900	19718	23873	26238	27196	26898	28650
Blended	4025	6351	6298	6882	6888	6766	7500
100% non-cotton (inc Khadi/wool/silk)	9033	14187	19406	20269	21941	21302	24150

Notes: a) - As on end of the Indian fiscal year (31st March).

NA- not available.

E- Post estimate based on official estimates for April to December 2009.

Source: The Textile Commissioner's Office, GOI

Table 10: Production of Spun Yarn (Fiber-Wise, Million kg)

Year/1	COTTON	BLENDED	100% NON-COTTON	TOTAL
1995	1894	395	196	2485
2000	2267	646	247	3160
2001	2212	609	280	3101
2002	2177	585	319	3081
2003	2121	589	342	3052
2004	2272	585	366	3223
2005	2521	588	349	3458
2006	2824	635	354	3813
2007	2948	677	378	4003
2008	2898	655	361	3914
2009 (E)	3036	705	411	4152

Notes: /1: Year 2009 refers to Indian fiscal year 2009/10 (April-March)

E- Post estimate based on official estimates for April to December 2009.

Source: The Textile Commissioner's Office, GOI

Table 11: Production of Manmade Fiber (Million Kg.)

Year/1	Viscose	Acrylic	Polyester	Poly-Propylene	TOTAL
1995	194	74	228	1.9	498.4
2000	236	99	566	2.3	904.3
2001	185	95	551	2.4	833.9
2002	225	105	582	2.5	914.5
2003	221	117	613	2.7	953.3
2004	248	128	644	2.9	1022.6
2005	229	108	628	3.1	968.1
2006	247	97	792	3.5	1139.6
2007	280	81	880	3.4	1244.7
2008	233	80	750	3.4	1066.5
2009 (E)	298	99	900	3.0	1300.0

Notes: /1: Year 2009 refers to Indian fiscal year 2009/10 (April-March)

E- Post estimate based on official estimates for April to December 2009.

Source: The Textile Commissioner's Office, GOI

Table 12: Production of Manmade Filament Yarn (Million Kg)

Year/1	VISCOSE	POLYESTER	NYLON	POLY-PROPLENE	TOTAL
1995	61	376	42	15	494
2000	55	820	26	19	920
2001	48	866	28	20	962
2002	51	995	30	24	1100
2003	53	1013	31	21	1118
2004	54	1004	35	16	1109
2005	53	1076	37	14	1179
2006	54	1271	32	13	1371
2007	51	1420	28	11	1509
2008	42	1332	28	15	1418
2009 (E)	43	1454	29	14	1540

Notes: /1: Year 2009 refers to Indian fiscal year 2009/10 (April-March)

E- Post estimate based on official estimates for April to December 2009.

Source: The Textile Commissioner's Office, GOI

Table 13: Production of Fabric (Square Meters)

Year/1	COTTON	BLENDED	KHADI/WOOL/SILK	100% NON-COTTON	TOTAL
1995	18900	4025	498	8535	31958
2000	19718	6351	581	13606	40256
2001	19769	6287	644	15334	42034
2002	19300	5876	662	16135	41973
2003	18040	6068	662	17613	42383
2004	20655	6032	693	17998	45378
2005	23873	6298	769	18637	49577
2006	26238	6882	724	19545	53389
2007	27196	6888	768	21175	56027
2008	26898	6766	768	20534	54966
2009 (E)	28650	7500	760	23390	60300

Notes: /1: Year 2009 refers to Indian fiscal year 2009/10 (April-March)

E- Post estimate based on official estimates for April to December 2009.

Source: The Textile Commissioner's Office, GOI

Table 14: Consumption of Major Fibers/Yarns by the Textile Industry (Million Kgs)

Year/1	Cotton		Man-made Fiber	Man-made Filament	Total
	Qty	% Share	Qty	Qty	Qty/2
1995	2295	66.6	557	488	3446
2000	2721	58.8	889	878	4630
2001	2701	57.7	863	970	4682
2002	2699	55.6	915	1089	4853
2003	2652	54.2	940	1146	4890
2004	2886	56.0	978	1137	5155
2005	3222	58.4	954	1182	5514
2006	3580	59.6	1023	1258	6011
2007	3707	58.8	1087	1363	6307
2008	3583	58.4	966	1434	6133
2009 (E)	3700	56.7	1160	1520	6530

Notes: /1: Year 2009 refers to Indian fiscal year 2009/10 (April-March)

/2: Total Yarn includes small quantity of other natural yarns - silk, wool, etc.

E- Post estimate based on official estimates for April to December 2009.

Source: The Textile Commissioner's Office, GOI

Table 15: Prices of Raw Cotton and Other Fibers (Rupees/Kg)

Period	Raw Cotton Fiber	Viscose Staple Fiber	Polyester Staple Fiber	Acrylic Staple Fiber
	(wtd avg)	(avg)	(avg)	(avg)
March 1995	60.58	76.53	104.55	106.00
March 2000	47.75	78.14	63.34	80.25
March 2001	51.25	86.43	57.43	88.57
March 2002	38.12	80.51	51.51	84.95
March 2003	53.82	84.66	69.25	89.98
March 2004	58.10	87.62	76.22	95.00
March 2005	42.38	91.89	78.95	106.75
March 2006	45.14	90.73	77.12	88.25
March 2007	53.13	100.05	70.84	109.25
March 2008	60.78	115.82	62.24	109.25
March 2009	61.75	104.12	67.08	109.25
Marc 13 2010	72.36	127.95	73.35	109.25

Note: Prices are average of weekly prices for the month.

Source: The Textile Commissioner's Office, GOI.

Table 16: Per Capita Availability of Cloth in India (Meters)

Year/1	Cotton	Blended/Mixed	100% Non-Cotton	Total
1995	16.3	3.5	8.2	28.0
2000	14.2	4.5	12.0	30.7
2001	14.8	4.7	12.5	32.0
2002	14.4	4.4	12.6	31.4
2003	13.4	4.5	13.1	31.0
2004	14.1	4.1	15.3	33.5
2005	16.4	4.3	15.4	36.1
2006	17.9	4.7	17.0	39.6
2007	19.0	4.8	18.0	41.9
2008	17.9	4.5	16.6	39.0
2009 (E)	-	-	-	41.5

Notes: /1: Year 2009 refers to Indian fiscal year 2009/10 (April-March)

P – Provisional estimate; fabric-wise breakup is not available.

Source: The Textile Commissioner's Office, GOI.

Table 17: India's Exports of Textile Items (Million US\$)

Item	2005	2006	2007	2008	2009*	2008*
Cotton Textiles (Yarn/Fabric/Made-up)	4,077	4,223	4,565	3,964	1,530	2,350
Man-made Textiles (Yarn/Fabric/Made-up)	2,018	2,292	2,960	3,072	1,739	1,682
Wool Textiles (Yarn/Fabric/Made-up)	87	83	94	97	44	55
Silk Textiles (Yarn/Fabric/Made-up)	411	416	371	353	143	206
Other Textiles (Yarn/Fabric/Made-up)	599	537	675	724	na	na
Ready-made Garments (Cotton/MMF/Silk/Wools/etc)	8,643	8,894	9,694	10,957	4,868	5,401
Other Textile Items (Carpets, floor covering, etc)	1,289	1,384	1,491	1,324	590	868
Total	17,125	17,830	19,851	20,490	8,913	10,562

Notes:

- Year 2008 refers to Indian fiscal year 2008/09 (April-March)
- 2009* refers to the period of April-Sept 2009, i.e., first 6 months of IFY 2009/10
- 2008* refers to the period of April-Sept 2008, i.e., first 6 months of IFY 2008/09

Source: 1. DGCIS, GOI.

2. The Textile Commissioner's Office

Table 18: Exports of Ready-made Garments from India
(Million US\$)

Item	2005	2006	2007	2008	2009*	2008*
Cotton	6480	6808	7404	8176	3542	4065
Man-made	1086	1002	1053	1136	599	539
Silk	196	194	185	185	138	166
Wool	371	345	352	474	197	210
Others	509	545	700	987	393	421
TOTAL	8643	8894	9694	10957	4868	5401

Notes:

- Year 2008 refers to Indian fiscal year 2008/09 (April-March)
- 2009* refers to the period of April-Sept 2009, i.e., first 6 months of IFY 2009/10
- 2008* refers to the period of April-Sept 2008, i.e., first 6 months of IFY 2008/09

Source: 1. DGCIS, GOI.

2. The Textile Commissioner's Office

Table 19: Existing Import Policy & Tariffs/Duties for Cotton/Cotton Textiles

Commodity Code	Description of Comm.	Policy /1	Basic Duty Rate /2	CVD Rate /3	Special CVD /4	Education Cess/5	Total Duty /6
HC 52.01	Cotton-not carded or combed	OGL	0	0	0	0	0
HC 52.02	Cotton Waste	OGL	15	0	4	3	20.068
HC 52.03	Cotton-carded or combed	OGL	30	0	4	3	36.136
HC 52.04	Cotton Sewing Thread	OGL	10	/3	4	3	/6
HC 52.05	Cotton Yarn (85% or more cotton)	OGL	10	/3	4	3	/6

HC 52.06	Cotton Yarn (less than 85% cotton)	OGL	10	/3	4	3	/6
HC 52.07	Cotton Yarn for Retail Sale	OGL	10	/3	4	3	/6
HC 52.08	Cotton Fabric (85% or more cotton) Weighing <200gm/sq.m	OGL	Mostly 10 /7	/3	0	/4	/6
HC 52.09	Cotton Fabric (85% or more cotton) weighing >200gm/sq.m	OGL	Mostly 10 /8	/3	0	/4	/6
HC 52.10	Cotton Fabric(less than 85% cotton) weighing <200gm/sq.m	OGL	Mostly 10 /9	/3	0	/4	/6
HC 52.11	Cotton Fabric(less than 85% cotton) weighing >200gm/sq.m	OGL	Mostly 10 /10	/3	0	/4	/6
HC 52.12	Other Cotton Fabric	OGL	Mostly 10 /11	/3	0	/4	/6

Notes:

/1 : OGL(Open General License)- No restrictions on imports.

/2 : Most goods of the under Chapter 52 get a tariff concession up to 50 percent of the effective basic duty on imports from less developed countries (LDC) members of SAPTA - Bangladesh, Nepal, Bhutan and Maldives.

/3 : CVD (Countervailing Duty) = local excise taxes + Central Cess applied on CIF value of good plus Basic Duty.

Local excise tax rate = 4.12 % for items not containing synthetic fiber 8.24 % for items containing synthetic fiber

Central Cess under Textile Com Act, 1963 = 0.05%

/4: Special CVD = 4 percent applied on CIF Value of Good plus Basic Duty plus CVD plus Education Cess. However, cotton fabrics are exempted from Special CVD.

/5 : Education Cess = 2+1 percent of the Basic duty + CVD.

However, education cess exempted in case of items under the HS codes 5208.41, 5208.42, 5208.49, 5208.51, 5208.52, 5208.53, 5208.59, 5209.41, 5209.42, 5209.49, 5209.51, 5209.52, 5209.59, 5210.41, 5210.42, 5210.49, 5210.51, 5210.52, 5210.59, 5211.41, 5211.42, 5211.59, 5212.15, 5212.24, 5212.25.

/6: Total Applicable Duty computation

A: CIF Value of Good

B: Basic Duty = Basic Duty Rate * CIF Value

C : CV Duty = CVD Rate * (A+B)

where CVD Rate = Excise Tax Rate + Central Cess

D : Spl CVD = Spl CVD Rate * (A+B+C)

E: Education Cess = 3% of (B+C+D)

Total Applicable Duty = B+C+D+E

/7: Basic Duty on 5208.39 is 10% or rs. 150/kg

on 5208.41 is 10% or* rs. 9/sq meter

on 5208.42 is 10% or* rs. 37/sq meter

on 5208.49 is 10% or* rs. 200/kg

on 5208.51 is 10% or* rs. 27/sqmeter

on 5208.52 is 10% or rs. 23/sqmeter

on 5208.59 is 10% or* rs. 50/sqmeter
/8 : Basic Duty on 5209.31-39 is 10% or rs. 150/
on 5209.41 is 10% or* rs. 32/sqmeter
on 5209.43 is 10% or* rs. 30/sqmeter
on 5209.49 is 10% or* rs. 150/kg
on 5209.51-52 is 10% or* rs. 30/sqmeter
on 5209.59 is 10% or* rs. 38/sqmeter
/9 : Basic Duty on 5210.39 is 10% or* rs. 150/kg
on 5210.41 is 10% or* rs. 15 /sqmeter
on 5210.49 is 10% or* rs. 185/kg
on 5210.51-59 is 10% or* rs. 15/sqmeter
/10: Basic Duty on 5211.31-39 is 10% or* rs. 150/kg
on 5211.41 is 10% or* rs. 44/sqmeter
on 5211.42 is 10% or* rs. 18 per sqmeter
on 5211.43 is 10% or* rs. 40/sqmeter
on 5211.49 is 10% or* rs. 150/kg
on 5211.51-59 is 10% or* rs. 18/sqmeter
/11: Basic Duty on 5212.15 and 5212.25 is 10% or* rs. 165/kg
on 5212.24 is 10% or* rs. 20/sqmeter

* - Whichever is higher.

Author Defined: Extra Long Staple Cotton

India's extra long staple (ELS) cotton production has been stagnant over the last few years. The ELS cotton production in MY 2010/11 is forecast to improve to 156,000 bales on relatively higher price realizations vis-à-vis competing long staple varieties during the current season. MY 2010/11 ELS cotton consumption is forecast higher at 42,000 bales and imports at 273,000 bales on expected improvement in demand for finer count yarns and fabrics, both for domestic and export markets.

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 been met with limited success.

India's domestic consumption requirement for extra long staple (ELS) cotton is largely met through imports, and the United States is one of the major suppliers. ELS cotton is used for the production of quality yarn, fabric, and dress material, mostly for exports, and for a small but growing high-end domestic market segment. Local mills are increasingly using the long staple varieties for blending with imported ELS cotton for production of quality yarn and fabric.

Textile Industry

India is the second largest producer of textiles and garments after China. But has a relatively small share of less than 4 percent of the global textile trade. The industry largely caters to the billion plus domestic market. The textile and clothing industry is largely cotton based contributing about 14 percent to the country's total export earnings, 14 percent of industrial production, 4 percent to GDP and provides direct employment to over 35 million people and indirect employment to 45 million people^[1]. Despite the global slowdown, the Indian textile industry has shown a strong recovery since early 2009 on strong domestic demand and sufficient domestic cotton supplies. Consequently, growth in the production of textiles recovered strongly in IFY 2009/10 after declining in IFY 2008/09 (Tables 9-13)

Domestic demand for textiles is expected to grow on continued strong growth in the economy and an expanding population. Industry sources expect export demand for Indian textiles to recover in IFY 2010/11 provided the Indian rupee remains stable. Consequently, industry sources expect continued growth in the textile industry, with the production in IFY 2010/11 forecast to increase by 5-6 percent over last year. The challenges for sustaining and stepping up growth in the textile industry growth are removing the infrastructural impediments (power and road), and undertaking labor policy reforms.

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 60 percent, handlooms for 18 percent, and hosiery units for 17 percent of total cloth production. The organized sector weaving mills account for the remaining 5 percent of cloth production.

After three consecutive years of strong growth, cotton textile exports in IFY 2008/09 declined on global recession (see table 17). Continued global recession and relatively strong value of Indian rupee further dampened the cotton textile export prospects in IFY 2009/10, with the cotton textile exports in the first six months of IFY 2009/10 declining sharply by about 35 percent over last year. While official statistics are not available, market sources report some improvement in exports since early 2009 on slight resurgence in export demand. However, the overall cotton textile export during IFY 2009/10 is expected to decline in double digit over last year. Industry source expect improvement in export demand in IFY 2010/11 on recovery in global economy.

Cotton made-up accounts for the major share of cotton textile exports followed by cotton yarn, and cotton fabric. Indian textile exports are typically targeted at the lower quality end of the international market. A few modern integrated textile units are now focusing on exports of finer count yarns, fabric, and branded garments for the upper segment of the world market. Supported by several GOI programs (see Production Policy), leading textile groups are making significant investments in modern equipment and further integration to gain more leverage in the global market post MFA-era (after January 2005).

^[1] Source: Confederation of Indian Industries, New Delhi

