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India

Cotton and Products

Annual

2001

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Report Highlights:

Indian cotton production is forecast to climb seven percent to 15.0 million bales in MY 2001/02 as more remunerative prices are expected to increase seedings. Imports of US cotton are projected to reach a near record $50 million in CY 2001, due partly to last year's reduced Indian crop.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Table of Contents

SECTION I - SITUATION AND OUTLOOK

Production

An increase in seeded area is expected to raise MY 2001/02 cotton production to 15.0 million bales (including 800,000 bales of loose cotton). Production of extra long staple (ELS) is forecast to climb to 550,000 bales in response to strong MY 2000/01 prices, provided planting conditions are favorable. Firm prices vis-a-vis competing crops should increase planted area to 8.5 million hectares, mainly on expected gains in Punjab and Maharashtra.

Cotton output fell more than 10 percent to 14.0 million bales in MY 2000/01 due to heavy losses in the drought affected central states of Gujarat, Maharashtra, and parts of Madhya Pradesh and Rajasthan. Production of ELS declined to 500,000 bales on lower DCH-32 area in Karnataka and Madhya Pradesh, as drought produced poor planting conditions. The lack of monsoon rains for the second consecutive year in Gujarat and adjoining areas severely restrained yields in this largely rainfed area. Conditions in other cotton producing areas were generally favorable.

To date, no transgenic cotton has been approved for commercial production in India (IN0024).

Cotton textile production increased in Indian fiscal year 2000/01 (Apr/Mar), owing to low cotton prices, a recovery in domestic demand for fabric, and stronger export sales during FY-1999/00 and early FY-2000/01 (tables 10-13). Exports, however, declined sharply in the last half of FY-2000/01 (tables 17-20.) The severe recession in the export market also depressed the domestic market as reflected by a slowdown in mill consumption from January 2001. Increased demand for cloth resulting from a growing population is expected to partially offset the weak export market, and output of yarn and fabric during FY-2001/02 is forecast to decline only marginally over last year.

Consumption

Cotton consumption is expected to benefit from weaker prices, although increasing competition from man-made fibers could temper use. MY 2001/02 mill consumption is forecast to rise to 15.0 million bales; consumption by small spinning units should reach 800,000 bales. Indian cotton prices are expected to remain soft in MY 2001/02 due to the weak world market and the depressed demand for textiles. Although higher cotton imports and the depressed demand for textiles pressured prices in the last half of MY 2000/01, marketing year consumption has been marginally lowered on the slowdown in mill off take from January onwards. Consumption of man-made fiber/filament yarns continued to increase their share of total fiber use (table 14). Although official statistics are not yet available, cotton is estimated to have accounted for 61 percent of total fiber/filament use by the textile industry in CY 2000, but is projected to decline to 59 percent in CY 2001.

To keep pace with increasing demand for clothing from a growing domestic population, the textile industry must expand production by 3-4 percent per annum. India’s textile industry includes both the organized sector (large-scale spinning units and composite mills) and the unorganized sector (small-scale spinning units, power looms, handlooms, hosiery units). More than 95 percent of the yarn is produced in the organized sector.

In the weaving sector, power looms account for 56 percent of production, handlooms 20 percent and hosiery units 18 percent.

Trade

While India will continue to augment supplies of ELS and other quality cottons through imports, volume is expected to decline to 1.5 million bales in MY 2001/02 due to depressed export demand for cotton yarn and textile products. Although raw cotton exports largely depend on the quality of the domestic crop and local prices vis-a-vis international quotations, tight domestic supplies and weak international prices will likely limit exports in MY 2001/02 to about 50,000 bales.

Comparatively weak world prices, a shortage of domestic ELS and quality cotton (28-30 mm) and stabilization of the Indian rupee encouraged mills to import an estimated near record 2.0 million bales of cotton in MY 2000/01, mostly from West Africa, USA, Australia, CIS countries, South America, Egypt and Greece. ELS imports are estimated at 170,000 bales, mostly from Egypt, USA, CIS countries and smaller quantities of Australian and South American Pima. Market sources report that cotton imports from the US may reach a record 300,000 bales, as in the last few months US prices have been very competitive.

Exports of cotton textiles (table 17) during calender 2000 declined to $3.50 billion compared with $3.55 billion in CY 1999. Provisional estimates of exports of cotton textiles in the first quarter of CY 2001 indicate a steep decline of more than 15 percent compared with the same period last year. Industry sources believe that though the decline may stabilize in coming months, CY 2001 exports may be 10-15 percent below the CY 2000 level. Indian imports of cotton yarn and fabric are very limited, and are mainly by export-oriented units (EOU’s) for re-export of value-added products.

Marketing

India is a growing import market for ELS and high quality long staple cotton (28-32 mm), with occasional imports of medium staple in years of tight local supplies or when world prices are favorable. Most mills using ELS are familiar with US Pima and its fiber characteristics. Many mill owners who have imported US upland cotton in recent years owing to price advantages, have also expressed appreciation for its quality and higher spinning out turn compared to local and other origin cottons. However, prices of US cotton, higher freight costs and longer delivery periods are important considerations for Indian buyers, who can source cotton from closer markets such as Egypt, West Africa, CIS countries and Australia.

The weaving industry typically uses domestic cotton yarn/fabric due to the availability of various count yarns at comparatively low prices, lower sensitivity by local users to quality specifications and high tariffs. Indian textile exports are targeted toward the lower end of the international market; more than 85 percent of yarn exports are 40 counts and below. Grey fabric accounts for nearly 37 percent of total fabric exports. With the severe slowdown in yarn exports to southeast Asia, Indian yarn traders are looking to other markets. In recent years, a few progressive units have begun to focus on exports of finer count yarns, fabric and branded garments for the upper-end segments of the world market.

SECTION II: STATISTICAL TABLES

Table 1: Commodity, Cotton (metric tons)

PSD Table							
Country:	India						
Commodity:	Cotton	(HECTARES) (METRIC TONS)					
		1999		2000		2001	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		08/1999		08/2000		08/2001	(MONTH/YEAR)
Area Planted	8791000	8791000	8122000	8122000	0	8510000	(HECTARES)
Area Harvested	8791000	8791000	8122000	8122000	0	8510000	(HECTARES)
Beginning Stocks	1000110	1000110	1011160	1035980	0	894880	METRIC TONS
Production	2652000	2652000	2414000	2380000	0	2550000	METRIC TONS
Imports	306000	348500	306000	340000	0	255000	METRIC TONS
TOTAL SUPPLY	3958110	4000610	3731160	3755980	0	3699880	METRIC TONS
Exports	8500	15130	8500	8500	0	8500	METRIC TONS
USE Dom. Consumption	2693820	2693820	2643500	2631600	0	2686000	METRIC TONS
Loss Dom. Consumption	244630	255680	221000	221000	0	238000	METRIC TONS
TOTAL Dom. Consumption	2938450	2949500	2864500	2852600	0	2924000	METRIC TONS
Ending Stocks	1011160	1035980	858160	894880	0	767380	METRIC TONS
TOTAL DISTRIBUTION	3958110	4000610	3731160	3755980	0	3699880	METRIC TONS

Note: Production figures for MY 1999, 2000, 2001 include 700,000 bales, 850,000 bales and 800,000 bales of loose cotton, respectively (170 kg bales).

Table 2: Commodity, Cotton (480 lbs bales)

PSD Table							
Country:					Conversion	0.004593	
Commodity:							
		1999		2000		2001	UOM
	Old	New	Old	New	Old	New	
Market Year Begin							(MONTH/YEAR)
Area Planted	8791000	8791000	8122000	8122000	0	8510000	(HECTARES)
Area Harvested	8791000	8791000	8122000	8122000	0	8510000	(HECTARES)
Beginning Stocks	4593	4593	4644	4758	0	4110	1,000 480lb bales
Production	12180	12180	11087	10931	0	11712	1,000 480lb bales
Imports	1405	1601	1405	1562	0	1171	1,000 480lb bales
TOTAL SUPPLY	18179	18374	17137	17251	0	16993	1,000 480lb bales
Exports	39	69	39	39	0	39	1,000 480lb bales
USE Dom. Consumption	12372	12372	12141	12087	0	12337	1,000 480lb bales
Loss Dom. Consumption	1124	1174	1015	1015	0	1093	1,000 480lb bales
TOTAL Dom. Consumption	13496	13547	13156	13102	0	13430	1,000 480lb bales
Ending Stocks	4644	4758	3941	4110	0	3525	1,000 480lb bales
TOTAL DISTRIBUTION	18179	18374	17137	17251	0	16993	1,000 480lb bales

Note: Production figures for MY 1999, 2000, 2001 include 700,000 bales, 850,000 bales and 800,000 bales of loose cotton, respectively (170 kg bales).

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

PSD Table							
Country:	India						
Commodity:	Cotton						
Units : Metric Tons	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02
				(Revised)	(Revised)	(Revised)	(Forecast)
Beginning Stocks	13525	13525	3291	1574	15174	13474	4974
Production	130900	122400	107100	113900	98600	85000	93500
Imports	6800	3400	20400	25500	28900	28900	34000
Total Supply	151225	139325	130791	140974	142674	127374	132474
Exports	0	34	17	0	0	0	0
Domestic Consumption	137700	136000	129200	125800	129200	122400	122400
Ending Stocks	13525	3291	1574	15174	13474	4974	10074
Total Distribution	151225	139325	130791	140974	142674	127374	132474
Units : 480 lbs bales	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02
				(Revised)	(Revised)	(Revised)	(Forecast)
Beginning Stocks	62121	62121	15116	7230	69695	61887	22847
Production	601224	562183	491910	523143	452870	390405	429446
Imports	31232	15616	93697	117122	132738	132738	156162
Total Supply	694577	639921	600724	647495	655303	585030	608454
Exports	0	156	78	0	0	0	0
Domestic Consumption	632456	624648	593416	577799	593416	562183	562183
Ending Stocks	62121	15116	7230	69695	61887	22847	46271
Total Distribution	694577	639921	600724	647495	655303	585030	608454

Source: AgNewDelhi estimates based on information from trade sources.

Table 4A: Area, Production & Yield of Cotton in Major States
(Area 000 ha; Production 000 bales of 170 kgs, Yield kgs/ha)

					Final	Revised	Forecast
STATE		1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02
Maharashtra	Area	3085	3139	3199	3254	2793	3000
	Production	3300	2150	2650	3650	2000	2400
	Yield	182	116	141	191	122	136
Gujarat	Area	1484	1519	1607	1516	1578	1580
	Production	3425	4200	4750	2850	2300	3000
	Yield	392	470	502	320	248	323
Madhya Pradesh	Area	527	517	501	525	555	560
	Production	1875	2250	1875	1550	1750	1800
	Yield	605	740	636	502	536	546
Punjab	Area	742	727	562	475	474	600
	Production	1600	725	500	800	900	1100
	Yield	367	170	151	286	323	312
Haryana	Area	649	638	582	546	572	570
	Production	1350	900	700	1050	1000	1000
	Yield	354	240	204	327	297	298
Rajasthan	Area	654	645	645	583	482	450
	Production	1400	1100	1150	1300	1050	900
	Yield	364	290	303	379	370	340
Andhra Pradesh	Area	1007	898	1278	1040	887	900
	Production	2650	2550	2500	2200	2600	2500
	Yield	447	483	333	360	498	472
Karnataka	Area	668	518	608	600	535	550
	Production	900	750	875	800	850	800
	Yield	229	246	245	227	270	247
Tamil Nadu	Area	260	247	243	185	170	220
	Production	550	500	550	550	550	550
	Yield	360	344	385	505	550	425
Others	Area	46	56	62	67	76	80
	Production	100	100	125	150	150	150
	Yield	370	304	343	381	336	319
All-India	Area	9122	8904	9287	8791	8122	8510
	Production	17150	15225	15675	14900	13150	14200
	Yield	320	291	287	288	275	284

Note: Production figures for 1996/97-2001/2002 includes loose cotton estimates.

Table 4B: Planting Season, Irrigation, & Cotton Type by Major Region

REGION	STATES	TYPE OF COTTON GROWN	PLANTING SEASON/IRRIGATION AVAIL
North	Punjab, Haryana, Rajasthan	Medium and Short Staple	May/Irrigated
Central	Gujarat, Maharashtra and Madhya Pradesh	Medium and Long Staple	Mid-June (after onset of monsoon) Largely rainfed
South*	Andhra Pradesh, Karnataka and Tamil Nadu	Long and Extra Long Staple	August/September Largely rainfed

* There also is a small summer cotton crop planted in January/February in Tamil Nadu.

Table 5: Comparative Market Arrivals: Indian Marketing Year (Oct/Sept), as of May 11, 2001 (100,000 170 kg. bales)

Region/State	2000/01						1999/2000					
	Dec 24	Jan 25	Feb 24	Mar 24	Apr 27	May 11	Dec 24	Jan 25	Feb 24	Mar 24	Apr 27	May 11
Total North	18.75	24.00	26.60	27.60	27.72	27.75	12.72	18.46	23.60	26.00	29.41	30.00
(Punjab/Haryana/Rajasthan)												
Total West	29.28	39.40	47.75	53.05	54.80	55.35	29.01	44.90	59.55	68.00	74.47	75.94
Gujarat	9.75	12.50	16.35	19.00	20.30	20.70	7.62	12.07	17.10	21.00	25.13	26.60
Maharashtra	10.29	15.00	16.90	18.05	18.50	18.50	16.64	24.99	32.35	35.00	35.28	35.28
Madhya Pradesh	9.24	11.90	14.50	16.00	16.00	16.15	4.75	7.84	10.10	12.00	14.06	14.06
Total South	13.81	20.54	27.60	32.75	34.98	35.95	7.54	15.52	21.40	24.90	29.67	31.62
Andhra Pradesh	9.25	13.50	19.40	23.00	23.83	24.40	4.32	10.34	14.95	18.00	20.02	21.54
Karnataka	2.88	4.50	5.15	6.25	7.25	7.50	2.50	3.60	4.35	4.50	6.19	6.58
Tamil Nadu	1.68	2.54	3.05	3.50	3.90	4.05	0.72	1.58	2.10	2.40	3.46	3.50
Others	0.90	1.30	1.35	1.45	1.50	1.50	0.40	0.80	1.00	1.15	1.50	1.15
Loose Cotton	4.50	6.00	7.00	7.00	8.00	8.00	4.00	4.50	6.50	6.50	6.45	7.00
Total	67.24	91.24	110.30	121.85	127.00	128.55	53.67	84.18	112.05	126.55	141.50	145.71

Source: Cotton Corporation of India, Mumbai

Table 6: Mill Use by Month (100,000 bales of 170 kg each)

Month\Year	1996/97	1997/98	1998/99	1999/2000	2000/01
Aug	12.46	13.07	11.44	12.45	12.64
Sept	11.38	13.24	11.38	12.11	12.41
Oct	11.79	12.75	11.28	12.20	12.00
Nov	11.16	12.59	11.68	11.62	12.53
Dec	12.24	13.48	12.48	12.85	12.93
Jan	12.38	12.69	12.28	12.80	12.58
Feb	11.79	11.12	11.57	12.38	11.74
Mar	13.19	11.89	12.37	12.89	12.74
Apr	12.65	11.23	12.12	12.22	
May	12.89	11.43	12.15	12.79	
Jun	12.70	11.46	12.36	12.75	
Jul	13.31	11.78	12.68	13.04	
TOTAL	147.94	146.73	143.79	150.10	99.57

Feb-Mar 2001 figures are provisional.

Source: Textile Commissioner’s Office, Mumbai

Table 7: Month End Prices of Popular Varieties (rupees per metric ton)

Year	Bengal Deshi	S.G.J. F-34	H-4 M.P.	Shankar-6 Gujarat	MCU-5 A.P.	DCH-32 South
1999/00						
Aug	37680	49770	53990	57370	70300	75920
Sep	35430	49770	54550	56240	70300	75920
Oct	32900	42180	51740	53430	-	75920
Nov	28680	37960	50050	52300	67490	77330
Dec	28960	37680	48650	52020	66080	82950
Jan	29240	42740	49490	53990	67490	84360
Feb	29240	41900	50620	54830	65240	87160
Mar	29530	44710	52020	55120	66080	84360
Apr	30370	45550	52870	56240	66080	84360
May	33740	50620	53430	58490	66080	85760
June	34030	50900	53990	58210	66080	89960
July	31490	51180	54270	57080	67490	92760
Avg. Prices	31472	45835	52325	55699	62080	83443
2000/01						
Aug	27840	50900	54550	58770	68330	88000
Sept	27560	47240	53990	57650	68330	83520
Oct	32060	46120	54830	58210	67490	82950
Nov	33180	52020	61300	65240	73110	96960
Dec	30090	50620	59050	61860	71710	101160
Jan	29530	50330	56240	61300	72550	99200
Feb	28680	50330	52870	57650	67490	98360
Mar	30370	50330	53430	58210	67490	98360
Apr	32620	50620	54830	57080	67490	98360
May	34030	51460	55680	58490	67490	98360

Source: East India Cotton Association, Mumbai

Table 8: Export Trade Matrix, Cotton*

Export Trade Matrix					
Country:		Units:	Metric Tons		
Commodity:					
Time period:	Aug-Jul				(Aug-Nov)
Exports for	1998		1999		2000
U.S.	294	U.S.	25	U.S.	25
Others		Others		Others	
Chinese Taipei	12,311	Japan	4,809	Japan	1,002
Hongkong	8,341	Italy	4,300	Italy	983
Japan	6,259	France	1,746	United Kingdom	51
Italy	4,598	United Kingdom	1,132	Vietnam	49
United Kingdom	4,489	Belgium	1,059	Mauritius	7
Bangladesh	1,461	German F Rep.	618	Canada	3
German F. Rep.	1,414	Bangladesh	361	Indonesia	1
Netherlands	1,395	Chinese Taipei	284	Malaysia	1
Belgium	1,108	Spain	131		
France	648	Singapore	86		
Total for Others	42,024		14,526		2,097
Others not listed	5,208		1,579		284
Grand Total	47,526		16,130		2,406

Note: MY2000 data are August 2000 through November 2000
* Includes non-spinnable cotton & cotton waste not included in the PS&D.

Source: DGCIS, Ministry of Commerce

Table 9: Import Trade Matrix, Cotton

Import Trade Matrix					
Country:		Units:	Metric Tons		
Commodity:					
Time period:	Aug-Jul				(Aug-Nov)
Imports for	1998		1999		2000
U.S.	5,409	U.S.	21,221	U.S.	3,241
Others		Others		Others	
Turkey	14,385	Australia	39,118	Australia	13,942
Egypt A. Rep	11,204	Ivory Coast	35,737	Ivory Coast	9,532
Uzbekistan	10,726	Benin	34,762	Benin	6,612
Australia	10,225	Russia	24,936	Malaysia	6,023
South Africa	8,991	South Africa	19,912	China	4,362
Malaysia	4,227	China	15,928	Egypt	2,535
Benin	3,718	Malaysia	14,539	Guinea Bisu	2,266
Iran	3,692	Mali	13,362	Tanzania	1,833
Burkino FASO	3,659	Cameroon	12,215	Sudan	1,719
Tunisia	2,897	Burkina FASO	11,751	South Africa	1,641
Total for Others	73,724		222,260		50,465
Others not listed	31,375		105,019		25,094
Grand Total	110,508		348,500		78,800

Note: MY 2000 data are for August 2000 through November 2000.

Source: DGCIS, Ministry of Commerce
Textile Commissioner's Office, Ministry of Textiles

Table 10: Growth of the Indian Textile Industry

Item|Year *	1995/96	1997/98	1998/99	1999/2000	2000/01
Organized Mills @					
Spinning	1294	1504	1543	1565	1566
Composite	275	278	281	285	281
Exclusive Weaving	172	187	199	202	203
Small Scale Spinning Units@	750	861	901	921	995
Power Loom Units ('000s)@	326	349	358	365	374
Spindles (millions)@	31.75	35.39	36.67	37.08	37.98
Rotors ('000s)@	226	339	434	444	453
Looms ('000s)@	148	140	140	140	139
Power Loom ('000s) @	1365	1523	1595	1623	1659
Hand Loom ('000s) @	3891	3891	3891	3891	na
Spun Yarn Prod (mil kg)					
Cotton Yarn	1894	2213	2022	2204	2268
Other Spun Yarn	591	760	786	842	890
Man-made Filament Yarn	493	769	850	893	na
Fabric Production (mil sq m)					
Cotton	18900	19992	17948	18989	19645
Blended	4025	5751	5700	5913	6343
100% non-cotton)	9033	11153	12454	14300	14907

Note: * Indian fiscal year (Apr/Mar)
@-As of end of Indian fiscal year
na- not available

Source: The Textile Commissioner’s Office, GOI

Table 11: Production of Spun Yarn (fiber-wise, million kg)

CY	COTTON	BLENDED	100% NON-COTTON	TOTAL
1995	1894	395	196	2485.00
1996	2148	484	162	2794.00
1997	2213.00	583.00	177.00	2973.00
1998	2022.00	595.00	191.00	2808.00
1999	2204.00	621.00	221.00	3046.00
2000*	2268.00	644.00	246.00	3158.00

* 2000 is Indian fiscal year 2000/01 (Apr/Mar)

Source: 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
1996	57	493	38	13	601
1997	57	668	30	14	769
1998	61	745	29	15	850
1999	49	801	26	17	893
2000*	55	818	26	18	917

Note: /1 Year 2000 is Indian fiscal year 2000/01 (Apr/Mar)
*: Provisional

Source: Textile Commissioner's Office, GOI

Table 13: Production of Fabric (fiber-wise, million square meters)

Year /1	COTTON	BLENDED	KHADI/WOOL SILK	100% NON-COTTON	TOTAL
1995	18900.0	4025.0	498.0	8535.0	31958.0
1996	19841.0	4888.0	540.0	9569.0	34838.0
1997	19992.0	5751.0	545.0	11153.0	37441.0
1998	17948.0	5700.0	559.0	11895.0	36102.0
1999	18989.0	5913.0	575.0	13725.0	39202.0
2000*	19645.0	6343.0	560.0	14347.0	40895.0

Note: /1: Year 2000 is Indian Fiscal Year 2000/01 (Apr/Mar)
*- Provisional

Source: Textile Commissioner’s Office, GOI

Table 14: Consumption of Major Fiber/Yarns by the Textile Industry (million kg)

Year 1/	Cotton Qty	Cotton % Share	Man-made Fibre	Man-made Filament	Total Yarn 2/
1995	2295	66.6	557	488	3446
1996	2566	65.6	646	581	3913
1997	2719	62.8	756	726	4327
1998	2485	58.9	780	822	4219
1999*	2652	58.2	875	896	4560

Note:1/: Year 1999 is Indian fiscal year 1999/00 (Apr/Mar)
2/: Total yarn includes some quantity of other natural yarns
*: Provisional

Source: Textile Commissioner’s Office, GOI

Table 15: Prices of Raw Cotton and Other Fibers (rupees/kg)

Period	Raw Cotton Fiber (wtd avg)	Viscose Staple Fiber (avg)	Polyester Staple Fiber (avg)	Acrylic Staple Fiber (avg)
March 1989	21.94	33.43	83.28	68.00
March 1990	18.15	38.63	70.40	75.50
March 1991	26.71	44.29	75.31	76.77
March 1992	33.61	51.72	80.13	97.67
March 1993	27.69	58.32	79.73	106.72
March 1994	49.50	59.56	78.50	104.67
March 1995	60.58	76.53	104.55	106.00
March 1996	45.71	83.20	89.05	85.50
March 1997	46.07	79.80	67.56	84.63
March 1998	56.10	80.09	51.30	88.50
March 1999	49.03	78.58	47.95	67.75
March 2000	47.75	78.58	63.34	80.25
May 5, 2001	51.82	89.54	58.52	84.95

Note: Prices are average of weekly prices for the month

Source: Textile Commissioner’s Office, GOI

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

Year/1	Cotton	Blended/ Mixed	100% Non-Cotton	Total
1980	12.8	2.2	2.3	17.3
1990	15.0	3.0	6.1	24.1
1995	16.3	3.5	8.2	28.0
1996	16.2	4.0	9.1	29.3
1997	15.9	4.6	10.4	30.9
1998	13.1	4.1	11.0	28.2
1999	14.2	4.5	11.9	30.6
2000	14.4	4.6	12.2	31.2

Note: /1: 2000 refers to Indian fiscal year 2000/01 (Apr/Mar)
Source: Textile Commissioner’s Office

Table 17: Export of Cotton Textiles from India (in millions)

ITEM\YEAR*		1996	1997	1998	1999	2000
COTTON FABRICS	Qty. (Sq.Mtrs.)	1828.68	1846.33	2168.97	2214.13	2046.42
	Value ($)	1087.08	1103.14	1118.29	1084.73	950.31
COTTON YARN & SEWING THREAD	Qty.(Kgs.)	404.02	514.73	473.51	534.68	532.21
	Value ($)	1342.53	1670.38	1425.99	1495.29	1470.56
COTTON MADE UPS	Value ($)	681.77	811.57	891.01	967.64	1081.82
TOTAL	Value ($)	3111.38	3585.09	3435.30	3547.66	3502.69

*- Refers to calender year.

Source: The Cotton Textiles Export Promotion Council

Table 18: Export Trade Matrix, Cotton Fabric (million rupees)

COUNTRY	CY1998	CY 1999	CY 2000
US	7997.84	5965.03	5791.17
BANGLADESH	3102.57	4159.69	3071.13
UK	3640.00	3135.51	3582.74
DUBAI	1810.77	2269.91	1711.76
SRI LANKA	2154.71	1963.96	2023.03
ITALY	1794.58	1790.59	2228.71
BELGIUM	1659.89	1544.20	1325.51
HONGKONG	1756.89	1434.99	752.37
GERMANY	1572.17	1182.66	995.85
NEPAL	598.68	968.73	1305.63
TOGOLAND	574.02	844.52	597.77
CHINA	405.38	795.31	968.21
SAUDI ARAB	686.43	700.31	443.67
SOUTH AFRICA	321.31	577.20	559.34
ISRAEL	417.00	565.66	752.13
FRANCE	657.90	507.50	573.58
A. REP OF EGYPT	629.28	498.16	504.40
MAURITIUS	465.35	488.18	373.79
SPAIN	641.21	482.51	662.78
CANADA	482.95	437.36	446.51
TANZANIA	500.30	396.34	521.37
AUSTRALIA	296.27	315.74	255.86
RUSSIA	396.41	298.35	274.97
TAIWAN	598.17	279.37	261.12
KOREA REP.	157.63	262.99	263.54
JAPAN	119.46	219.55	255.88
TURKEY	117.50	218.50	577.28
OTHER	12711.94	14405.80	11532.00
TOTAL	46266.61	46708.62	42611.93
EXCHANGE RATE:	41.25	43.06	46.5

Note: Countrywise export figures in quantity terms is not available from CY1998.
Source: Cotton Textiles Export Promotion Council (TEXPROCIL)

Table19: Export Trade Matrix, Cotton Yarn (million rupees)

COUNTRY	CY 1998	CY 1999	CY 2000
KOREA REP.	2989.40	9905.84	9432.52
BANGLADESH	7414.25	9192.94	8604.95
HONGKONG	9998.10	7604.19	8144.67
MAURITIUS	3612.94	3826.91	3942.47
RUSSIA	2382.59	2959.49	3204.53
ITALY	4286.08	2926.07	3690.76
JAPAN	2404.86	2717.81	2814.91
TAIWAN	2680.50	2502.26	2159.47
CHINA	1852.22	2193.70	2805.00
ISRAEL	2123.82	1993.31	1724.01
A. REP OF EGYPT	2194.38	1911.07	1449.49
MALAYSIA	870.45	1557.32	1508.62
CANADA	1358.27	1440.77	1376.76
DUBAI	1354.85	1408.91	1541.02
SRI LANKA	878.94	1059.92	1244.69
BELGIUM	1179.50	874.23	981.38
BAHRAIN	149.97	796.85	373.93
GERMANY	1206.61	792.98	857.54
UK	850.36	611.77	359.63
POLAND	375.66	573.36	324.84
SINGAPORE	550.50	495.40	686.86
SPAIN	622.91	485.79	554.50
AUSTRALIA	404.86	440.00	336.85
USA	75.16	93.25	131.33
OTHER	6932.14	5940.14	7651.87
TOTAL	58749.32	64304.28	65902.60
EXCHANGE RATE:	41.25	43.06	46.50

Note: Countrywise export figures in quantity terms is not available from CY 1998.

Source: Cotton Textiles Export Promotion Council (TEXPROCIL)

Table 20: Exports of Ready-made Garments from India (millions)

ITEM		1995	1996	1997	1998	1999	2000*
COTTON	Qty. (pieces)	880	967	1061	1130	1165	1133
	Value ($)	3150	3418	3411	3761	3875	3783
SYNTHETIC	Qty.(Kgs.)	196	203	217	239	258	243
	Value ($)	1180	1177	1227	1365	1462	1368
WOOL	Qty.(Kgs.)	25	34	36	22	18	16
	Value ($)	172	167	191	143	187	149
TOTAL	Value ($)	4502	4762	4829	5269	5525	5301

Note: 2000 is Indian fiscal year 2000/01 (Apr/Mar)
*-Provisional

Source: Apparel Export Promotion Council

Table 21: Export of Non-Cotton Textiles from India (millions)

ITEM		1996	1997	1998	1999
FABRICS	Qty. (Sq.Mtrs.)	602	616	716	760
	Value ($)	481	511	479	488
YARN	Qty.(Kgs.)	76	140	143	200
	Value ($)	228	348	301	379
MADE-UPS	Value ($)	109	140	167	232
TOTAL	Value ($)	818	998	947	1099

Note: 1999 refers to Indian fiscal year 1999/00 (Apr/Mar)

Source: Synthetic and Rayon Export Promotion Council

Table 22: Import Policy, Tariffs/Duties for Cotton/Cotton Textiles for IFY 2001/02 (Apr/Mar)

Commodity Code	Description of Comm.	Policy/1	Basic Duty Rate/2	CVD Rate /3	Special Additional Duty Rate
HC 52.01	Cotton-not carded or combed	OGL	5	0	0
HC 52.02	Cotton Waste	OGL	25	0	4
HC 52.03	Cotton-carded or combed	OGL	35	0	4
HC 52.04	Cotton Sewing Thread	OGL	20	/4	4
HC 52.05	Cotton Yarn (85% or more cotton)	OGL	20	/4	4
HC 52.06	Cotton Yarn (less than 85% cotton)	OGL	20	/4	4
HC 52.07	Cotton Yarn for Retail Sale	OGL	/5	/4	4
HC 52.08	Cotton Fabric (85% or more cotton)weighing <200gm/sq.m	OGL	Mostly 35 /6	/7	0
HC 52.09	Cotton Fabric (85% or more cotton)weighing >200gm/sq.m	OGL	Mostly 35 /8	/7	0
HC 52.10	Cotton Fabric(less than 85% cotton)weighing <200gm/sq.m	OGL	Mostly 35 /9	/7	0
HC 52.11	Cotton Fabric(less than 85% cotton)weighing >200gm/sq.m	OGL	Mostly 35 /10	/7	0
HC 52.12	Other Cotton Fabric	OGL	Mostly 35 /11	/7	0

Notes:

/1 : OGL(Open General License)- No restrictions on imports.
The 2001 EXIM Policy removed the remaining restriction on imports of textile products which includes items under 5208.11-19; 5209.11-29; 5210.11-32; 5211.11-29; and 5212.11-23.

/2 : Most goods of the HC 52 get a tariff concession of 50 percent of the effective basic duty on imports from LDC members of SAPTA - Bangladesh, Nepal, Bhutan and Maldives.

/3 : CVD (Countervailing Duty) equivalent to local excise taxes + additional duties + cess

/4 : Local excise rate = 8% for items not containing synthetic fibre
= 16% for items containing synthetic fibre
Plus add additional duty on excise = 15 percent of the total excise tax
Plus add Cess under Textile Comm Act, 1963 = 0.05% of CIF Value of Good + Basic Duty

/5 : Basic Duty =25% for item containing 85% or more cotton, For Others Basic Duty = 35%.

/6: Basic Duty on 5208.41-49 ranges from rs. 9-200/sq meter or* 30 percent; On 5208.51-59 ranges from rs 14-50/sq meter or* 30 percent.

/7 : CVD equivalent to local excise taxes = 16 percent
Plus add Cess under Textile Comm Act, 1963 = 0.05% of CIF Value of Good + Basic Duty

/8 : Basic Duty on 5209.31-39 is rs. 150/kg or* 35%; 5209.41&43 is rs. 30/sq meter or* 35 percent; 5209.42 is rs. 25/sq meter or* 30 percent; 5209.49 is rs. 150/kg or 35%; and 5209.5 ranges from rs. 30-38/sq meter or* 30 percent.

/9: Basic Duty on 5210.39 is rs. 150/kg or* 35 percent; 5210.41 is rs 15/sq meter or* 30 percent; 5210.42 is rs. 25/sq meter or* 30 percent; 5210.49 is rs. 185/kg or* 30 percent; 5210.51-59 is rs. 15/sq meter or* 30 percent.

/10: Basic Duty on 5211.31-39 is rs. 150/kg or* 35 percent; 5211.41 is rs. 44/sq meter or* 30 percent; 5211.42 is rs. 18/sq meter or* 30 percent; 5211.43 is rs. 40/sq meter or* 35 percent; 5211.49 is rs. 150/kg or 35 percent; 5211.51-59 is rs. 18/sq meter or 30 percent.

/11: Basic Duty on 5212.15 is rs. 165/kg or* 35 percent; 5212.24 is rs. 20/sq meter or* 30 percent; 5212.25 is rs. 165/kg or* 35 percent.

*** - Whichever is higher**

* - Method for Computing Total Applicable Duty
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 + Additional Duty on Excise Tax = Cess
D: Special Additional Duty = SAD Rate * (A+B+C)
Total Applicable Duty = B+C+D

SECTION III: NARRATIVE ON SUPPLY, DEMAND, POLICY & MARKETING

Production

Cotton is a monsoon (kharif season, fall-harvested) crop. Sowing extends from May through September (table 4B). Planted area is largely influenced by price relationships with competing crops (paddy/fodder crops in the north; coarse grains/pulses/sugarcane in central India; and paddy/tobacco/chillies in the south). As this year's cotton prices have been firm compared with last year's, farmers realized better returns from cotton than for most other crops. Despite reports of reduced plantings in Rajasthan and Haryana due to lack of irrigation water, MY 2001/02 area is expected to increase by 5 percent to 8.5 million hectares, mainly on gains in Maharashtra and Punjab. Planting in other states is expected to be at last year's level.

MY 2000/01 cotton area declined to an estimated 8.1 million hectares in Rajasthan, Maharashtra and Andhra Pradesh due to late monsoon rains. Drought conditions in Gujarat and adjoining areas of Rajasthan, Maharashtra and Madhya Pradesh also severely tempered production despite some gains in Punjab and southern states. Arrivals through early May 2001 totaled 12.9 million bales vs. 14.6 million bales for the corresponding period last year. Additional late season arrivals from several states, summer cotton from south India and the September arrival of new crop in the North/Gujarat are expected to take MY 2000/01 production to an estimated 14.0 million bales.

ELS Cotton

Reduced plantings of DCH-32 in Karnataka and Madhya Pradesh due to unfavorable seeding conditions resulted in a sharp decline in ELS production in MY 2000/01 (table 3). Only a few local varieties, mostly grown in south India, meet the ELS classification (1-3/8 inch/35 mm length): DCH-32, Suvin, TCH-213 and MCU-5 (from some areas). Fiber quality and yield of major ELS varieties have deteriorated in recent years causing marketing problems and lower returns to growers. Although the Cotton Corporation of India and local research institutions have been working to improve the productivity of ELS parent lines, some farmers are shifting toward coarser varieties. ELS is used for the production of quality yarn, fabric and dress material for export, and for a small but growing high-end domestic market. Most ELS cotton-consuming mills are increasingly supplementing their requirements through imports. The ELS PS&D (table 3) has been revised based on information from industry and trade sources.

Production Policy

The GOI establishes minimum support prices (MSP) for cotton at the start of each marketing season. The Cotton Corporation of India (CCI), a government parastatal, is responsible for establishing the price support in all states except Maharashtra (where there is a state monopoly cotton procurement scheme). Typically, market prices remain well above the MSP, and CCI operations are generally limited to commercial purchases and sales. Futures trading in cotton, launched by the East India Cotton Association in 1998, continues to be very limited. There are various government agencies, research institutions and CCI sponsored schemes for development, production and distribution of seeds, crop surveillance, integrated pest management and extension services. A Cotton Technology Mission has been launched with an allocation of rs. 600 million ($14 million) to coordinate and support activities which improve cotton yields, reduce cultivation costs and improve quality through the upgrading and modernization of existing facilities.

The government's statutory hank-yarn policy requires that 50 percent of a mill's output of yarn meant for the domestic market be produced in hank yarn form for use in the handloom industry. Export oriented units are exempt from this obligation. In addition to ensuring an economical supply of hank yarn to the handloom sector, the government subsidizes the sale of handloom products. The Technology Up Gradation Fund (TUF), launched by the government in 1999 for modernizing the textile industry, provides a subsidy on interest paid on loans for technology up grades.

Consumption

A favorable 2001 monsoon would assist MY 2001/02 cotton consumption by ensuring improved supplies at economical prices, while boosting the purchasing power of the rural population for cotton textiles. However, cotton is increasingly being displaced by polyester staple fiber/yarns (PSF/PFY). Trade sources also attribute the shift to pressure from imports of even lower priced PSF/PFY from southeast Asia. Polyester and poly blends are popular due to their durability and ease in maintenance. Cheaper PSF/PFY have resulted in mills changing their cotton/polyester blend ratios from a 65:35 to 55:45. Consequently, growth in cotton use will likely be tempered by its displacement by PSF/PFY.

Trade

The continued decline in export prices for cotton yarn/fabric is expected to affect cotton import prospects for the MY 2001/02 season. Declining profit margins due to depressed end product prices of the export oriented textile units (EOU's) will adversely affect imports as EOUs account for the major share of cotton imports. Thus, despite lower local supplies, MY 2001/02 imports are estimated to fall to 1.5 million bales.

Import prospects for MY 2000/01 have improved following the steep decline in world cotton prices since January. Market sources report that from September 2000-April 2001 domestic mills contracted 1.5-1.6 million bales for delivery through September 2001. There has been a spurt in import contracts in recent months as world prices have dipped below domestic prices. Most of the recent contracts (March onwards) have been for US staple cotton due to its competitive prices (46-50 cents/lb. for May/July delivery) compared with other origins (48-55 cents) and domestic cotton (50-57 cents/lb.). Market sources project total imports of US cotton to reach 300,000 bales during the marketing year, mostly MOT and some quantities of SJV, in addition to 25-30 thousand bales of US Pima. Although the slowdown in export demand has tempered imports, market sources expect an additional 0.4-0.5 million bales to be contracted during the remainder of the season. Thus, total imports in MY 2000/01 are estimated to reach 2.0 million bales.

Against an export quota of 900,000 bales, MY2000/01 export registrations totaled only 73,800 bales, with actual shipments through April estimated still lower at 33,000 bales. Trade sources do not expect any additional off take of the quota due to a lack of export grade cotton. Some cotton, however, will likely be sold to Bangladeshi mills to meet their short-term requirements during the remainder of the season, taking total exports to an estimated 50,000 bales.

Based on the provisionally revised official estimates, MY 1999/00 imports have been raised to 2.05 million bales and exports to 89,000 bales.

Trade Policy

To ensure an adequate supply of raw material at reasonable prices, cotton/cotton yarn (under 40's count) exports are subject to annual quotas established by the government. There are, however, reports that the government may remove these. India has lifted quantitative restrictions on imports of all cotton and cotton textile products (ITC/HS Chapter 52) in the 2001 EX/IM policy by extending market access to the remaining 30 ITC/HS lines, mostly cotton fabric (table 22). The basic import duty is unchanged except that the surcharge on the basic duty (10%) has been removed and countervailing duties have been adjusted to the new excise duty rates.

All raw cotton export contracts must be registered and certified by the Textile Commissioner's Office. With the aim of making India a consistent supplier, the government has established (in principle) a minimum export quota of 500,000 bales, subject to the domestic supply situation. The cotton yarn export quota is monitored by the Cotton Textile Export Promotion Council (TEXPROCIL) and is distributed among exporters with 80 per cent of the quota allocated on the basis of past export performance (the remaining 20 percent on a first-come first-served basis). The following categories are not subject to quota limitations: EOUs and EPCG scheme units; exports against cotton imports under advance license; exports of processed yarns (mercerized, bleached, dyed and melange yarn); and exports of higher than 40's count to non-quota countries.

Fabric exports and made-ups to quota countries are also monitored by TEXPROCIL. Fabric exports to quota countries are based on the following formula: 55 percent on past performance entitlement; 15 percent for export manufacturers investing in imported machinery under the EPCG scheme; 5 percent for power loom manufacturers; 10 percent on past performance to non-quota countries and the balance on a first-come first-served basis. There are no restrictions on fabric exports to non-quota countries.

In an effort to promote the export of value-added cotton textiles, the GOI provides incentives. EOU's and firms importing against an advance license receive a duty drawback (zero duty for EOU's and duty discounts for others) on imports of raw materials for the export of value-added goods. Under the EPCG scheme, imports of capital goods/machinery are allowed at subsidized duty rates against export obligations (zero duty for 100% EOU). In addition, many EOUs and other exporting firms are provided exemptions from the export quota limitation. However, no direct subsidies are provided for exports of cotton and cotton textiles.

Marketing

India has a very traditional raw cotton marketing system, whereby hand-picked raw cotton is brought by farmers to the market for auction. It is procured by traders who gin, press and bale the cotton, then supplied to the mills directly or through agents. In an effort to support cotton prices, the Cotton Corporation of India and state marketing federations also operate in the market on a commercial basis. Most of the larger traders are in Mumbai with local offices/agents in major cotton producing and consuming centers. Most mills import cotton through the Mumbai-based traders though some of them are exploring possibilities for direct import. Although cotton/cotton textile exporters must register with relevant authorities, government involvement is limited to quota allocation and monitoring.