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Cotton and Products

Annual

2007

Approved by:
Oliver Flake
U.S. Embassy, New Delhi

Prepared by:
Santosh Singh

Report Highlights:
Post forecasts MY 2007/08 cotton production to increase to 22.3 million U.S. bales (4.8 million tons) on expected higher planted area and yields. If realized, it would be an unprecedented fifth consecutive record cotton crop. Bt cotton coverage is expected to increase to 70 percent of the forecast cotton planted area. Consumption is forecast to increase to 20.4 million bales (4.4 million tons) on strong domestic demand for cotton textiles. Exports are forecast at 3.9 million bales (0.9 million tons), and imports at 400,000 bales (87,000 tons).

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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SECTION I: SITUATION AND OUTLOOK

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

Country	India								
Commodity	Cotton						(HECTARES) 1000 480 lb. Bales (PERCENT)(KG/HA)		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		08/2005	08/2005		08/2006	08/2006		08/2007	08/2007
Area Planted	0	8873	8873	0	9250	9166	0	0	9500
Area Harvested	8873	8873	8873	9250	9250	9166	0	0	9500
Beginning Stocks	8764	8764	8764	8264	8264	8264	7114	7054	7200
Production	19050	19050	19050	21500	21000	21080	0	0	22250
Imports	400	400	400	350	390	390	0	0	400
MY Imports from U.S.	0	0	118	0	0	110	0	0	150
Total Supply	28214	28214	28214	30114	29654	29734	7114	7054	29850
Exports	3450	3450	3450	4500	4300	4034	0	0	3900
Use	16500	15267	15267	18500	16973	17100	0	0	18900
Loss	0	1233	1233	0	1327	1400	0	0	1500
Total Dom. Cons.	16500	16500	16500	18500	18300	18500	0	0	20400
Ending Stocks	8264	8264	8264	7114	7054	7200	0	0	5550
Total Distribution	28214	28214	28214	30114	29654	29734	0	0	29850
Stock to Use %	41.42	44.15	44.15	30.93	33.16	34.07	0	0	24.34
Yield	467	467	467	506	494	501	0	0	510

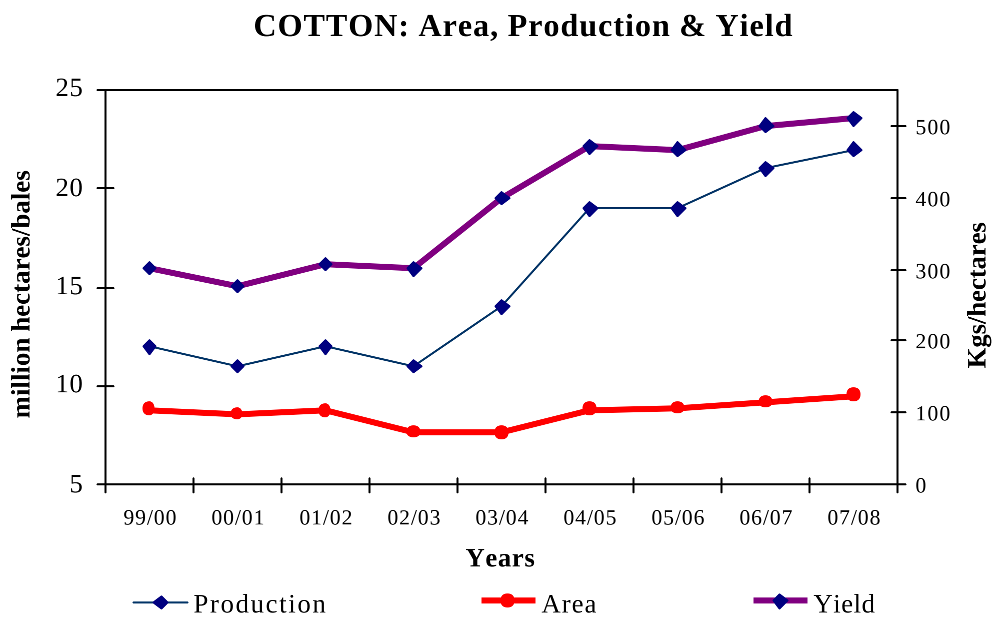
Note: Production figures in the table include 937,000 bales of loose cotton.

Production

India's MY 2007/08 cotton production is forecast to increase to 22.3 million bales (4.8 million tons) on expected increased planting and higher yields. This would be an unprecedented fifth consecutive record cotton crop. Cotton area is forecast to increase to a record 9.5 million hectares in response to firm cotton prices (Table 5) and good yields for this year's crop. Expected increased coverage of Bt cotton hybrid varieties should support higher cotton yields, assuming the 2007 monsoon is normal.

Cotton, a predominantly monsoon-season crop, is planted from the end of April through September, and harvested in the fall and winter (Table 4B). 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). Relatively higher cotton prices in MY 2006/07 coupled with record yields in most growing states resulted in higher net returns from cotton compared to the competing crops. Consequently, cotton planting is expected to expand in MY 2007/08 to a record 9.5 million hectares[1], assuming normal weather at planting time.

Post's MY 2006/07 production estimate is revised marginally upward to 21.1 million bales (4.6 million tons) based on the latest estimate on cotton market arrivals[2]. Area is revised marginally lower to 9.17 million hectares based on the latest official estimates. Yield is estimated at a record 501 kg/hectare due to favorable growing conditions in most states, a higher share of Bt hybrids and other high-yielding hybrids, and better crop management practices.



India's cotton production has almost doubled from 10.6 million bales in MY 2002/03 to 21.1 million bales in MY 2006/07. Riding on the expectation of the continued current growth trend, the government has set up an ambitious production target of 28.1 million bales (6.1 million tons) by 2010[3]. Most of the recent production growth has been attributed to rapid adoption of Bt cotton hybrids, which is expected to peak in the next few years. With a limited scope of expansion in cotton area, production growth is expected to slow down in the next few years. Although potential exists for a further increase in yields, cotton farmers will have to invest more in production technologies for improved management of irrigation, nutrient and pests and diseases, i.e., move towards precision farming.

Bt Cotton

India's Bt cotton coverage has galloped to 5.8 million hectares in 2006/07 since it was first approved in 2002. Approximately 2.3 million out of an estimated 5.0 million cotton farmers planted Bt cotton in MY 2006/07. Various empirical studies report significant benefits to farmers from Bt cotton by way of an increase in yields (30-45%) and reduction in the

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[1] Previous record was 9.3 million hectares in MY 1998/99

[2] India's cotton market arrivals, through May 5, 2007, are estimated at 19.8 million bales, vis-à-vis 17.1 million bales for the comparable period last year. Market sources expect subsequent arrivals to taper off faster than last year on heavy early season arrival.

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

number of pesticide sprays (2-3 sprays)[4]. Seed companies were forced to lower pries for Bt cotton seed considerably (Rs. 750 per packet with 450 gm Bt seeds and 150 gm non-Bt seeds) compared to previous years (Rs. 1650 to 1250 per packet). This would support increased Bt cotton planting in the upcoming season. Bt cotton planting in MY 2007/08 is forecast to increase to 6.6 million hectares, nearly 70 percent of expected cotton area. Industry sources expect Bt cotton area to stabilize around 80 percent of cotton area in the next two to three years.

Progress of *Bt cotton* in India (Area in thousand hectares)

	2002/03	2003/04	2004/05	2005/06	2006/07 (Provisional)	2007/08 (Forecast)
Area Under Approved Bt Hybrids	28	90	500	1300	3800	4800
Area Under Illegal Bt Cotton	30	120	600	1200	2000	1800
Total	58	210	1100	1500	5800	6600

Source: Market sources.

In May 2006, the Monopolies and Restrictive Trade Policy Commission (MRTPC) issued a ruling on an application filed by the Andhra Pradesh state government directing Monsanto Mahyco Biotech Ltd (MMBL), a local joint venture of Monsanto, to review their Bt cotton seed pricing policy and lower Bt cotton seed to a reasonable level. The Andhra Pradesh government issued orders to all Bt cotton seed companies to not charge more than Rs. 750 per packet of Bt seeds. Subsequently, most other cotton growing states also issued similar orders. The case was contested in the Supreme Court and is now awaiting judgment. Meanwhile, local seed companies must sell Bt cotton seed at around the ceiling price of Rs. 750 per packet. However, the new Bollgard II Bt cotton varieties have been exempted from the price control.

Approval of Bt Events and Hybrids for Commercial Cultivation

Year	Events	No. of Hybrid Varieties
2002/03	MMBL's Bollgard I	Three
2003/04	MMBL's Bollgard I	Three
2004/05	MMBL's Bollgard I	Four
2005/06	MMBL's Bollgard I	Twenty
2006/07	MMBL's Bollgard I & II; JK Seed's Event 1, and Nath Seeds GFM Event	Sixty Two

Since the first approval of one event and three hybrid varieties of *Bt cotton* in MY 2002/03, the GOI has approved four events and 62 hybrids for commercial cultivation in different agro-climatic regions. In September 2006, the Supreme Court directed the government not to approve any new genetically modified (GM) crop field trials or varieties based on a public interest litigation filed by a few environmentalists who raised safety concerns about the GM crop approval process. The government filed an application for removal of the ban. On May 8, 2007, the Supreme Court permitted the approval of Bt cotton varieties of the four already approved Bt events. Industry sources report that the Supreme Court ruling will pave the way for approval of about 16 new Bt cotton hybrids during the upcoming season.

[4] James Clive, "Global Status of Commercialized Biotech/GM Crops: 2006", ISAA Brief 35 http://isaaa.org

In addition to the approved varieties, there are over fifty *Bt cotton* hybrids, illegally bred and marketed by farmers and seed companies, which are available at cheaper rates vis-à-vis approved hybrids. Due to the recent significant reduction in approved Bt seed prices, wider choice of approved Bt hybrids, and growing awareness about the reliability and benefits of approved Bt seeds, cotton farmers are expected to gradually shift from unapproved Bt seeds to approved Bt cotton seeds.

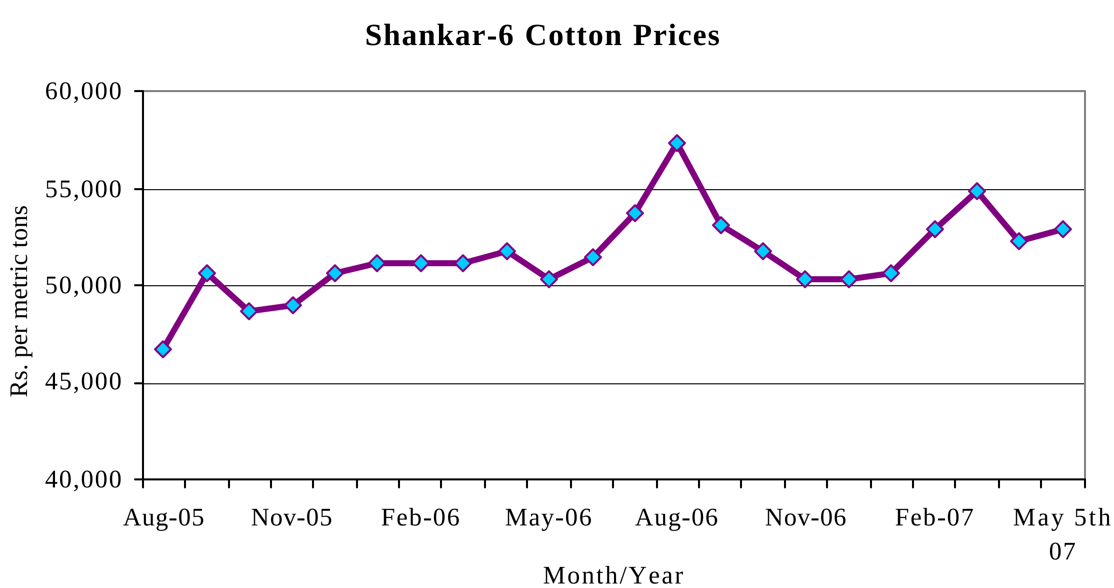
Consumption and Stocks

Cotton consumption in MY 2007/08 is forecast to increase by over 10 percent to 20.4 million bales (4.4 million tons) due to expected low cotton prices and continued strong domestic and export demand for textiles. Ending stocks are forecast to decline to 5.6 million bales, sufficient for about three months consumption requirement. Post's MY 2006/07 consumption estimate is revised marginally upward to 18.5 million bales (4.0 million tons) based on the latest official consumption figures available for the period August 2006 through January 2007 (Table 4). MY 2006/07 ending stocks are revised higher to 7.2 million bales.

India's cotton consumption has been showing double-digit growth over the last three years on strong domestic and export demand. Based on the current pace of investment in the textile industry, continued strong growth in the economy, and an expanding middle class, industry sources expect 10-12 percent annual growth in cotton consumption in the next five to six years. Cotton's share in the textile industry's total fiber use (Table 13) has increased over the last few years on comfortable domestic supplies and relatively lower prices vis-à-vis man-made fiber/yarn (Table 14). Cotton's share in total fiber use is estimated to increase to 59 percent in Indian fiscal year (IFY) 2006/07 (April/March). Mills are increasingly shifting their cotton/polyester blends in favor of cotton. Poly-cotton blends are popular in India due to their durability and ease of maintenance under tropical conditions. Future growth in cotton usage is likely to be determined by the relative prices of cotton vis-à-vis MMFs.

Prices

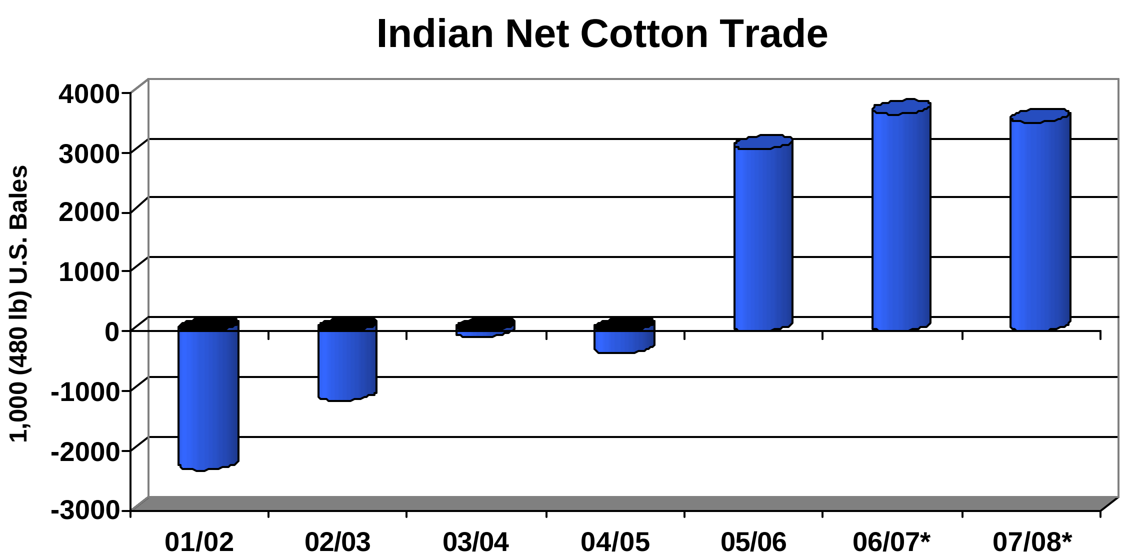
Despite sufficient domestic supplies, cotton prices during MY 2006/07 were higher than last year's because of strong international cotton prices (Table 6).



Prices are expected to ease in MY 2007/08 on sufficient carryover stocks and forecast record production, but may firm up in the later half of the season as stocks decline. However, international cotton price movement will significantly affect the domestic prices.

Trade

India has emerged as one of the top five global exporters of cotton since MY 2005/06. Cotton exports in MY 2007/08 are forecast lower at 3.9 million bales (850,000 tons) as the strong Indian Rupee against the U.S. dollar could adversely affect export prospects despite sufficient supplies. MY 2006/07 imports are forecast at 400,000 bales (87,000 tons), consisting largely of extra long staple (ELS) and longer staple specialty cotton. However, the relative price of local cotton vis-à-vis world cotton and the value of Indian rupee vis-à-vis U.S. dollar could temper these forecast trade volumes.



Post's MY 2006/07 exports have been lowered to 4.0 million bales (878,000 tons) based on information from trade sources[5]. The strong appreciation of the Indian rupee vis-à-vis U.S. dollars [6] over the last two to three months negatively impacted export prospects as new contracts have stalled over the last six weeks. Some exporters are settling their export contracts and selling the export consignments in the domestic market. Despite recent softening of domestic prices, local spot prices are 6 to 10 percent higher than international quotes. Market sources report that nearly 3.9 million bales have been contracted for export up through April 2007 (delivery by May/June), of which 3.5 million bales have already been shipped. Major export destinations were China (60 percent), Pakistan (10-12 percent), Bangladesh (8-10 percent), Turkey, and Far Eastern countries. Most exports have been of 28-30 mm staple cotton varieties at prices ranging from 51 to 58 cents per lb. FOB Indian port. With only limited additional exports to neighboring countries anticipated in coming months, MY 2006/07 exports are expected to reach 4.0 million bales.

[5] Official export figures are available for only five months of the MY 2006/07, i.e., August –December 2006 (see table 6).
[6] Value of Indian Rupee vis-à-vis U.S.$ gained from 1 U.S.$ = Rs. 44.00 in early February to the current level of 1 U.S.$ = Rs. 40.5.

Post's MY 2005/06 import estimate remains unchanged at 390,000 bales, mostly ELS and higher quality long staple cotton from the United States, Egypt, and the CIS. Some south India based mills have also imported small quantities of upland cotton from the U.S. and West Africa.

Cotton Textile Industry

India has emerged as a significant player in the world textile economy being the second largest producer of textile and garments after China. The textile industry accounts for 17 percent of the country's export earnings, 14 percent of industrial production, and 21 percent of employment. All textile sectors (yarn, weaving, and finished products) are earning good profits, and most of the industry players are investing heavily in modern equipment and expansion of capacities post MFA (January 2005). Industry sources estimate that the textile sector has attracted an investment of about 12.1 billion U.S. dollars during January 2005 through March 2007.

Fueled by abundant cotton supplies and strong domestic and export demand for textiles, cotton textile production in IFY 2006/07 (Tables 8-12) witnessed buoyant growth of 10-12 percent. Production in IFY 2006/07 is forecast to grow by 10 percent on expected bumper cotton production and the continued growth in domestic demand for textiles. Domestic demand for textiles is expected to grow by about ten percent on continued strong growth in the economy[7], an expanding working population[8], and the ongoing retail revolution[9]. Export demand for Indian textiles has shown double-digit growth under the post-MFA regime (January 2005 onwards); this will likely continue at least over the next few years provided the Indian rupee stabilizes.

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.

Cotton textile exports in the first six months of IFY 2006/07 increased by over 10 percent over the corresponding period of IFY 2005/06 (Table 16). Market sources report stronger growth in textile exports during the remaining six months of the fiscal year. However, the recent strong rally in the value of Indian rupee will have a negative impact on cotton textile export prospects for IFY 2007/08.

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. Leading textile groups are making significant investments in modern equipment and in further integration in the post MFA-era (after January 2005).

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[7] India's economy grew at 9.2 percent in IFY 2006/07 and is expected to grow at 8-9 percent in IFY 2007/08.

[8] India's population growth estimated at 1.8 percent per annum with working population accounting for 60 percent of the total population.

[9] Organized retail sector growing at 25-30 percent annum with the current share of 2 percent of the total retail market expected to increase to 10 percent by 2010. The textiles and clothing accounts for about 40 percent of organized retail industry.

Extra Long Staple Cotton

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

Units : 480 lbs bales	2004/05	2005/06	2006/07	2007/08
	(Final)	(Revised)	(Revised)	(Forecast)
Beginning Stocks	4900	66900	59400	51450
Production	156000	140500	156000	140500
Imports	273000	250000	265500	296700
Total Supply	433900	457400	480900	488650
Exports	0	0	0	0
Domestic Consumption	367000	398000	429450	445000
Ending Stocks	66900	59400	51450	43650
Total Distribution	433900	457400	480900	488650

Source: Trade sources.

Extra long staple (ELS) cotton production in MY 2007/08 is forecast lower at 140,500 bales on expected lower planting of DCH 32 (the local ELS variety) due to depressed prices during the current season. ELS cotton farmers are increasingly shifting to long staple varieties such as Bunny and Brahma (30-34 mm). Only a few Indian cotton varieties (DCH-32, TCH-213, and Suvin), grown mostly in southern India, 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 shifting to long staple (30-34 mm) varieties like Bunny and Brahma, which have higher yields and fewer quality problems. Local mills use the long staple varieties for blending with imported ELS cotton for production of quality yarn and fabric. Efforts to improve the productivity of ELS parent lines have been met with limited success.

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. India's MY 2007/08 ELS cotton consumption is forecast to increase to 445,000 bales on growing domestic demand. Most of the consumption requirement will be met through imports, which are forecast to increase to 296,700 bales.

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 government organization, is responsible for price support operations in all states. Typically, market prices remain well above the MSP. MSP operations in MY 2006/07 were minimal as market prices were higher than the MSP in most purchase centers. Futures trading in cotton, launched by the East India Cotton Association in 1998, have not gained enough volume to affect the market.

There are several government agencies and research institutions in addition to the CCI that are engaged in cotton development, seed distribution, crop surveillance, integrated pest management, and extension activities. In 1999, the government launched the Technology Mission on Cotton (TMC) to improve the availability of quality cotton at reasonable prices. The TMC focuses on bringing about all round improvement in the production, productivity and quality of cotton through research, transfer of technology and improvement in the marketing and raw cotton processing. TMC has so far sanctioned about $345 million for several projects, mostly for modernization of market yards and ginning units.

The government also launched the Technology Upgradation Fund (TUF) in 1999 that provides an interest subsidy on loans intended to modernize the textile industry. The total cost of the projects sanctioned under TUF so far is estimated at $16 billion, of which about 33 percent was invested in composite units, 29 percent in spinning units, 11 percent in weaving, and about 10 percent in processing. Recently, the government has also launched a Scheme for Integrated Textile Parks to provide the textile industry with world-class infrastructure facilities. The government has so far approved about 26 parks attracting an investment of $2.93 billion, including $1 billion in foreign direct investments.

Trade Policy

In the 2007 Indian budget, the GOI lowered the peak tariff levels on most non-agricultural products, including cotton textile products, from 12.5 percent to 10 percent (see Table 21). The basic import duty on raw cotton remained unchanged at 10 percent.

The GOI does not provide any direct export subsidies for raw cotton. With the expiration of the MFA in January 2005, 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 get 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). No direct subsidies are provided for the export of cotton textiles.

Competition/Marketing

India should be in the cotton export market for at least the next three to four years, until domestic consumption catches up with the production. Most exports are expected to be of medium-to-long staple cotton (25 to 32 mm length) to neighboring countries, China, and various Far East destinations. Post expects India to continue to import ELS and quality long staple cotton (28-34 mm), with occasional imports of medium staple cotton 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. However, U.S. cotton prices will have to remain competitive to offset the freight advantage and shorter delivery periods enjoyed by neighboring suppliers like Egypt, West Africa, the Commonwealth of Independent States (CIS), and Australia.

SECTION II: Statistical Tables

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

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

STATE		2001/02	2002/03	Final 2003/04	Revised 2004/05	Estimated 2005/06	Estimated 2006/07	Forecast 2007/08
Maharashtra	Area	2980	2800	2766	2840	2889	3125	3200
	Production	2674	2030	2420	4060	2811	3904	4294
	Yield	195	158	191	311	212	272	292
Gujarat	Area	1687	1634	1647	1906	2077	2390	2400
	Production	2538	2381	3904	5700	6949	7574	7652
	Yield	328	317	516	651	728	690	694
Madhya Pradesh	Area	623	545	591	576	600	630	630
	Production	1562	1405	1534	1249	1405	1405	1405
	Yield	546	561	565	472	510	486	486
Punjab	Area	600	449	452	509	557	588	620
	Production	722	586	808	1288	1562	1874	2030
	Yield	262	284	389	551	610	694	713
Haryana	Area	610	519	526	621	583	535	580
	Production	429	683	898	1210	1015	1132	1327
	Yield	153	287	372	424	379	461	498
Rajasthan	Area	347	386	344	438	472	350	400
	Production	547	390	714	859	859	703	859
	Yield	343	220	452	427	396	437	468
Andhra Pradesh	Area	1002	803	837	1178	1037	965	1000
	Production	2089	1542	2139	2538	2499	2655	2733
	Yield	454	418	557	469	525	599	595
Karnataka	Area	591	393	313	521	450	370	450
	Production	547	390	328	625	508	468	547
	Yield	201	216	228	261	246	276	264
Tamil Nadu	Area	200	85	103	129	136	135	140
	Production	390	234	293	429	429	351	390
	Yield	425	600	619	725	688	567	607
Others	Area	90	53	51	68	72	78	80
	Production	59	78	78	78	78	78	78
	Yield	142	321	333	250	236	218	213
Loose	Production	781	898	859	937	937	937	937
All-India	Area	8730	7667	7630	8786	8873	9166	9500
	Production	12337	10619	13976	18973	19051	21081	22253
	Yield	308	302	399	470	467	501	510

Note: State-wise break-up of loose cotton 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	2004/05	2005/06	2006/07
Aug	1.096	1.350	1.402
Sept	1.068	1.186	1.400
Oct	1.109	1.206	1.353
Nov	1.071	1.178	1.391
Dec	1.186	1.277	1.444
Jan	1.129	1.281	1.423
Feb	1.095	1.190	
Mar	1.184	1.342	
Apr	1.170	1.277	
May	1.206	1.312	
Jun	1.192	1.309	
Jul	1.218	1.360	
TOTAL	13.726	15.267	8.412

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	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)
2005/06						
Aug	35150	43030	43870	46680	56240	89430
Sep	35150	41620	44430	50620	53990	88580
Oct	36840	41900	46400	48650	53990	88580
Nov	40490	42740	47520	48930	57930	109670
Dec	39370	44150	47810	50620	63270	126540
Jan	37400	42460	47520	51180	62990	122330
Feb	36560	42740	46680	51180	62990	112490
Mar	35430	42460	46960	51180	61860	116700
Apr	39090	46400	47800	51740	61860	118100
May	37400	44990	45270	50330	58210	118100
Jun	39090	47240	47240	51460	57360	118100
July	41620	47800	50620	53710	57650	112480
Average	37799	43961	46843	50523	59028	110092
2006/07						
Aug	41620	48930	52020	57360	60180	111070
Sep	41900	45830	50050	53150	59610	108260
Oct	41340	44990	48930	51740	58490	97010
Nov	40770	43310	48090	50330	73110	90000
Dec	39930	43590	47800	50330	73110	90000
Jan	37680	43300	48650	50620	58490	90000
Feb	41060	48090	51740	52870	61300	92800
Mar	41060	51740	53430	54830	62430	92800
Apr	41340	50330	51740	52300	61860	89980
5-May	41340	50330	52020	52870	61860	89980

Source: East India Cotton Association (EICA), Mumbai.

Table 6: Commodity, Cotton, Import Trade Matrix

Country	**India**		
Commodity	**Cotton**		
Time Period	**Aug-Jul**	**Units:**	**480 lb bales**
Imports for:	**2005**		**2006**
U.S.	118180	U.S.	18800
Others		Others	
Egypt	85543	Bangladesh	34050
Bangladesh	48250	Egypt	14900
Turkmenistan	26550	Sudan	7960
Sudan	25000	Turkmenistan	4285
Israel	11000	Indonesia	4300
Tanzania	10200	Tanzania	2420
Nigeria	10100	Israel	1550
Indonesia	9180		
Total for Others	225823		69465
Others not Listed	58120		28100
Grand Total	402123		116365

Note: 1. MY 2006 data are August to Dec 2006.
2. Figures include non-spinnable cotton waste not included in the PS&D.

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

Table 7: Commodity, Cotton, Export Trade Matrix

Country	**India**		
Commodity	**Cotton**		
Time Period	**Aug-Jul**	**Units:**	**480 lb bales**
Exports for:	**2005**		**2006**
U.S.	308	U.S.	92
Others		Others	
China	2167425	China	612746
Pakistan	255812	Pakistan	221434
Bangladesh	180424	Indonesia	77758
Hongkong	180166	Vietnam	69844
Indonesia	148930	Turkey	69027
Taiwan	119600	Thailand	68200
Vietnam	114639	Bangladesh	59085
Thailand	109546	Taiwan	47735
Mauritius	36854	Hong Kong	45250
Turkey	32090		
Total for Others	3345486		1271079
Others not Listed	132180		39100
Grand Total	3477974		1310271

Note: 1. MY 2006 data are August to Dec 2006.
2. Figures include non-spinnable cotton waste not included in the PS&D.

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

Table 8: Growth of the Indian Textile Industry

Item|Year *	1991/92	1995/96	2000/01	2003/04	2004/05	2005/06	2006/07 (P)
Organised Mills @							
Spinning	846	1294	1565	1564	1566	1570	1608
Composite	271	275	281	223	223	210	200
Exclusive Weaving	na	172	203	206	202	204	204
Small Scale Spinning Units	na	750	996	1135	1161	1173	1236
Power Loom Units ('000s)	na	326	374	413	426	434	438
Spindles (millions)@	27.82	31.75	37.91	37.03	37.46	37.51	39.5
Rotors ('000s)@	113	226	454	482	500	520	601
Looms ('000s)@	169	148	140	105	103	92	88
Power Loom ('000s) @	na	1365	1662	1837	1903	1944	1968
Hand Loom ('000s) @	na	3891	3891	3891	3891	NA	NA
Spun Yarn Prod (mil kg)							
Cotton Yarn	1450	1894	2267	2121	2272	2521	2835
Other Spun Yarn	356	591	893	931	951	937	995
Man-made Filament Yarn	na	493	920	1118	1109	1179	1370
Man-made Fibre (mil kg)	342.1	498.4	904.3	953.3	1022.6	968.1	1102.5
Fabric Production (mil sq m)							
Cotton	14647	18900	19718	18040	20655	23873	26130
Blended	2712	4025	6351	6068	6032	6298	6850
100% non-cotton (inc Khadi/wool/silk)	5229	9033	14187	18275	18691	19410	21180

Notes: *- Refers to Indian fiscal Year April/March.
@- As at end of the Indian fiscal year (31st March).
NA- not available.
P- provisional estimate.

Source: The Textile Commissioner's Office, GOI.

Table 9: Production of Spun Yarn
(Fiber-Wise, Million kg)

Year/1	COTTON	BLENDED	100% NON-COTTON	TOTAL
1995	1894	395	196	2485
1996	2148	484	162	2794
1997	2213	583	177	2973
1998	2022	595	191	2808
1999	2204	621	221	3046
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 (P)	2835	640	355	3830

Notes: /1: Year 2006 refers to Indian fiscal year 2006/07 (April-March)
(P): Provisional estimate.

Source: The Textile Commissioner's Office, GOI

Table 10: Production of Manmade Fiber
(Million Kg.)

Year / 1	Viscose	Acrylic	Polyester	Poly-Propylene	TOTAL
1995	194	74	228	1.9	498.4
1996	179	83	325	1.9	588.2
1997	188	79	439	2.0	708.4
1998	178	79	523	1.9	781.7
1999	202	79	551	2.1	835.0
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 (P)	245	99	755	3.5	1102.5

Notes: /1: Year 2006 refers to Indian fiscal year 2006/07 (April-March)
(P): Provisional estimate.

Source: The Textile Commissioner's Office, GOI

Table 11: 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	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 (P)	54	1270	33	14	1370

Notes: /1: Year 2006 refers to Indian fiscal year 2006/07 (April-March)
(P): Provisional estimate.

Source: The Textile Commissioner's Office, GOI

Table 12: Production of Fabric
(Fiber-wise, Square Meters)

Year /1	COTTON	BLENDED	KHADI / WOOL / SILK	100% NON-COTTON	TOTAL
1995	18900	4025	498	8535	31958
1996	19841	4888	540	9569	34838
1997	19992	5751	545	11153	37441
1998	17948	5700	559	11895	36102
1999	18989	5913	575	13725	39202
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 (P)	26130	6850	770	20400	54150

Notes: /1: Year 2006 refers to Indian fiscal year 2006/07 (April-March)
(P): Provisional estimate.

Source: The Textile Commissioner's Office, GOI

Table 13: Consumption of Major Fibers/Yarns by the Textile Industry
(Million Kgs)

Year/1	Cotton	Cotton	Man-made Fibre	Man-made Filament	Total
	Qty	% Share	Qty	Qty	Qty/2
1995	2295	66.6	557	488	3446
1996	2566	65.6	646	581	3913
1997	2719	62.8	770	722	4337
1998	2485	58.9	783	821	4221
1999	2652	58.6	840	899	4528
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 (P)	3588	59.0	1040	1305	6083

Notes: /1: Year 2006 refers to Indian fiscal year 2006/07 (April-March)
/2: Total Yarn includes small quantity of other natural yarns like silk, wool, etc.
(P): Provisional estimate.

Source: The Textile Commissioner's Office, GOI

Table 14: Prices of Raw Cotton and Other Fibers
(Rupees/Kg)

Period	Raw Cotton Fibre	Viscose Staple Fibre	Polyester Staple Fibre	Acrylic Staple Fibre
	(wtd avg)	(avg)	(avg)	(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	78.14	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

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

Source: The Textile Commissioner's Office, GOI.

Table 15: 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	15.1	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	14.2	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	15.4	4.3	36.1
2006 (P)	-	-	-	38.6

Notes: /1: Year 2006 refers to Indian fiscal year 2006/07 (April-March)
(P) – Provisional estimate; fabric-wise breakup is not available.

Source: The Textile Commissioner's Office, GOI.

Table 16: India's Exports of Textile Items
(Million US$)

Item	2001	2002	2003	2004	2005	2006*	2005*
Cotton Textiles (Yarn/Fabric/Madeups)	2,885	3,210	3,504	3,642	4,077	2,142	1,961.3
Man-made Textiles (Yarn/Fabric/Madeups)	1,027	1,354	1,621	1,741	1,772	1,090	924.3
Wool Textiles (Yarn/Fabric/Madeups)	49	50	58	70	87	43	45.0
Silk Textiles (Yarn/Fabric/Madeups)	261	294	358	391	411	209	212.6
Other Textiles (Yarn/Fabric/Made-up)	428	421	563	728	845	292	329
Ready-made Garments (Cotton/MMF/Silk/Wools/etc)	5,025	5,753	6,260	6,587	8,643	4,457	4,021.5
Other Textile Items (Carpets, floor covering, etc)	680	719	861	954	1,289	670	591.1
Total	10,355	11,802	13,225	14,113	17,125	8,903	8,084.6

Notes: /1: Year 2006 refers to Indian fiscal year 2006/07 (April-March)
2006* refers to the period of April-September 2006, i.e., first 6 months of IFY 2006/07
2005* refers to the period of April-September 2006, i.e., first 6 months of IFY 2005/06

Source: 1. DGCIS, GOI.
2. The Textile Commissioner's Office, GOI.

Table 17: Exports of Ready-made Garments from India
(Million US$)

Item	2001	2002	2003	2004	2005	2006*	2005*
Cotton	3678	4456	4752	5014	6480	3362	2948
Man-made	784	742	795	768	1086	540	542
Silk	152	138	124	139	196	89	90
Wool	238	219	286	354	371	196	210
Others	173	198	303	312	509	270	233
TOTAL	5025	5753	6260	6587	8643	4457	4022

Notes: /1: Year 2006 refers to Indian fiscal year 2006/07 (April-March)
2006* refers to the period of April-September 2006, i.e., first 6 months of IFY 2006/07
2005* refers to the period of April-September 2006, i.e., first 6 months of IFY 2005/06

Source: 1. DGCIS, GOI.
2. The Textile Commissioner's Office, GOI.

Table 18: Commodity, Export Trade Matrix, Cotton Yarn
(Metric Tons)

Country	2004	2005	2006*	2005*
USA	1,700	9,050	6,900	3,140
Others				
Korea Rp	57,050	79,910	38,500	31,240
Bangladesh	55,790	74,510	36,070	24,760
Egypt A Rp	20,310	30,900	17,260	12,860
China P Rp	21,710	45,400	24,990	12,640
Hong Kong	29,940	29,180	11,420	11,180
Italy	16,990	26,930	13,480	10,340
Israel	10,440	16,640	8,230	7,600
Mauritius	21,530	16,070	12,180	7,330
Turkey	9,360	13,250	6,070	6,810
Sri Lanka	9,260	15,000	7,750	5,750
Chinese Taipei	14,200	12,260	5,380	5,580
Portugal	8,050	14,090	10,920	5,410
Japan	12,370	12,650	7,520	4,890
Malaysia	7,530	8,210	4,410	4,460
German F Rep	6,610	10,050	6,120	3,650
Canada	7,750	7,120	2,930	3,490
Spain	6,450	9,650	6,860	3,100
U.A.E.	6,910	6,550	3,590	2,850
Bahrain Is.	4,900	4,570	0	0
Belgium	5,080	5,960	3,830	1,880
Korea Dp Rp	0	0	0	0
Others	84,890	108,060	69,290	44,680
Total	408,840	545,480	299,870	211,760

Notes: /1: Year 2006 refers to Indian fiscal year 2006/07 (April-March)
2006* refers to the period of April-September 2006, i.e., first 6 months of IFY 2006/07
2005* refers to the period of April-September 2006, i.e., first 6 months of IFY 2005/06

Source: 1. DGCIS, GOI.
2. The Cotton Textile Export Promotion Council, GOI

Table 19: Export Trade Matrix, Cotton Fabrics
(Metric Tons)

Country	2004	2005	2006*	2005*
USA	53,820	62,030	32,790	25,660
Others				
UAE	46,690	57,810	21,980	25,560
Bangladesh	49,010	43,900	22,500	19,570
Sri Lanka	34,940	46,560	18,680	16,030
Italy	24,610	26,490	16,140	10,930
UK	23,020	22,400	13,690	9,090
Turkey	16,720	15,050	7,310	8,030
Benin	18,130	18,430	8,400	7,960
Togo	18,420	17,470	8,560	7,830
German F. Rp	15,270	16,090	9,240	7,040
Niger	42,230	14,460	0	0
Belgium	10,850	14,810	8,200	6,380
Nepal	14,650	11,010	6,640	5,750
Spain	12,320	11,250	7,140	4,960
Hong Kong	7,700	10,170	3,790	4,120
France	7,390	7,400	4,610	3,540
South Africa	3,650	5,420	2,920	2,400
China P Rp	4,920	7,820	1,800	1,740
Nigeria	0	0	0	0
Ivory Coast	0	0	0	0
Others	239,760	268,330	165,760	123,110
Total	644,100	676,900	360,150	289,700

Notes: /1: Year 2006 refers to Indian fiscal year 2006/07 (April-March)
2006* refers to the period of April-September 2006, i.e., first 6 months of IFY 2006/07
2005* refers to the period of April-September 2006, i.e., first 6 months of IFY 2005/06

Source: 1. DGCIS, GOI.
2. The Cotton Textile Export Promotion Council, GOI

Table 20: Export Trade Matrix, Cotton Madeups
(Metric Tons)

Country	2004	2005	2006*	2005*
USA	229,570	353,240	237,320	138,190
Others				
UK	53,460	66,740	36,430	29,390
German F Rp	52,580	63,510	26,820	28,130
France	33,120	45,210	21,470	20,010
Italy	30,810	40,890	19,960	19,350
Netherland	15,700	25,840	10,990	12,640
Spain	17,350	28,580	12,410	11,730
UAE	19,810	25,700	13,700	10,160
South Africa	15,710	21,250	17,230	9,710
Japan	19,280	23,820	10,210	9,670
Canada	16,880	22,530	11,870	8,580
Sweden	15,860	20,930	11,330	8,380
Australia	17,260	18,990	11,040	7,990
Belgium	13,170	17,880	8,660	7,650
Denmark	8,160	11,530	4,760	4,920
Portugal	3,150	5,460	2,760	2,370
Israel	3,140	3,720	1,520	1,370
Korea Rp	1,630	2,760	1,840	1,060
Others	103,360	135,400	79,080	61,700
Total	670,000	933,980	539,400	393,000

Notes: /1: Year 2006 refers to Indian fiscal year 2006/07 (April-March)
2006* refers to the period of April-September 2006, i.e., first 6 months of IFY 2006/07
2005* refers to the period of April-September 2006, i.e., first 6 months of IFY 2005/06

Source: 1. DGCIS, GOI.
2. The Cotton Textile Export Promotion Council, GOI

Table 21: Existing Import Policy & Tariffs/Duties for Cotton/Cotton Textiles

Commodity Code	Description of Comm.	Policy/1	Basic Duty	CVD	Education	Special	Total Duty
			Rate/2	Rate/3	Cess /4	CVD /5	/6
HC 52.01	Cotton-not carded or combed	OGL	10	0	3	4	14.712
HC 52.02	Cotton Waste	OGL	15	0	3	4	20.068
HC 52.03	Cotton-carded or combed	OGL	30	0	3	4	36.136
HC 52.04	Cotton Sewing Thread	OGL	10	/3	3	4	/6
HC 52.05	Cotton Yarn (85% or more cotton)	OGL	10	/3	3	4	/6
HC 52.06	Cotton Yarn (less than 85% cotton)	OGL	10	/3	3	4	/6
HC 52.07	Cotton Yarn for Retail Sale	OGL	10	/3	3	4	/6
HC 52.08	Cotton Fabric (85% or more cotton) Weighing <200gm/sq.m	OGL	Mostly 10 /7	/3	/4	0	/6
HC 52.09	Cotton Fabric (85% or more cotton) weighing >200gm/sq.m	OGL	Mostly 10 /8	/3	/4	0	/6
					/4		
HC 52.10	Cotton Fabric(less than 85% cotton) weighing <200gm/sq.m	OGL	Mostly 10 /9	/3	/4	0	/6
					/4		
HC 52.11	Cotton Fabric(less than 85% cotton) weighing >200gm/sq.m	OGL	Mostly 10 /10	/3	/4	0	/6
					/4		
HC 52.12	Other Cotton Fabric	OGL	Mostly 10 /11	/3	/4	0	/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 : 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.
/5: 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.
/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: Education Cess = 3% of B+C
E : Spl CVD = Spl CVD Rate * (A+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 5208.53 is 10% or* rs. 35/sqmeter
on 5208.59 is 10% or* rs. 50/sqmeter

/8 : Basic Duty on 5209.31-39 is 10% or rs. 150/kg
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 5210.49 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.