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## **Report Name:** Cotton and Products Annual

**Country:** India

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### **Report Highlights:**

Post forecasts India's MY 2021/22 cotton production will increase by three percent to 29.7 million 480 lb. bales on a lower area of 13 million hectares. Nationwide average yield is expected to improve by five percent to 497 kilograms per hectare on the expectation of a normal monsoon. The global recovery in consumption will fuel strong exports of cotton fiber and yarn. In addition, domestic consumption is likely to rise as COVID-19 measures are relaxed and consumers increase their in-person shopping.

## Production, Supply and Demand Data Statistics:

Cotton	2019/2020		2020/2021		2021/2022	
Market Year Begins	Aug 2019		Aug 2020		Aug 2021	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	-	-	-	-	-	-
Area Harvested (1000 HA) (a)	13,500	13,400	13,350	13,300	-	13,000
Beginning Stocks 1000 480 lb. Bales	9,004	9,004	17,584	17,582	-	18,882
Production 1000 480 lb. Bales	29,500	29,500	29,000	28,900	-	29,700
Imports 1000 480 lb. Bales	2,280	2,280	800	1,000	-	1,000
MY Imports from U.S. 1000 480 lb. Bales	-	-	-	-	-	-
Total Supply 1000 480 lb. Bales	40,784	40,784	47,384	47,482	-	49,582
Exports 1000 480 lb. Bales	3,200	3,202	5,700	5,000	-	6,000
Use 1000 480 lb. Bales	20,000	20,000	24,300	23,600	-	25,300
Loss 1000 480 lb. Bales	-	-	-	-	-	-
Total Dom. Cons. 1000 480 lb. Bales	20,000	20,000	24,300	23,600	-	25,300
Ending Stocks 1000 480 lb. Bales	17,584	17,582	17,384	18,882	-	18,282
Total Distribution 1000 480 lb. Bales	40,784	40,784	47,384	47,482	-	49,582
Stock to Use % (PERCENT) (b)	76	76	58	66	-	58
Yield (KG/HA) (c)	476	479	473	473	-	497

Figures in Thousand 480-lb Bales,  
Except Where Indicated: (a) Thousand Hectares, (b) Percent, (c) Kilograms/Hectares

### Area and Production

Post estimates India's MY 2021/22 cotton production at 29.7 million 480 lb. bales (38 million 170-kilogram bales/6.5 MMT), three percent higher than last year, but planted on two percent lower area estimated at 13 million hectares. Farmers' planting decisions are primarily driven by their expected price realization. Current market conditions indicate that while farmers planted record area in the past two seasons ably supported by a strong government minimum support price (MSP) procurement program, excess stocks are expected to keep Indian cotton prices competitive. Post estimates cotton area will decline by two percent to 13 million hectares as farmers are expected to shift part of their area to alternate crops such as soybeans and paddy, due to better prices. Average farmgate prices across India are marginally higher than the MSP price of INR 5,825 per 100 kilograms (refer table 1) for long staple cotton, and in some states, prices are between 4-10 percent higher than MSP, but prices of competing crops such as soybeans, pulses (moong), have also risen sharply. In addition, Post expects the limited availability of labor, and its rising cost will prompt a shift towards shorter duration, less labor-intensive crops. Assuming a normal monsoon, the nationwide yield estimate for MY 2021/22 is 497 kilograms per hectare. This is a five percent increase over the MY 2020/21 estimated yield at 473 kilograms per hectare, and on par with the three-year moving average, and one percent higher than five-year moving average of 490 kilograms per hectare.

### North India

Cotton planting in the northern states of Punjab, Haryana, and Rajasthan relies on irrigation. According to the Ministry of Agriculture and Farmers Welfare (MOAFW), cotton area in Punjab and Haryana is 100 percent irrigated, while Rajasthan is 96 percent irrigated. North India cotton area and production

constitutes 12 percent of the total cotton area and production in the country. Post estimates MY 2021/22 cotton area to be marginally (two percent) higher in Punjab and Haryana due to prevailing market prices. In Punjab, farmgate seed cotton prices are around INR 6,100 per 100 kilograms which is five percent higher than MSP. Similarly, in Haryana prices are INR 5,900 per 100 kilograms. This higher price realization will likely prompt farmers to increase cotton area. According to the Indian Meteorological Department, pre-monsoon rains (March-May) in the states of Punjab, and Haryana have been deficit in four of the last five years during March. With lower reservoir storage levels, and state government focus on conserving groundwater, farmers may again opt to plant cotton due to its relative drought tolerance. Post estimates cotton area in Rajasthan to reduce by three percent from last year. Seed cotton prices in Rajasthan have also been trading at rates higher than the MSP, however prices of green gram (moong) are even higher, which is likely to prompt farmers to shift area from cotton.

### **Central India**

Planted area in Gujarat, the largest cotton growing state, is estimated to rise by five percent with yields forecast to rise by two percent from last year. In Gujarat, cotton remains an important crop as the area is a hub for cotton and cotton product exports with a large ginning and spinning industry. In Gujarat, seed cotton prices are around INR 6,000 per 100 kilograms, six percent higher than previous month. In addition, prices of groundnut (peanut), the next best alternate crop, are six percent lower than cotton, so farmers are expected to plant higher area for cotton due to the expectation of a better price realization. In Maharashtra, planted area for cotton is expected to be two percent lower than last year. Seed cotton prices are around INR 5,800 on par with MSP, so farmers are expected to shift area to pulses, soybean and sugar. Yields are expected to improve by four percent, as farmers face higher incidence of pest infestation in MY 2020/21 due to excess rains during southwest monsoon. In Madhya Pradesh, seed cotton prices are below MSP, and demand for edible oils is likely to lead to higher area for soybeans. Post estimates planted area to fall by seven percent from last year, with yields on par with last year.

### **South India**

In MY 2020/21, planted area in the state of Telangana was the highest cotton area on record. The area increased significantly due to efforts by the state government to encourage farmers to plant cotton in irrigated areas. However, higher production led to prices falling below the MSP, and a major MSP procurement program by the Cotton Corporation of India (CCI) was activated to support farmers in the state. In MY 2021/22, Post expects cotton area to fall by 11 percent from last year, as farmers shift to alternatives such as paddy and pulses for better returns. Similarly, in the state of Karnataka, cotton area is expected to be five percent lower than last year as farmers switch to soybean and maize. Yields are expected to remain same as last year.

### **Arrivals**

Post estimates India's cotton production at 28.9 million 480-lb. bales (37 million 170-kilogram bales/6.3 million metric tons) for marketing year (MY) 2020/21 on an area of 13.3 million hectares. According to CCI, new crop arrivals as of March 30 are estimated at 25 million 480 lb. bales (32 million 170-kilogram bales /5.4 MMT). Current crop arrivals represent 86 percent of total estimated production for marketing year 2020/21.

**Table 1. India: State Monthly Wholesale Prices for Seed Cotton in March 2021**  
(Prices in Indian Rupees per 100 kilograms)

State	Prices, March, 2021	Prices, February, 2021	Prices, March, 2020	Change (Over Previous Month)	Change (Over Previous Year)
Gujarat	5,964	5,641	4,639	6%	29%
Haryana	5,930	-	5,105	-	16%
Karnataka	5,781	5,820	4,827	-1%	20%
Madhya Pradesh	5,889	5,787	5,104	2%	15%
Maharashtra	5,858	5,792	5,098	1%	15%
Odisha	5,615	5,708	-	-2%	-
Punjab	5,974	5,834	5,178	2%	15%
Rajasthan	6,166	5,987	5,040	3%	22%
Tamil Nadu	5,656	4,793	4,912	18%	15%
Telangana	5,889	5,642	4,921	4%	20%
<b>Average</b>	<b>5,872</b>	<b>5,667</b>	<b>4,981</b>	<b>4%</b>	<b>18%</b>

Source: Directorate of Marketing and Inspection, Ministry of Agriculture and Farmers Welfare

\*\*Prices reported for the period from March 01-29, 2021

### General Production Outlook

India accounts for about one-third of global cotton area. Within India, the central cotton-growing zone produces two-thirds of the country's cotton output, which includes the states of Maharashtra, Madhya Pradesh, Gujarat, and Odisha, where much of the crop is rain fed. The northern zone, which consists of the states of Punjab, Haryana, and Rajasthan, produces cotton under irrigated conditions and accounts for about 12 percent of production. In the south, the states of Andhra Pradesh, Karnataka, and Tamil Nadu account for 25 percent of production. The Central and Southern zones typically grow long duration cotton that allows farmers to reap multiple harvests. While the number of pickings has declined as traditional varieties are replaced by biotech hybrids, farmers can still manage up to five pickings per plant depending on weather conditions. In contrast, the irrigated cotton in the northern zone is mostly a short season crop that fits into a cotton-wheat cropping system.

Cotton, a predominantly monsoon-season or Kharif crop, is planted from the end of April to September, and harvested in the fall and winter. According to MOAFW, 6.14 percent of total gross crop area in India is under cotton. Cotton yields have plateaued over the last five years with an average of approximately 490 kilograms per hectare.

Area under BT (*Bacillus thuringiensis*) cotton and other improved varieties have reached an estimated 90 percent., Prospects for future improvement in yields are limited as most cotton is grown under rain-fed conditions on small farms. The regulatory approval process of introducing new biotech traits is at a standstill, which has led to many companies scaling back, stopping, or withdrawing development of new biotech varieties for cotton and other crops, which will likely impact future growth.

Additionally, yields in India are lower because farmers provide more row space between cotton plants to traverse with a bullock and cultivator for weed control purposes. This lower plant density in the field is offset to some extent by the multiple pickings farmers complete through manual rather than machine harvesting. To combat this, researchers are working on production schemes with higher plant populations that could improve yields.

There are an estimated six million cotton farmers with an average farm size of 1.5 hectares. Small land holdings limit the ability to adopt capital-intensive production technologies and infrastructure. Even without changing land holdings, yields would likely benefit from improved irrigation, fertilizer, micronutrients, and pest and disease management. Future growth in cotton production is more likely to come from higher yields rather than area expansion. According to the MOAFW, close to 33 percent of total cotton area is under irrigation.

Various federal 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 national government launched the Technology Mission on Cotton (TMC) to improve the availability of quality cotton at reasonable prices, improve productivity, modernize marketing infrastructure and ginning and pressing factories through research and technology transfer.

### **Biotech Cotton – Widely Adopted for Medium and Long Staple Cottons**

Since its introduction in 2002, BT cotton has been widely adopted and now accounts for an estimated 92 percent of total cotton area planted in India and over 95 percent of India's cotton production. The Government of India has approved six biotech cotton events and more than 300 hybrids for cultivation in different agro-climatic zones. One of the results of the adoption of BT cotton has been a significant shift in the varietal profile and share of different types of cotton being produced in India. Most Bt hybrids are of medium and long staple cotton (26 to 32 mm) which has resulted in declining production of short staple (below 22 mm) and extra-long staple (35 mm and above) cotton. If the current trend continues, the domestic textile industry may seek to augment their short staple cotton requirements through imports. Post is aware that the Government of India's (GOI) research institutes are developing non-Bt biotech cotton for sowing, but at this time, it is not approved for commercial use.

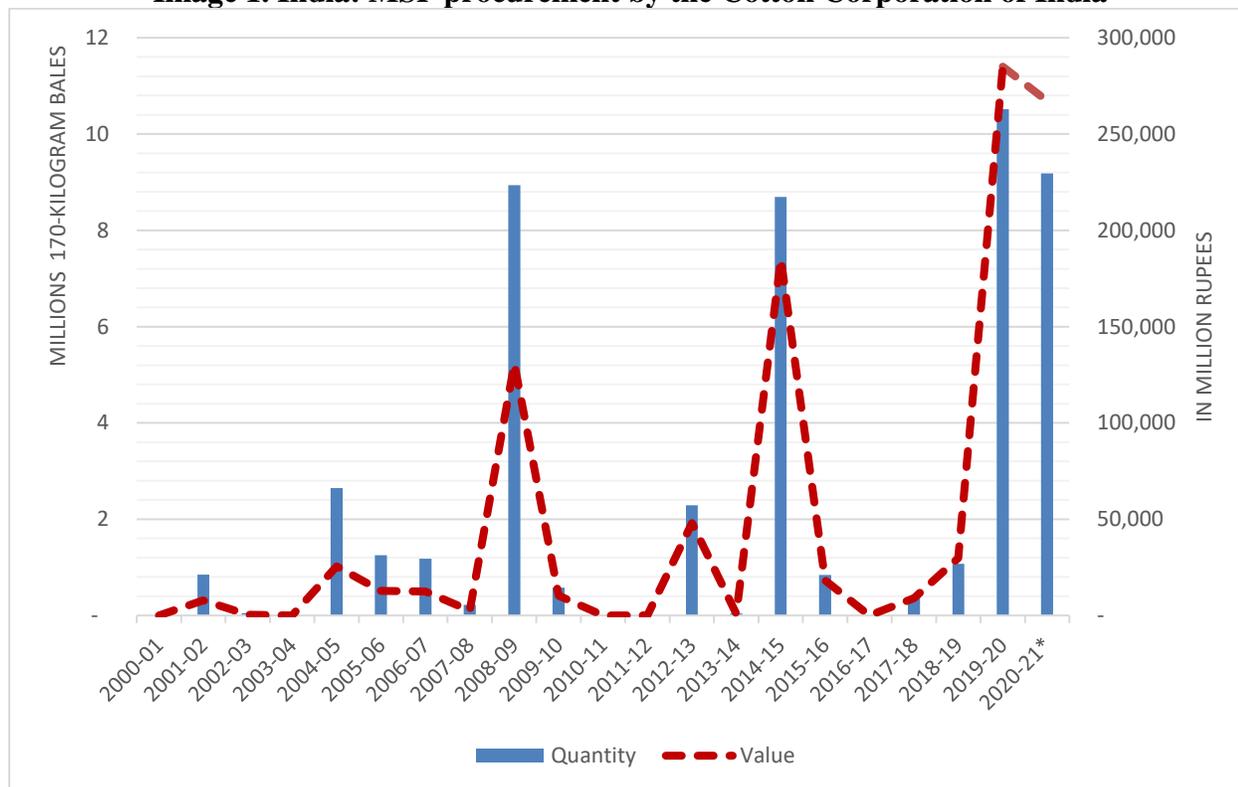
### **Minimum Support Price**

The GOI establishes the MSP for seed cotton and this price is announced annually and may or may not precede the start of the planting season. The Cotton Corporation of India (CCI) has been appointed as the central agency for managing price support operations in the event prices of Fair Average Quality (FAQ) grade seed cotton (*kapas*) fall below the MSP level. CCI is responsible for price support operations in all states. These procurement operations are carried out only in Agricultural Produce Market Committee (APMC) yards for farmers duly identified based on their land records, AADHAR cards, bank details, and other information without involvement of any middlemen and payment to cotton farmers are made online directly to farmers' bank accounts after receipt of purchase bill along with details of farmers from the APMCs.

CCI, in addition to buying at the MSP level and marketing that cotton through an auction, is active in the market at other times, and buys or sells as conditions dictate. For MSP operations, CCI is assisted occasionally by other federal or state government marketing organizations (e.g., the Maharashtra State

Co-op Cotton Growers Marketing Federation or MAHACOT) to purchase cotton in support of local producers.

**Image 1. India: MSP procurement by the Cotton Corporation of India**



Source: Cotton Corporation of India, Ministry of Textiles

The Cotton Corporation of India (CCI) continues to procure seed cotton under the minimum support price (MSP) program for Indian marketing year (Oct/Sep) 2020/21. Procurement operations of seed cotton (Kapas) under the MSP are underway smoothly in the States of Punjab, Haryana, Rajasthan, Madhya Pradesh, Maharashtra, Gujarat, Telangana, Andhra Pradesh, Odisha, and Karnataka. According to a recent [press release](#), cotton procurement as of March 24, 2021 has crossed 7.2 million 480 lb. bales (9.2 million 170-kilogram bales/1.6 MMT), valued at US\$ 3.65 billion (INR 26,720 crores) benefitting 1.9 million farmers. Official sources have indicated that government agencies have requested the GOI to further increase the MSP for cotton for MY 2021/22 season. Between MY 2014/15 to MY 2020/21 season, the MSP for long staple cotton has been increased by 44 percent. Post expects that while robust demand will keep prices above current MSP levels, further increases in MSP will likely lead to Indian staples being outpriced in the global market against foreign origin cotton.

### Government Modifies Seed Prices Regulations Ahead of Planting Season

On March 30, 2021, the MOAFW published an updated [notification](#) that regulates the maximum sale price for cotton seed for sowing for financial year 2021/22 (Apr-Mar). This notification is an amendment to the [previous notification](#) issued on March 24, 2020. According to the new notification,

the maximum retail price (MRP) of Bollgard-1 (BG-1) seed remains unchanged at INR 635 per packet (includes 450 grams Bt. Cotton seed and 120 grams refugia), but the MRP of Bollgard-2 (BG-II) version has been increased by five percent to INR 767 per packet (includes 450 grams Bt. Cotton seed and 120 grams refugia). The trait value remains zero.

Since December 2015, a cotton seed price control order issued by the GOI specifies the maximum retail price of cotton seeds for sowing. This price is inclusive of seed value, license fee, trade margin and local taxes/duties. The reduction in trait fees to zero in 2020, which was earlier paid to the technology provider, is viewed by industry as a move that will inhibit future research into developing/introducing new technologies that could improve stagnant cotton yields.

### **Consumption**

Post estimates MY 2021/22 consumption at 25.3 million 480-lb. bales (32.4 million 170-kilogram bales/5.5 MMT). Mill consumption is expected to increase by more than five percent from last year. Post anticipates cotton lint prices will remain suppressed as mills will have ample domestic fiber supplies to cater to both domestic and export markets. Consumption will also revive because of an improvement in COVID-19 conditions. While the pandemic led to a big fall in business activity in March – September 2020, there has been a gradual recovery in both supply and demand for cotton. The demand outlook is much more positive in MY 2021/22 as mass vaccination drives across the country will lead to improved retail demand in the second half of MY 2021/22. During the pandemic, retail purchases were limited to e-commerce channels. In MY 2021/22, the stocks-to-use ratio is estimated around 58 percent, with higher consumption ensuring stable prices.

In MY 2020/21, Indian ex-gin prices remained very competitive. The price of cotton yarn rose much faster than fiber prices, aiding profitability. Since January 2021, cotton ex-gin prices have risen by six percent, while cotton yarn prices have risen by 14 percent at the same time. Strong export demand for cotton yarn is supporting strong consumption while sustained demand for international yarn and textile products from Indian spinning mills is supporting high prices. The Cotlook A-Index has also risen by six percent since January 2020; however, Indian ex-gin prices are at least 10 cents lower than the index, making it very competitive in the global market. Trade sources indicate that mills have utilized this price advantage and average mill inventory coverage is now 45-60 days. One of the major impacts of COVID-19 has been the acceleration in the change of sourcing patterns across the globe. Many European and American retailers want to de-risk sourcing and are considering alternate sources to China. India has emerged as a viable alternate, however issues related to scale, compliance, and sustainability need to be addressed in the long-term.

For the month of January 2021, the quick estimates of the Index of Industrial Production (IIP), indicate that the textile manufacturing sector witnessed 5.6 percent negative growth in production volume compared to January 2020, highlighting ongoing contraction due to COVID-19. Cumulatively, Indian fiscal year 2020/21 (Apr/Jan) witnessed a 26.6 percent decline compared to 2019/20. The manufacturing of apparels is also down 20 percent as compared to last year, and 35 percent lower in 2020-21(Apr/Jan) as compared to 2019/20. For more details, please refer to [Quick Estimates of IIP January 2021](#).

**Image 2: India's Monthly Index of Industrial Production (IIP)  
from January 2016 - January 2021**



Source: Ministry of Statistics and Programme Implementation, Government of India

### Organic Cotton

The gradual rise in consumer demand for organic-based apparel is driving manufactures to incorporate organic cotton supplies into their production lines. The United States and Europe are the major markets for organic apparel for Indian textile manufacturers. Organic supplies command a higher price in the market in comparison to non-organic suppliers. The GOI is promoting organic farming in a cluster approach to bring down its costs which is expected to increase returns for farmers through Paramparagat Krishi Vikas Yojana (PKVY).

According to the Indian Ministry of Textiles, the production of organic cotton in India is estimated around 565,000 480-lb. bales/123,000 Metric Tons (MT) which is 51 percent of global organic cotton production of 1.1 million 480-lb bales/240,000 MT. Post estimates India's organic production not more than 60,000 MT, less than one percent of total cotton production. Most of the organic cotton production is concentrated in the states of Madhya Pradesh, Maharashtra, and Karnataka. While most countries have developed their own organic standards, the Indian mills continue to follow widely accepted, globally recognized standards - Global Organic Textile Standard (GOTS). According to trade sources, increasing lapses in the chain of custody, and rising cases of false organic certification are hindering the growth of the sector.

### Manmade Fibers (MMF)

While cotton comprises the largest share (70 percent) of fiber in textile mill consumption compared to man-made fiber (30 percent), volatile cotton prices, weak demand, and cheaper man-made fibers are pushing consumption towards more blends and the use of cotton waste (includes low fiber content cotton, cotton droppings, gin motes, and comber noil which are all by-products of ginning and yarn processing which offer a cheaper alternative). The MMF industry is viewed as an avenue for growth for the next decade due to the availability of fiber, and capability to treat MMF. Unlike the cotton sector,

the MMF sector is an organized industry. India is the second largest producer of both polyester and viscose globally. COVID-19 acted as an accelerator of various ongoing trends such as higher adoption of blended yarns. According to data from the Textile Commissioner Office (TCO), the production of blended and non-cotton yarn has been growing at the annualized rate of four percent during the past five years. Trade sources indicate that the polyester-cotton blends (PC) form the largest share with 50 percent share of blended yarns, followed by polyester-viscose (PV) blends with 30 percent share. Other major blends include cotton/viscose and polyester-cotton-viscose blends. The GOI announced the inclusion of man-made fibers (MMF) and technical textiles under Production-Linked Incentive (PLI scheme) that has been established to create “global champions” in MMF apparel and technical textiles and capture substantial share in global trade of these products.

### **Marketing**

India exports medium-to-long staple cotton (25 to 32 mm length) to China, Bangladesh, and several Southeast Asian countries. India will likely continue to import extra-long staple (ELS) and quality long staple cotton (28-34 mm) with occasional imports of short-staple cotton (below 24 mm) when international prices are favorable. The United States is the leading supplier of medium to long staple (average staple length of 28 mm) cotton to India over the past few years. The United States is also the leading supplier of Pima cotton (ELS) to India since 2015 surpassing Egypt. Indian mills importing U.S. Pima and upland cotton recognize its quality and consistency and are ready to pay a premium over competing foreign origin supplies. However, U.S. cotton faces competition from suppliers such as Brazil, Egypt, and Australia due to occasional freight advantages and shorter delivery periods. Due to warm weather conditions and cultural traditions, cotton is typically the preferred fiber in India. COVID-19 led to the acceleration of other ongoing lasting trends such as work from home, which led to more online purchases of athleisure and non-dress up items. These items are mostly poly-cotton blends which are gaining popularity due to their durability and ease of maintenance.

### **Trade**

Post estimates MY 2021/22 cotton exports at 6 million 480-lb. bales (7.7 million 170-kilogram bales/1.3 MMT). The possibility of another large crop will leave India with a massive exportable surplus with limited buyers. As Indian cotton prices are expected to remain at a discount due to a large crop, the price advantage could lead to higher exports than last year as demand recovers across major buying markets. Industry sources indicate that trade relations may recommence with Pakistan soon, and that will likely lead to a large volume of shipments to the neighboring country.

According to trade sources, Indian cotton spinners have been earning double digit margins, as the price gap between cotton lint prices and cotton yarn prices has widened in MY 2020/21. Since October 2020, ex-gin cotton prices increased by 20 percent, while cotton yarn prices rose by almost 54 percent during the same period. However, one major issue that may dampen growth prospects in the remaining of MY 2020/21 season is the rise in freight costs due to a shortage of shipping containers. According to trade sources, the cost of shipping cotton yarn in a 40-foot container to Asian markets has increased four-fold. Similarly, shipment costs to Central America have increased by 40 percent, and shipping delays have increased the number of days for delivery from 45 to 60 days. Official sources indicate that issues related to availability of containers, and the subsequent delays and costs will continue to persist for the Indian exporters for the next 4-5 months, which will slowdown trade.

According to trade data published by the Ministry of Commerce and Industry, India's MY 2020/21 cotton exports for August 2020 through February 2021 totaled 3.46 million 480-lb. bales (4.43 million 170-kilogram bales/754,000 MT), 63 percent higher from the same period last year. Top cotton export destinations were Bangladesh (43 percent), China (36 percent), Vietnam (13 percent), and Indonesia (4 percent). Robust demand for cotton yarn and fabric has led to growth in exports of the respective products. Cotton yarn exports have increased by five percent (by volume) between August 2020 and February 2021 on a year-on-year basis, and cotton fabric exports have increased by nine percent between August 2020 and January 2021.

Post estimates MY 2021/22 imports at 1 million 480-lb. bales (1.28 million 170-kilogram bales/218,000 MT). Post's estimate is similar to the MY 2020/21 estimate. The recent imposition (February 1, 2021) of a ten percent import duty has had an immediate impact and led to a 47 percent decline in shipments in February. Industry has urged the national government to withdraw the duty as they fear that the duties will add costs for textile exporters who use imported cotton for yarn, apparels, and home textile products. While traders have raised objections to the implementation of the duty, trade sources indicate they may be able to absorb the cost at least for the remainder of the Indian MY 2020/21 (Oct/Sep). However, if the tariff is raised further, it may impact exports more severely. As such, the Government of India may reconsider these duties if it significantly impacts Indian textile exports. Post estimates that shipments of extra-long staple (ELS) cotton will continue to grow in MY 2021/22, given the strong demand outlook in export markets.

### **Stocks**

Post forecasts MY 2021/22 carryover stocks to increase significantly to 18.3 million 480-lb. bales (23.4 million 170-kilogram bales/4 MMT) which adjusted for Indian marketing year (Oct/Sep) would be estimated around 14 million 480-lb bales (18.0 million 170-kilogram bales/3 MMT). CCI has efficiently offloaded large volumes of stocks procured under MSP program during past two years through various discount schemes for the industry. However, it is still holding around 3.8 million 480-lb. bales (4.8 million 170-kilogram bales/821,000 MT) as of March 30, 2021. The projected ending stocks may reduce considerably if consumption and exports return to pre-COVID levels.

**Extra Long Staple (ELS) Production, Supply and Demand Data Statistics:**

PSD Table - ELS COTTON (1-3/8" or 35mm staple length)						
Units: 480 lbs. bales						
	2016/17	2017/18	2018/19	2019/20	2020/2021	2021/22
Beginning Stocks	7,384	6,961	5,971	37,040	21,782	45,206
Production	140,546	136,642	113,217	156,162	171,778	179,586
Imports	327,518	295,718	332,461	230,697	249,859	234,243
Total Supply	475,447	439,321	451,650	423,899	443,419	459,035
Exports	-	-	-	-	-	-
Domestic Consumption	468,486	433,350	414,610	402,117	398,213	429,446
Ending Stocks	6,961	5,971	37,040	21,782	45,206	29,590
Total Distribution	475,447	439,321	451,650	423,899	443,419	459,035

India’s ELS production is expected to rise slightly as farmers shift to higher yielding long and medium-staple varieties with government support. Very 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. Farmers are increasingly shifting to long staple varieties (Bunny, Brahma, and other 30-34 mm cotton varieties) that have higher yields and fewer quality problems. Efforts to improve the productivity of ELS parent lines have had limited success and there are some early efforts to develop biotech ELS varieties.

**Table 2. Marketing Year Exports of U.S. Pima Cotton to India  
(Quantity in Metric Ton and Value in U.S. \$ Million)**

Area/Partners of Destination And Commodities Exported		January - December Quantities/Values in Thousands of Dollars									
Partner	Product	UOM	2018		2019		2020		Period/Period % Change (Value)	Period/Period % Change (Qty)	
			Value	Qty	Value	Qty	Value	Qty			
India	5201002030 - PIMA,ETC,>28.58	MT	122,964	36,931.1	118,986	40,782.1	72,610	28,884.6	-39	-29	
Grand Total		MT	122,964	36,931.1	118,986	40,782.1	72,610	28,884.6	-39	-29	

**Source: U.S. Census Bureau Trade Data**

Post estimates ELS cotton consumption in MY 2021/22 to rise as demand recovers from the impact of COVID-19. India’s domestic consumption demand for ELS cotton is met through imports. The United States, Egypt, and Israel are the major suppliers of this variety. Imports from the United States have maintained around an average 50 percent market share of total ELS cotton imports into India since 2011. According to U.S. trade data, ELS exports from Aug 2020-Jan 2021 are seven percent higher by value, and 21 percent higher by volume as compared to same period last year. Since 2014, U.S. Pima has maintained an average 22 percent share of total U.S. cotton exports to India. ELS cotton is used to produce quality yarn, fabric, and dress material for a small but growing high-end domestic market segment, in addition for export. Mills are seeking ELS, but only for quantities equal to their export orders. Local mills are increasingly using long staple varieties and blending them with imported ELS cotton for quality yarn and fabric production. Post expects that the recent import duty will marginally impact imports of ELS, so MY 2021/22 import estimates have been reduced by six percent.

## **Textile Sector**

The textile industry is the largest source of employment in the country with over 45 million people employed directly and another 60 million people in allied sectors, including a large number of women and rural populations. The textile industry contributes 7 percent of the country's industrial output in value terms, 2 percent of India's GDP, and to 15 percent of the country's export earnings. As of September 30, 2019, there are 1,366 operational cotton/man-made fiber textile mills in the country. In addition, the National Textile Corporation (NTC) has 23 operational mills. The Indian textile industry is the second largest manufacturer and exporter in the world. The share of textile and clothing (T&C) in India's total exports stands at a significant 13 percent in 2017-18. India has a share of 5 percent of the global trade in textiles and apparel.

According to the Ministry of Textiles, the domestic textile industry is valued at USD \$101 billion with apparels (USD \$79 billion), home textiles (USD \$6 billion), and technical textiles (USD \$16 billion) forming the three sectors in the industry.

The Indian cotton textile industry is largely unorganized with high production and labor costs. Ageing machinery, inconsistent quality of raw material, and the absence of level playing field for value added cotton products in consuming markets are some of the key challenges faced by the sector. To address the problems faced by the sector, the government has introduced various initiatives to make it globally competitive, boost exports, and facilitate modernization, thereby increasing the productivity and employment

## **Textile Exports**

The Indian textile sector is the sixth largest exporter of textiles and apparels in the world. The share of India's textiles and apparel exports in mercantile exports is 12 percent for the year 2019-20. The United States is the top market for Indian apparel exports. The GOI is implementing various policy initiatives and schemes for supporting the development of textile industry. These schemes and initiatives which promote technology upgrades, the creation of infrastructure, skill development to enable conditions for textile manufacturing in the country.

## **Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP)**

Taking a major step to boost exports, the GOI has recently decided to extend the benefit of the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) to all export goods including Readymade Garments (RMG) and made-ups in January 2021.

## **Mega Integrated Textile Region and Apparel (MITRA) Parks Scheme**

Earlier this year, the national government launched the Mega Integrated Textile Region and Apparel (MITRA) Parks scheme to enable the textile industry to become globally competitive, attract large investments and boost employment generation, which lead to the establishment of seven textile parks over the next 3 years. This is expected to create world class infrastructure with plug and play facilities to enable and create global champions in exports.

## **Amended Technology Upgradation Fund Scheme (ATUFS)**

The Ministry of Textiles is implementing Technology Upgradation Funds Scheme (TUFS) since 1999 to facilitate technology upgradation of the country's textiles industry. The scheme has undergone changes from time to time in terms of patterns of assistance provided and the level of machinery upgradation

desired. The present version of the scheme i.e., Amended TUFs (ATUFs) was launched in January 2016 to adopt innovative new technology in all the sub-sectors of textiles industry except spinning through the one-time Capital Investment Subsidy (CIS) for eligible benchmarked machinery for a period of seven years from 2016 to 2022. The scheme aims to promote the ease of doing business in the country, generate employment, and promote exports.

### **Production Linked Incentive (PLI) Scheme**

The GOI also announced the inclusion of man-made fibers (MMF) and technical textiles under the PLI scheme that has been established to create “global champions” in MMF apparel and technical textiles and capture a substantial share in the global trade of these products. The scheme will provide an incentive of 7 to 11 percent on stipulated incremental turnover for a period of five years after one year incubation period for brownfield investments, and two years incubation period for greenfield investments. The PLI scheme for the textile sector seeks to correct India’s historical policy preference for a cotton-dominated value chain, which is contrary to global trends. India hopes to reclaim their place in the global after the rise of competing exporters such as Bangladesh and Vietnam in recent years. This incentive will be extended for incremental production in 50 product categories (40 man-made-fiber-based garments and 10 technical textiles) over a five-year period starting FY22.

Further, to boost MMF exports, the national government has removed anti-dumping duties on Purified Terephthalic Acid (PTA), a key raw material for the production of MMF fiber and yarn. The government has also removed the anti-dumping duty on acrylic fiber, raw material for yarn and knitwear industry

The GOI also provides financial support to various Export Promotion Councils (EPCs) and Trade Bodies engaged in the promotion of textiles and garments exports, under the Market Access Initiative (MAI) scheme, which organizes and participates in trade fairs, exhibitions, and buyer-seller engagements.

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

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

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

**Table 4: India's Production of Spun Yarn (Million Kilogram)**

Year /1	COTTON	BLENDED	100 percent NON-COTTON	TOTAL
<b>1995-96</b>	1,894	395	196	<b>2,485</b>
<b>2000-01</b>	2,267	646	247	<b>3,160</b>
<b>2001-02</b>	2,212	609	280	<b>3,101</b>
<b>2002-03</b>	2,177	585	319	<b>3,081</b>
<b>2003-04</b>	2,121	589	342	<b>3,052</b>
<b>2004-05</b>	2,272	585	366	<b>3,223</b>
<b>2005-06</b>	2,521	588	349	<b>3,458</b>
<b>2006-07</b>	2,824	635	354	<b>3,813</b>
<b>2007-08</b>	2,948	677	378	<b>4,003</b>
<b>2008-09</b>	2,896	655	361	<b>3,912</b>
<b>2009-10</b>	3,079	707	407	<b>4,193</b>
<b>2010-11</b>	3,490	796	426	<b>4,713</b>
<b>2011-12</b>	3,126	789	457	<b>4,373</b>
<b>2012-13</b>	3,583	828	457	<b>4,868</b>
<b>2013-14</b>	3,928	896	485	<b>5,309</b>
<b>2014-15</b>	4,055	920	513	<b>5,488</b>
<b>2015-16</b>	4,138	973	555	<b>5,665</b>
<b>2016-17</b>	4,055	1,032	572	<b>5,667</b>
<b>2017-18</b>	4,064		1,616 /2	<b>5,680</b>
<b>2018-19</b>	4,208		1,682 /2	<b>5,890</b>
<b>2019-20</b>	3,962		1,702 /2	<b>5,664</b>
<b>2020-21 (P)</b>	2,945		1,221 /2	<b>4,166</b>

/1: Indian fiscal year (April-March)

/2: Production of blended and 100 percent non-cotton yarn combined

P: Provisional estimate for April 2020 to January 2021

Source: Textile Commissioner's Office, GOI

**Table 5: Month End Spot Prices of Popular Indian Varieties (USD cents per pound)**

Year	ICS 201 (below 22mm)	ICS 202 (26mm)	ICS 105 (28 mm)	ICS 105 (29 mm)	ICS 106 (32 mm)	ICS 107 (34 mm)
<b>2018/19</b>						
Aug	0.83	0.84	0.84	0.87	0.93	1.08
Sept	0.78	0.77	0.78	0.82	0.87	1.03
Oct	0.75	-	-	0.81	0.83	1.00
Nov	0.74	-	-	0.78	0.82	1.02
Dec	0.73	0.75	0.76	0.78	0.82	1.01
Jan	0.74	0.75	0.74	0.77	0.81	0.99
Feb	0.72	0.73	0.72	0.75	0.79	0.94
Mar	0.75	0.79	0.77	0.80	0.84	1.00
Apr	0.79	0.86	0.83	0.85	0.90	1.02
May	0.76	0.85	0.82	0.84	0.89	1.03
Jun	0.77	0.84	0.81	0.83	0.89	1.02
Jul	0.77	0.81	0.80	0.80	0.87	1.01
<b>2019/20</b>						
Aug	0.73	0.74	0.75	0.76	0.81	0.97
Sept	0.70	0.71	0.74	0.75	0.80	0.95
Oct	0.70	0.67	0.74	0.74	0.80	0.94
Nov	0.69	0.66	0.70	0.69	0.71	0.97
Dec	0.67	0.69	0.69	0.71	0.77	1.04
Jan	0.66	0.69	0.70	0.71	0.77	1.05
Feb	0.64	0.67	0.68	0.69	0.76	1.02
Mar	0.64	0.62	0.62	0.63	0.70	0.95
Apr	0.60	0.58	0.59	0.60	0.67	0.91
May	0.61	0.56	0.56	0.59	0.63	0.90
Jun	0.62	0.57	0.56	0.58	0.63	0.90
Jul	0.63	0.57	0.57	0.59	0.63	0.92
<b>2020/21</b>						
Aug	0.64	0.61	0.60	0.61	0.65	0.92
Sept	0.63	0.62	0.62	0.65	0.68	0.95
Oct	0.67	0.68	0.67	0.70	0.72	0.97
Nov	0.69	0.69	0.69	0.71	0.76	0.99
Dec	0.67	0.71	0.71	0.73	0.78	1.07
Jan	0.68	0.72	0.73	0.75	0.81	1.17
Feb	0.69	0.76	0.76	0.79	0.85	1.25
Mar*	0.67	0.73	0.75	0.78	0.84	1.27

\*as of March 25, 2021

Source: Cotton Association of India, Mumbai

**Table 6a: India's Cotton Exports by Month**  
(Figures in 480-lb. Bales)

Month/Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Aug	216,479	52,368	67,667	149,979	60,929	265,264
Sep	271,073	51,837	61,279	75,251	58,557	350,289
Oct	348,132	40,095	55,260	178,496	89,804	413,196
Nov	1,016,147	483,486	441,035	510,352	267,334	611,030
Dec	1,384,492	857,454	806,272	703,660	472,078	555,687
Jan	770,703	849,534	729,338	538,640	739,317	604,217
Feb	636,686	609,703	648,821	427,040	442,684	663,683**
Mar	441,058	548,475	692,948	549,149	281,916	
Apr	261,954	345,332	642,815	166,511	26,385	
May	228,307	348,779	444,963	107,904	123,374	
Jun	133,941	229,114	390,080	48,898	298,085	
Jul	67,359	103,861	219,316	65,238	341,103	
<b>TOTAL</b>	<b>5,776,331</b>	<b>4,520,036</b>	<b>5,199,793</b>	<b>3,521,118</b>	<b>3,201,564</b>	

Source: Directorate General of Foreign Trade, Ministry of Commerce

\*\*FAS estimate

**Table 6b: India's Cotton Imports by Month**  
(Figures in 480-lb. Bales)

Month/Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Aug	138,313	353,584	342,309	119,657	761,216	47,381
Sep	142,607	634,068	325,246	104,792	424,648	69,024
Oct	77,924	296,503	66,841	68,161	281,301	48,466
Nov	40,804	126,823	36,511	44,533	173,402	33,147
Dec	36,629	85,107	46,696	46,319	97,353	59,683
Jan	32,785	55,628	56,363	67,528	77,553	105,435
Feb	35,237	58,495	77,416	66,583	75,050	55,788**
Mar	75,945	106,972	92,276	118,008	87,491	
Apr	109,349	125,287	165,789	138,472	67,712	
May	99,015	244,060	154,902	192,607	89,580	
Jun	119,357	347,089	169,524	318,896	83,758	
Jul	164,653	302,226	142,770	514,499	60,886	
<b>TOTAL</b>	<b>1,072,618</b>	<b>2,735,841</b>	<b>1,676,643</b>	<b>1,800,056</b>	<b>2,279,949</b>	

Source: Directorate General of Foreign Trade, Ministry of Commerce

\*\*FAS estimate

**Table 7a: India's Cotton Export Trade Matrix  
(Figures in 480-lb. Bales)**

2017/18 (Aug/Jul)		2018/19 (Aug/Jul)		2019/20 (Aug/Jul)		2020/21 (Aug/Dec)	
United States	5	United States	2,260	United States	-	United States	-
Bangladesh	1,876,267	Bangladesh	1,227,865	Bangladesh	1,066,230	Bangladesh	878,436
Pakistan	961,960	Vietnam	1,030,404	China	335,490	China	846,777
Vietnam	918,207	Pakistan	531,456	Indonesia	106,238	Vietnam	315,491
China	593,723	China	459,613	Vietnam	103,025	Indonesia	71,793
Indonesia	286,132	Indonesia	70,217	Iran	12,782	Oman	21,748
Malaysia	252,126	Thailand	35,715	Turkey	8,956	Thailand	11,795
Thailand	89,747	Mauritius	35,113	Taiwan	6,145	Turkey	10,229
Taiwan	43,932	Malaysia	25,431	Thailand	5,576	Taiwan	6,517
Mauritius	39,651	Taiwan	14,036	Oman	3,325	Italy	5,346
Italy	28,109	Bahrain	13,728	Philippines	2,770	Mauritius	5,204
<b>Sub-total</b>	<b>5,089,854</b>	<b>Sub-total</b>	<b>3,443,579</b>	<b>Sub-total</b>	<b>1,650,537</b>	<b>Sub-total</b>	<b>2,173,335</b>
Others	109,937	Others	67,856	Others	18,201	Others	22,133
<b>Total</b>	<b>5,199,791</b>	<b>Total</b>	<b>3,511,436</b>	<b>Total</b>	<b>1,668,739</b>	<b>Total</b>	<b>2,195,469</b>

Source: Directorate General of Foreign Trade, Ministry of Commerce

**Table 7b: India's Cotton Import Trade Matrix  
(Figures in 480-lb. Bales)**

2017/18 (Aug/Jul)		2018/19 (Aug/Jul)		2019/20 (Aug/Jul)		2020/21 (Aug/Dec)	
United States	864,437	United States	780,616	United States	1,039,392	United States	83,091
Australia	302,235	Australia	151,825	Cote d'Ivoire	155,518	Egypt	71,310
Egypt	122,357	Tanzania	98,785	Brazil	149,547	Cote d'Ivoire	16,254
Burkina Faso	54,849	Egypt	95,309	Egypt	106,300	Switzerland	13,972
Cameroon	49,218	Singapore	86,977	Switzerland	88,070	Togo	11,459
Benin	44,538	Greece	86,977	Mexico	85,232	Mexico	10,467
Mali	37,387	Cote d'Ivoire	67,466	Singapore	78,889	Turkey	8,736
Greece	23,273	Mali	63,098	Australia	65,661	Greece	8,713
Brazil	19,741	Switzerland	50,605	Senegal	52,750	Senegal	7,284
Cote d'Ivoire	19,465	Brazil	48,782	Cameroon	47,004	Singapore	4,565
Singapore	15,148	Netherlands	42,669	Mali	46,894	Australia	4,464
<b>Sub-total</b>	<b>688,210</b>	<b>Sub-total</b>	<b>792,493</b>	<b>Sub-total</b>	<b>875,864</b>	<b>Sub-total</b>	<b>157,226</b>
Others	988,433	Others	1,007,563	Others	1,404,083	Others	100,471
<b>Total</b>	<b>1,676,643</b>	<b>Total</b>	<b>1,800,056</b>	<b>Total</b>	<b>2,279,947</b>	<b>Total</b>	<b>257,697</b>

Source: Directorate General of Foreign Trade, Ministry of Commerce

**Table 8: India's Exports of Textile Products (U.S. \$ Million)  
during Indian Fiscal Year (April-March)**

Item	2015-16	2016-17	2017/18	2018/19	2019/20	2020/21 (Apr-Jan)
<b>Fiber</b>						
Manmade Staple Fiber	540	594	587	571	503	261
Cotton raw incl. waste	1,939	1,621	1,894	2,104	1,057	1,031
<i>Sub-total</i>	2,479	2,215	2,481	2,675	1,560	1,292
<b>Cotton Textiles</b>						
Yarn/Fabric/Made-up	8,874	8,550	8,908	9,843	8,728	6,092
Readymade Garments	9,092	8,513	8,511	8,695	8,643	
<i>Sub-total</i>	17,966	17,063	17,419	18,537	17,371	6,092
<b>Man-made Textiles</b>						
Yarn/Fabric/Made-up	4,622	4,557	4,826	4,981	4,821	2,527
Readymade garments	4,182	5,036	4,747	3,853	3,506	1,766
<i>Sub-total</i>	8,803	9,593	9,573	8,833	8,327	4,293
Wool Textiles (Yarn/Fabric/Made-up/RMG)	459	389	355	418	336	154
Silk Textiles (Yarn/Fabric/Made-up/RMG/Carpet)	331	213	213	244	198	124
Handloom Products	369	360	356	344	319	155
Jute (Yarn/Hessian/Floor Covering/Others)	295	310	335	325	343	261
Carpets (excluding Silk) Handmade	1,438	1,481	1,427	1,466	1,353	1,033
Other Textiles (Yarn/Fabric/Made-up Articles)	336	358	410	458	477	289
Other Textiles Material - Readymade garments	3,185	3,463	3,122	3,223	3,065	1,690
<b>Total Exports</b>	<b>35,660</b>	<b>35,445</b>	<b>35,692</b>	<b>36,523</b>	<b>33,350</b>	<b>15,383</b>

Statistics exclude exports of fiber & fiber waste (silk/ wool/ jute/ others)

Source: Ministry of Textiles, Government of India

**Table 9: India's Cotton Yarn\* Exports by Month**  
(Figures in thousand Metric Tons)

Month/Year	2015/16	2016-17	2017-18	2018/19	2019/20	2020/21
Aug	117	66	79	108	67	92
Sep	112	77	99	98	66	93
Oct	106	76	98	97	78	86
Nov	105	103	111	95	89	87
Dec	115	129	116	92	91	91
Jan	104	132	87	91	102	82
Feb	100	103	95	100	91	84**
Mar	112	89	118	117	73	
Apr	105	66	106	89	18	
May	94	65	109	76	58	
Jun	92	78	117	58	96	
Jul	75	71	101	59	101	
<b>TOTAL</b>	<b>1,237</b>	<b>1,055</b>	<b>1,236</b>	<b>1,080</b>	<b>929</b>	

\*HS code: 5204, 5205 and 5207

\*\* Provisional estimate

Source: Directorate General of Foreign Trade, Ministry of Commerce

**Table 10: India's Cotton Fabric\* Exports by Month**  
(Figures in thousand square meters)

Month/Year	2015-16	2016-17	2017-18	2018-19	2019/20	2020/21
Aug	101,609	113,364	107,497	147,673	150,882	146,826
Sep	104,032	104,666	123,688	126,498	139,365	155,768
Oct	117,744	105,449	109,769	142,260	146,139	160,681
Nov	95,225	87,711	118,256	119,215	126,143	144,410
Dec	121,134	112,030	132,635	132,049	142,892	162,945
Jan	116,656	107,852	125,493	136,899	140,226	151,973
Feb	107,487	110,875	113,399	135,495	148,992	
Mar	120,461	113,507	133,927	162,676	121,661	
Apr	109,535	94,383	114,876	126,031	21,311	
May	103,373	89,117	119,821	141,129	69,665	
Jun	97,043	93,410	122,381	131,507	127,795	
Jul	98,914	94,399	113,614	140,699	154,068	
<b>TOTAL</b>	<b>1,293,214</b>	<b>1,226,764</b>	<b>1,435,355</b>	<b>1,642,132</b>	<b>1,489,140</b>	

\*HS code: 5208 and 5209

Source: Directorate General of Foreign Trade, Ministry of Commerce

**Attachments:**

No Attachments