

**Voluntary Report** – Voluntary - Public Distribution

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**Country:** India

**Post:** New Delhi

**Report Category:** Cotton and Products

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**Report Highlights:**

Post estimates marketing year (MY) 2019/20 cotton production at 29.3 million 480 lb. bales (37.5 million 170-kilogram bales/6.4 MMT) with a planting area of 13 million hectares. The Cotton Advisory Board (CAB) lowered its MY 2019/20 estimates for area and production, which is expected to result in a short-term increase in raw cotton prices that have been trading below the minimum support price (MSP). Limited government procurement, weak export demand, and poor domestic mill purchases are leading the government to consider measures to boost prices to support the farmers.

### Production, Supply and Demand Data Statistics:

Cotton	2017/2018		2018/2019		2019/2020	
Market Begin Year	Aug 2017		Aug 2018		Aug 2019	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	-	-	-	-	-	-
Area Harvested (a)	12,600	12,600	12,600	12,600	13,000	13,000
Beginning Stocks	7,880	7,880	9,225	9,047	9,314	9,136
Production	29,000	29,000	25,800	25,800	29,500	29,300
Imports	1,677	1,677	1,800	1,800	2,200	2,000
MY U.S. Imports	-	-	-	-	-	-
Total Supply	38,557	38,557	36,825	36,647	41,014	40,436
Exports	5,182	5,200	3,511	3,511	4,000	4,000
Use	24,150	24,310	24,000	24,000	24,500	24,600
Loss	-	-	-	-	-	-
Total Dom. Cons.	24,150	24,310	24,000	24,000	24,500	24,600
Ending Stocks	9,225	9,047	9,314	9,136	12,514	11,836
Total Distribution	38,557	38,557	36,825	36,647	41,014	40,436
Stock to Use (b)	31	31	34	33	44	41
Yield (c)	501	501	446	446	494	491

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

### Cotton area estimates vary among government agencies

On November 28, 2019, the Cotton Advisory Board (CAB) revised MY 2019/20 estimates. Among the most significant changes was the revision of the cotton planted area to 12.584 million hectares. The CAB area estimates are much lower than area estimated by the Ministry of Agriculture and Farmers Welfare (MOAFW). Based on the sowing progress reports published by the MOAFW, planted area as on [September 26, 2019](#) has reached 12.763 million hectares. Further official sources confirmed that area had reached 12.854 million hectares as on October 17, 2019. Post has also compiled cotton planted area published by individual cotton growing states which indicates that planted has crossed 13 million hectares. Thus, Post estimates India's marketing year (MY) 2019/20 cotton planted area remain unchanged at 13 million hectares.

### Production

Post estimates marketing year (MY) 2019/20 cotton production at 29.3 million 480 lb. bales (37.5 million 170-kilogram bales/6.4 MMT). Post's MY 2019/20 production estimate is 200,000 480 lb. bales lower than the official USDA estimate. According to trade contacts, there are no reports of pink bollworm (PBW) infested cotton arrivals in the market currently. However, there are reports of pink bollworm in Gujarat, Telangana and Maharashtra in the standing crop. In Gujarat, official reports of sucking pest and PBW are from South Saurashtra (districts of Porbandar, Junagarh), which is only three percent of the state cotton acreage. The impact would be visible in the arrivals mostly during the third picking which would arrive in the market yards in one month's time. Similarly, in Maharashtra and Telangana, prevailing weather conditions are congenial for incidence of pink bollworm in cotton as per official reports, so farmers have been advised to monitor for the pest and plan for using pheromone traps and spraying pesticides.

The CAB has revised the MY 2019/20 production estimates to 28.1 million 480 lb. bales (36 million 170-kilogram bales/6.1 MMT). Yields are now estimated at 486 kilograms per hectare, one percent lower than Post's yield estimate of 491 kilograms per hectare.

Post has revised and adopted the MY 2018/19 CAB production estimates at 25.8 million 480 lb. bales (33 million 170-kg bales/5.6 MMT) in line with the official USDA production estimates. However, the CAB estimates for MY 2018/19 and MY 2019/20 are provisional and are subject to change based on new information the board may receive in the future.

### **Arrivals**

On December 14, 2019, the Cotton Corporation of India (CCI) reported new crop MY 2019/20 cotton arrivals at 5.8 million 480-lb. bales (7.4 million 170-kilogram bales/1.25 MMT). Cotton arrivals so far represent twenty percent of the total cotton production estimate. The pace of arrivals has picked up in the last few weeks and is marginally slower than last year. As of December 14, CCI has procured 1.2 million 480 lb. bales (1.6 million 170 kg bales/272,000 MT) in MY 2019/20 under the minimum support price operations, with the procurement pace increasing during December. CCI continues to hold almost 700,000 480-lb bales (900,000 170-kg bales) of unsold stock from MY 2018/19.

### **Consumption**

Post estimates MY 2019/20 cotton consumption at 24.6 million 480-lb. bales (31.5 million 170-kilogram bales/5.4 MMT), 100,000 480-lb. bales higher than official USDA estimate. Mills continue to maintain lean cotton inventories. The wholesale seed cotton market prices continue to show a declining trend (average prices are seven percent lower than last year) in major cotton growing states, despite higher minimum support prices. Similarly, ex-gin prices in India also continue to remain low as limited government procurement, weak export demand, and poor domestic mill purchases indicate an overall slowdown in textile demand.

Indian cotton ex-gin prices are 3-4 cents lower than Cotlook-A Index which should make Indian cotton competitive in the international market, however, the bulk of the arrivals in the market have a lower grade and a much higher micronaire value (the higher the micronaire value, the finer the fiber, the easier it is to kink and break during processing, and the easier it is to form knots). The prices are expected to move higher as the quantity of purchases by CCI increases during the remainder of the season.

### **Trade**

Post estimates MY 2019/20 exports at 4 million 480-lb bales (5.1 million 170-kilogram bales/870,000 MT) same as the official USDA estimate. Exports shipments of raw cotton during the first three months (Aug-Oct) of MY 2019/20 are 51 percent lower than same period last year. Similarly, cotton yarn shipments for first three months (Aug-Oct) are 30 percent lower than same time last year. But there are signs of revival as shipments in October were higher by 19 percent than previous month as demand for yarn remains firm and should reflect in terms of higher shipments in the coming months. The export shipments of cotton fabric during the first three months (Aug-Oct) of MY 2019/20 are four percent higher than same time last year, and five percent higher in October than previous month.

Post estimates MY 2019/20 imports at 2 million 480 lb. bales (2.6 million 170-kilogram bales/436,000 MT), 200,000 480 lb. bales lower than USDA's official estimate. After a steady flow of strong imports for the last five months, the pace of imports has started slowing down as new crop arrivals pick up in the market. Imports continue to be led by large volume of shipments from the United States, followed by Brazil and West African countries.

**Table 1. India: State monthly wholesale prices for seed cotton in December 2019**  
(Prices in Indian Rupees per 100 kilograms)

State	Prices December, 2019	Prices November, 2019	Prices December, 2018	Change (Over Previous Month)	Change (Over Previous Year)
Andhra Pradesh	4,972	5,027	5,525	-1.1%	-10.0%
Gujarat	4,779	4,700	5,282	1.7%	-9.5%
Haryana	5,261	5,308	5,476	-0.9%	-3.9%
Karnataka	5,078	5,083	5,826	-0.1%	-12.9%
Madhya Pradesh	5,118	4,912	5,475	4.2%	-6.5%
Maharashtra	5,209	4,831	5,524	7.8%	-5.7%
Odisha	5,330	5,055	5,391	5.4%	-1.1%
Punjab	5,229	5,155	5,427	1.4%	-3.7%
Rajasthan	5,165	5,247	5,483	-1.6%	-5.8%
Tamil Nadu	4,264	4,869	5,008	-12.4%	-14.9%
Telangana	5,186	4,805	5,357	7.9%	-3.2%
Uttar Pradesh	5,150	4,812	5,169	7.0%	-0.4%
<b>Average</b>	<b>5,062</b>	<b>4,984</b>	<b>5,412</b>	<b>1.6%</b>	<b>-6.5%</b>

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

**Table 2a. India: Estimate of 2018/19 Cotton Exports**

	<b>170 kg</b>	<b>Metric Tons</b>	<b>480 lb.</b>
August Exports 1\	192,083	32,654	149,979
September Exports 1\	96,376	16,384	75,251
October Exports 1\	228,609	38,863	178,499
November Exports 1\	653,622	111,116	510,351
December Exports 1\	901,197	153,204	703,658
January Exports 1\	689,854	117,275	538,640
February Exports 1\	546,924	92,977	427,040
March Exports 1\	703,311	119,563	549,148
April Exports 1\	208,549	35,453	162,836
May Exports 1\	136,122	23,141	106,285
June Exports 1\	60,056	10,209	46,892
July Exports 1\	79,969	13,595	62,440
<b>Total</b>	<b>4,496,672</b>	<b>764,434</b>	<b>3,511,019</b>

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule code 5201 – raw cotton.

**Table 2b. India: Estimate of 2019/20 Cotton Exports**

	<b>170 kg</b>	<b>Metric Tons</b>	<b>480 lb.</b>
August Exports 1\	75,381	12,815	58,858
September Exports 1\	70,695	12,018	55,199
October Exports 1\	109,639	18,639	85,606
<b>Preliminary Total (Aug-Oct)</b>	<b>255,714</b>	<b>43,471</b>	<b>199,663</b>

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule code 5201 – raw cotton.

**Table 3a. India: Estimate of 2018/19 Cotton Imports**

	<b>170 kg</b>	<b>Metric Tons</b>	<b>480 lb.</b>
August Imports 1\	153,248	26,052	119,656
September Imports 1\	134,210	22,816	104,792
October Imports 1\	87,296	14,840	68,161
November Imports 1\	57,035	9,696	44,533
December Imports 1\	59,322	10,085	46,319
January Imports 1\	86,485	14,702	67,528
February Imports 1\	85,275	14,497	66,583
March Imports 1\	151,137	25,693	118,008
April Imports 1\	177,345	30,149	138,472
May Imports 1\	246,676	41,935	192,606
June Imports 1\	408,421	69,431	318,896
July Imports 1\	658,936	112,019	514,499
<b>Total</b>	<b>2,305,386</b>	<b>391,916</b>	<b>1,800,055</b>

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule code 5201 – raw cotton.

**Table 3b. India: Estimate of 2019/20 Cotton Imports**

	<b>170 kg</b>	<b>Metric Tons</b>	<b>480 lb.</b>
August Imports 1\	974,913	165,735	761,216
September Imports 1\	543,860	92,456	424,648
October Imports 1\	360,272	61,246	281,301
<b>Preliminary Total (Aug-Oct)</b>	<b>1,879,045</b>	<b>319,438</b>	<b>1,467,166</b>

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule code 5201 – raw cotton.

**Table 4: India's Cotton Yarn\* Exports by Month**  
(Figures in thousand Metric Tons)

Month/Year	2013-14	2014/15	2015/16	2016-17	2017/18	2018/19	2019/20
Aug	113	94	117	66	79	108	67
Sep	108	98	112	77	99	98	66
Oct	119	101	106	76	98	97	79
Nov	106	125	105	103	111	95	
Dec	113	125	115	173	116	92	
Jan	131	113	104	132	87	91	
Feb	108	119	100	107	95	100	
Mar	117	122	112	89	118	117	
Apr	94	104	105	66	106	89	
May	93	99	94	65	109	76	
Jun	76	103	92	78	117	58	
Jul	87	118	75	71	101	59	
<b>TOTAL</b>	<b>1,266</b>	<b>1,321</b>	<b>1,237</b>	<b>1,102</b>	<b>1,236</b>	<b>1,081</b>	

\*HS code: 5204, 5205 and 5207

Source: Directorate General of Foreign Trade, Ministry of Commerce

**Table 5: India's Cotton Fabric\* Exports by Month**  
(Figures in thousand square meters)

Month/Year	2013-14	2014/15	2015/16	2016-17	2017/18	2018/19	2019/20
Aug	78,908	92,491	101,473	114,071	107,497	147,673	150,762
Sep	101,017	98,636	103,974	104,661	123,688	126,498	138,120
Oct	101,327	108,182	117,801	105,404	109,769	142,260	145,474
Nov	85,897	103,471	95,082	87,723	118,256	119,215	
Dec	100,335	105,335	120,598	111,927	132,635	132,049	
Jan	91,169	93,192	116,656	107,512	125,493	136,899	
Feb	87,377	96,586	107,487	115,131	113,399	135,495	
Mar	98,696	105,169	120,461	112,033	133,927	162,676	
Apr	88,629	86,833	109,559	94,314	114,876	126,031	
May	81,581	103,443	103,401	89,070	119,821	141,127	
Jun	94,572	103,909	97,017	93,372	122,381	131,504	
Jul	87,284	97,115	98,890	94,360	113,614	140,697	
<b>TOTAL</b>	<b>1,095,904</b>	<b>1,194,361</b>	<b>1,292,397</b>	<b>1,229,577</b>	<b>1,435,355</b>	<b>1,642,125</b>	

\*HS code: 5208 and 5209

Source: Directorate General of Foreign Trade, Ministry of Commerce

**Attachments:**

No Attachments.