

Voluntary Report – Voluntary - Public Distribution

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Report Highlights:

Post estimates cotton production at 28.9 million 480-lb. bales in marketing year (MY) 2020/21 on an area of 13.3 million hectares. Post lowered its production estimate in response to expected lower yields in the state of Telangana. The new Committee on Cotton Production and Consumption (COCPC) estimates MY 2020/21 cotton production at 28.96 million 480 lb. bales on an area of 12.95 million hectares. Strong demand for cotton yarn and textiles has led to higher exports, and a surge in fiber and yarn prices in January. Government procurement under the MSP program continues across various states, securing over 24 percent of estimated total production.

Production, Supply and Demand Data Statistics:

Cotton	2018/2019		2019/2020		2020/2021	
Market Begin Year	Aug 2018		Aug 2019		Aug 2020	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	-	-	-	-	-	-
Area Harvested (a)	12,600	12,600	13,300	13,400	13,400	13,300
Beginning Stocks	9,225	9,225	9,304	9,004	17,884	17,582
Production	25,800	25,800	29,500	29,500	29,500	28,900
Imports	1,800	1,800	2,280	2,280	1,000	1,000
MY U.S. Imports	-	-	-	-	-	-
Total Supply	36,825	36,825	41,084	40,784	48,384	47,482
Exports	3,521	3,521	3,200	3,202	5,000	5,000
Use	24,000	24,300	20,000	20,000	24,000	23,600
Loss	-	-	-	-	-	-
Total Dom. Cons.	24,000	24,300	20,000	20,000	24,000	23,600
Ending Stocks	9,304	9,004	17,884	17,582	19,384	18,882
Total Distribution	36,825	36,825	41,084	40,784	48,384	47,482
Stock to Use (b)	34%	32%	77%	76%	67%	66%
Yield (c)	446	446	483	479	479	473

Figures in Thousand 480-lb Bales,

Except Where Indicated: (a) Thousand Hectares, (b) Percent, (c) Kilograms/Hectares

Area and Production

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. Post's area estimate is 100,000 hectares lower than the official USDA estimate, while its production estimate is 600,000 480 lb. bales lower than the official USDA estimate. The impact of excess Northeast monsoon rains and the increasing incidence of pest infestation will likely negatively impact yields, especially in the state of Telangana. While cotton area in Telangana increased by 15 percent, the state's average yield is expected to fall by 12 percent in MY 2020/21. According to the Indian Meteorological Department (IMD), during the Northeast monsoon (October-December 2020), 22 districts out of 33 districts in the state received excess rains, while 8 districts received normal rains. Overall, Telangana received rainfall that was 46 percent above the normal fifty-year average level. Government advisories report widespread presence of pink bollworm infestation across the state. According to official reports, the crop is at boll bursting/picking stage with third picking in progress. There is a prevalence of pink bollworm and boll rot, so farmers have been advised to timely terminate the crop to curtail the lifecycle of pink bollworm and avoid crop ratooning. Farmers have also been advised to destroy diseased bolls and residues, and store seed cotton from different pickings separately to avoid contamination. Post's yield estimate is two percent below the official USDA estimate at 473 kilograms per hectare.

In Gujarat and Madhya Pradesh, cotton picking is in progress, and farmers have been advised to keep the seed cotton obtained from final picking separate, and not mix it with earlier picked supplies to ensure good fiber quality. After picking, the infested/unopened/poorly opened bolls on plants should be destroyed. In Central Maharashtra, the crop is at boll bursting/picking stage, and picking is in progress.

Farmers are advised to remove cotton stalks out of the field after picking of cotton. Ratooning is also discouraged. A separate advisory has been issued for cotton ginners to clear their ginning mill premises and other storage place/warehouse of pink bollworm adults to reduce carry over in the next season. In North Karnataka, the crop is at boll maturity stage, and picking is in progress. For more details, please refer to the [weather based weekly advisory](#).

MY 2020/21 Cotton Estimates Published by the New Cotton Committee

On January 25, 2020, the Committee on Cotton Production and Consumption (COCPC) published its provisional cotton production estimate for MY 2020/21. They estimate production at 28.96 million 480 lb. bales (37.1 million 170-kilogram bales/6.3 MMT) on an area of 12.95 million hectares. The nationwide average yield is estimated at 487 kilograms per hectare. The COCPC was established to estimate India's cotton supply balance sheet and is co-chaired by the Ministry of Textiles and Ministry of Agriculture and Farmers Welfare. The committee replaced the erstwhile Cotton Advisory Board (CAB), which was abolished last year.

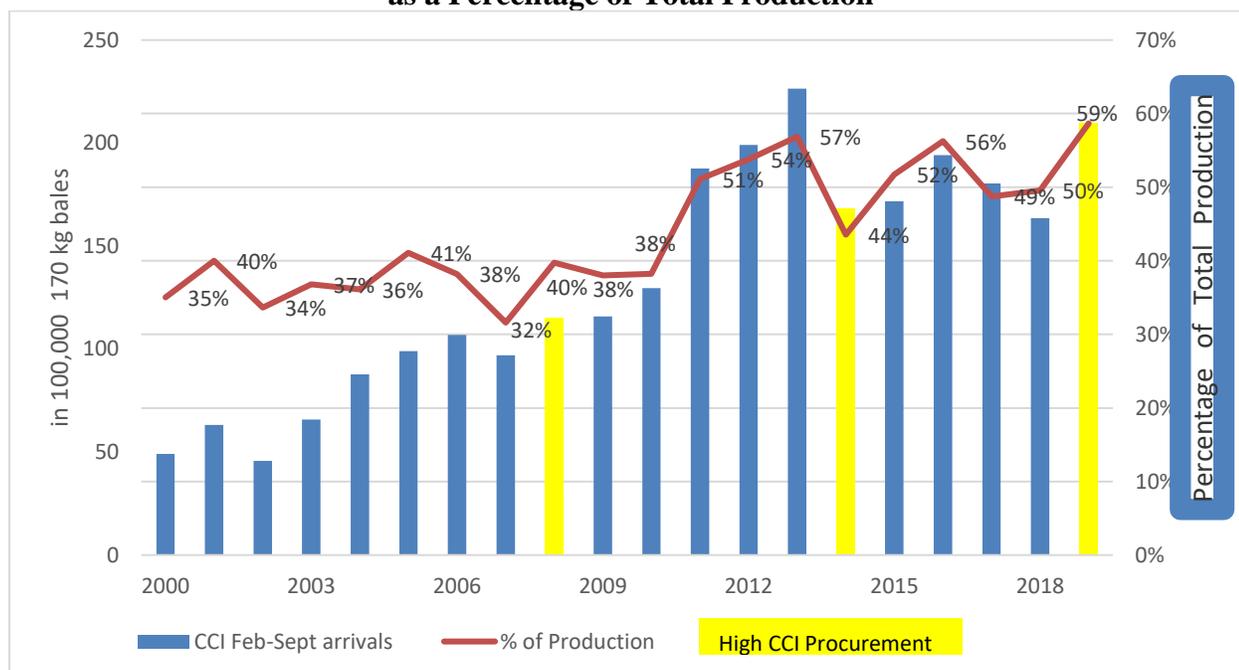
Minimum Support Price (MSP) Procurement

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 MSP are going on 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 January 31, 2021 has crossed 7 million 480 lb. bales (9 million 170-kilogram bales/1.5 MMT) valued at US \$ 3.55 billion (INR 25,826.59 crores) benefitting 1.8 million farmers. Trade sources indicate that CCI is currently buying around 40,000 170-kilogram bales per day.

Arrivals Continue at a Brisk Pace

According to CCI, new crop arrivals as of January 25, are estimated at 17.6 million 480 lb. bales (22.6 million 170-kilogram bales /3.8 MMT). FAS analysis of twenty-year historical cotton arrival data indicates that at least 50 percent of the crop arrives between February and September. Current crop arrivals represent 60 percent of the total estimated production for the 2020/21 marketing year.

Image 1: Cotton Crop Arrivals between February-September as a Percentage of Total Production



Source: FAS Post Analysis

Consumption

Post estimates MY 2020/21 cotton consumption at 23.6 million 480 lb. bales. Post’s estimate is 400,000 480 lb. bales lower than official USDA estimate. Strong export demand for cotton yarn is supporting strong cotton consumption, which has led to farmgate seed cotton prices above the minimum support price (MSP) for the first time in the season. However, exports constitute less than ten percent of total cotton distribution, and domestic use must significantly improve to reach pre-COVID levels. India’s domestic market remains subdued as a large percentage of the population continues to work/stay at home, and lockdown measures limit consumer retail footfall, slowing down demand recovery. Consumers continue to be cautious and limit additional purchases as disposable incomes have been constrained. Similarly, cash flow is still stressed across the supply chain and producers are operating hand-to-mouth.

For the month of November 2020, the quick estimates of the Index of Industrial Production (IIP), indicate that the textile manufacturing sector witnessed 9.8 percent negative growth in production volume compared to November 2019, highlighting ongoing contraction due to COVID-19. Cumulatively, Indian fiscal year 2020/21 (Apr/Nov) witnessed a 32.4 percent decline compared to 2019/20. For more details, please refer to [Quick Estimates of IIP November 2020](#).

Trade

Post estimates MY 2020/21 exports at 5 million 480-lb. bales (6.4 million 170-kilogram bales/1 MMT). Post’s estimate is same as the official USDA estimate. Indian cotton prices continue to be lower than foreign suppliers’ prices. Since October 2020, Indian ex-gin prices have risen by 16 percent as compared to 23 percent rise for the Cotlook A-Index. The gap between Indian ex-gin and Cotlook A-Index prices continues to keep Indian raw cotton as a cost-effective alternative. According to FAS

analysis, raw cotton shipments in December were two percent lower than the previous month, but still the second highest shipment volume since January 2020. Bangladesh (46 percent), China (33 percent), and Vietnam (14 percent) were the top export destinations. The demand for value-based cotton textiles continues to drive the demand for Indian cotton exports. Indian cotton yarn prices have risen by 38 percent since October 2020, and 21 percent higher since December 2020. Sustained demand for international yarn and textile products from Indian spinning mills is supporting high prices. The demand for cotton yarn remains strong in China, Bangladesh, and Vietnam.

Preliminary trade estimates published by the Ministry of Commerce indicate that cotton yarn shipments (by volume) in December were eight percent higher than the previous month, and four percent higher on a year-over-year basis. Cumulatively, in MY 2020/21, between August and December, cotton yarn shipments were 15 percent higher than same period last year. Exports of cotton fabric are showing erratic growth, as exports in December are ten percent lower than previous month, and ten percent higher on a year over year basis.

Provisional [trade estimates](#) published by the Ministry of Commerce indicate that exports of cotton yarn/fabrics/made-ups and handloom products were ten percent higher (by value) in December 2020 as compared to the same period last year. However, the cumulative value of exports between April-December is down by 10 percent, compared to same period last year. Similarly, exports of readymade garments of all textiles were 15 percent lower in December compared to the same month last year, and the cumulative value of exports during April – December fell by 28 percent compared to the same period last year. The impact of COVID-19 has not spared exports of man-made yarn/fabrics/made-ups, as they are down by 15 percent in December compared to the same month last year, and 30 percent from April-December 2020.

Post estimates MY 2020/21 imports at 1 million 480-lb. bales (1.28 million 170-kilogram bales/218,000 MT). Post's estimate is the same as the official USDA estimate. FAS analysis indicates that December imports almost doubled from the previous month but remained 35 percent lower than same time last year. In December, top cotton suppliers were the United States (43 percent), Egypt (17 percent), and Australia (10 percent). Imports continue to remain slow due to availability of a large domestic crop, coupled with limited buying from mills. Post analysis indicates that almost 56 percent of total imports were shipped to ports in Southern India.

Table 1. India: State Monthly Wholesale Prices for Seed Cotton in December 2020**
(Prices in Indian Rupees per 100 kilograms)

State	Prices, January, 2021**	Prices, December, 2020	Prices, January, 2019	Change (Over Previous Month)	Change (Over Previous Year)
Gujarat	5,455	5,319	5,114	3%	7%
Haryana	-	-	5,241	0%	0%
Karnataka	5,531	5,370	5,160	3%	7%
Madhya Pradesh	5,426	5,263	5,554	3%	-2%
Maharashtra	5,593	5,584	5,254	0%	6%
Odisha	5,654	5,682	5,316	0%	6%
Punjab	5,590	5,484	5,270	2%	6%
Rajasthan	5,690	5,465	5,328	4%	7%
Tamil Nadu	5,758	5,242	4,649	10%	24%
Telangana	5,515	5,475	5,252	1%	5%
Average	5,579	5,432	5,234	3%	7%

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

**Prices reported for the period from January 01-28, 2021

Table 2. India: State Seed Cotton Arrivals in Market Yards in January 2020 (in metric tons)**

State	Market Arrivals January, 2020	Market Arrivals January, 2019	Change (Over Previous Year)
Andhra Pradesh	11,097	14,512	-24%
Gujarat	168,971	166,413	2%
Haryana	3,491	35,114	-90%
Karnataka	20,279	62,675	-68%
Madhya Pradesh	57,393	218,718	-74%
Maharashtra	76,693	212,060	-64%
Odisha	12,809	12,306	4%
Punjab	18,760	13,895	35%
Rajasthan	40,264	97,783	-59%
Tamil Nadu	143	1,404	-90%
Telangana	55,691	222,332	-75%
Uttar Pradesh	-	18	-100%
Total	465,591	1,057,229	-56%

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

**Arrivals reported for the period from January 01-29, 2020

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

	170 kg	Metric Tons	480 lb.
August Exports 1\	192,082	32,654	149,979
September Exports 1\	96,376	16,384	75,251
October Exports 1\	228,606	38,863	178,496
November Exports 1\	653,624	111,116	510,352
December Exports 1\	901,200	153,204	703,660
January Exports 1\	689,853	117,275	538,640
February Exports 1\	546,924	92,977	427,040
March Exports 1\	703,312	119,563	549,149
April Exports 1\	213,259	36,254	166,513
May Exports 1\	138,194	23,493	107,902
June Exports 1\	62,624	10,646	48,897
July Exports 1\	83,553	14,204	65,238
Total	4,509,606	766,633	3,521,118

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 Exports

	170 kg	Metric Tons	480 lb.
August Exports 1\	78,033	13,266	60,929
September Exports 1\	74,995	12,749	58,557
October Exports 1\	115,015	19,552	89,804
November Exports 1\	342,382	58,205	267,333
December Exports 1\	604,606	102,783	472,079
January Exports 1\	946,865	160,967	739,316
February Exports 1\	566,959	96,383	442,684
March Exports 1\	361,059	61,380	281,916
April Exports 1\	33,792	5,745	26,385
May Exports 1\	158,009	26,861	123,374
June Exports 1\	381,766	64,900	298,085
July Exports 1\	436,861	74,266	341,103
Total	4,100,343	697,058	3,201,563

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

Table 3c. India: Estimate of 2020/21 Cotton Exports

	170 kg	Metric Tons	480 lb.
August Exports 1\	339,733	57,755	265,264
September Exports 1\	448,626	76,266	350,289
October Exports 1\	529,193	89,963	413,196
November Exports 1\	782,566	133,036	611,030
December Exports 2\	770,588	131,000	601,678
Preliminary Total (Aug-Dec)	2,870,705	488,020	2,241,457

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

2\ FAS Analysis

Table 4a. India: Estimate of 2018/19 Cotton Imports

	170 kg	Metric Tons	480 lb.
August Imports 1\	153,248	26,052	119,657
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
Total	2,305,387	391,916	1,800,055

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

Table 4b. India: Estimate of 2019/20 Cotton Imports

	170 kg	Metric Tons	480 lb.
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
November Imports 1\	222,081	37,754	173,402
December Imports 1\	124,683	21,196	97,353
January Imports 1\	99,325	16,885	77,553
February Imports 1\	96,118	16,340	75,050
March Imports 1\	112,053	19,049	87,491
April Imports 1\	86,721	14,743	67,712
May Imports 1\	114,727	19,504	89,580
June Imports 1\	107,271	18,236	83,758
July Imports 1\	77,978	13,256	60,886
Total	2,920,003	496,400	2,279,949

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

Table 4c. India: Estimate of 2020/21 Cotton Imports

	170 kg	Metric Tons	480 lb.
August Imports 1\	60,682	10,316	47,381
September Imports 1\	88,401	15,028	69,024
October Imports 1\	62,071	10,552	48,466
November Imports 1\	42,453	7,217	33,147
December Imports 2\	81,547	13,863	63,672
Preliminary Total (Aug-Dec)	335,155	56,976	261,690

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

2\ FAS Analysis

**Table 5: India's Cotton Yarn* Exports by Month
(Figures in thousand Metric Tons)**

Month/Year	2014/15	2015/16	2016-17	2017-18	2018/19	2019/20	2020/21
Aug	94	117	66	79	108	67	92
Sep	98	112	77	99	98	66	93
Oct	101	106	76	98	97	78	86
Nov	125	105	103	111	95	89	87
Dec	125	115	129	116	92	91	94**
Jan	113	104	132	87	91	102	
Feb	119	100	103	95	100	91	
Mar	122	112	89	118	117	73	
Apr	104	105	66	106	89	18	
May	99	94	65	109	76	58	
Jun	103	92	78	117	58	96	
Jul	118	75	71	101	59	101	
TOTAL	1,321	1,237	1,055	1,236	1,080	929	

*HS code: 5204, 5205 and 5207

**Provisional data estimate

Source: Directorate General of Foreign Trade, Ministry of Commerce

**Table 6. India's Cotton Fabric* Exports by Month
(Figures in thousand square meters)**

Month/Year	2014-15	2015-16	2016-17	2017-18	2018-19	2019/20	2020/21
Aug	92,491	101,609	113,364	107,497	147,673	150,882	146,826
Sep	98,636	104,032	104,666	123,688	126,498	139,365	155,768
Oct	108,182	117,744	105,449	109,769	142,260	146,139	160,525
Nov	103,471	95,225	87,711	118,256	119,215	126,143	
Dec	105,335	121,134	112,030	132,635	132,049	142,892	
Jan	93,192	116,656	107,852	125,493	136,899	140,226	
Feb	96,586	107,487	110,875	113,399	135,495	148,992	
Mar	105,169	120,461	113,507	133,927	162,676	121,661	
Apr	87,666	109,535	94,383	114,876	126,001	21,311	
May	104,169	103,373	89,117	119,821	141,129	69,665	
Jun	104,505	97,043	93,410	122,381	131,541	127,795	
Jul	97,421	98,914	94,399	113,614	140,850	154,068	
TOTAL	1,196,821	1,293,214	1,226,764	1,435,355	1,642,288	1,489,140	

*HS code: 5208 and 5209

Source: Directorate General of Foreign Trade, Ministry of Commerce

Attachments:

No Attachments.