

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Cotton and Products Update - January 2022

**Country:** India

**Post:** Mumbai

**Report Category:** Cotton and Products

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**Report Highlights:**

FAS Mumbai (Post) forecasts marketing year (MY) 2021/2022 cotton production at 27.4 million 480 lb. bales on an area of 12.1 million hectares. Farmers continue to limit market arrivals due to rising seed cotton prices, increasing input costs for textile value chains. Post estimates mill consumption at 26.5 million 480 lb. bales based on robust export demand for value added textiles and prospective orders. Exports of fiber, cotton yarn and cotton products remain steady. Despite the expectations of local industry, the Government of India maintained its import duty on cotton in its recent budget announcement, but rising domestic prices are prompting mills to procure less expensive cotton supplies through imports.

## India: Commodity, Cotton - Production, Supply and Distribution

Cotton	2019/2020		2020/2021		2021/2022	
	Aug 2019		Aug 2020		Aug 2021	
Market Year Begins	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
India						
Area Planted (1000 HA)	-	-	-	-	-	-
Area Harvested (1000 HA) (a)	13,400	13,500	13,000	13,000	12,400	12,150
Beginning Stocks 1000 480 lb. Bales	8,604	8,604	16,184	16,184	13,439	13,739
Production 1000 480 lb. Bales	28,500	28,500	27,600	27,900	27,500	27,400
Imports 1000 480 lb. Bales	2,280	2,280	844	844	1,000	1,000
MY Imports from U.S. 1000 480 lb. Bales	-	-	-	-	-	-
Total Supply 1000 480 lb. Bales	<b>39,384</b>	<b>39,384</b>	<b>44,628</b>	<b>44,928</b>	<b>41,939</b>	<b>42,139</b>
Exports 1000 480 lb. Bales	3,200	3,200	6,189	6,189	5,800	5,900
Use 1000 480 lb. Bales	20,000	20,000	25,000	25,000	26,000	26,500
Loss 1000 480 lb. Bales	-	-	-	-	-	-
Total Dom. Cons. 1000 480 lb. Bales	20,000	20,000	25,000	25,000	26,000	26,500
Ending Stocks 1000 480 lb. Bales	16,184	16,184	13,439	13,739	10,139	9,739
Total Distribution 1000 480 lb. Bales	<b>39,384</b>	<b>39,384</b>	<b>44,628</b>	<b>44,928</b>	<b>41,939</b>	<b>42,139</b>
Stock to Use % (PERCENT) (b)	70	70	43	44	32	30
Yield (KG/HA) (c)	463	460	462	467	483	491

Figures in Thousand 480-lb bales, except where indicated: (a) thousand hectares, (b) percent, (c) kilograms/hectares

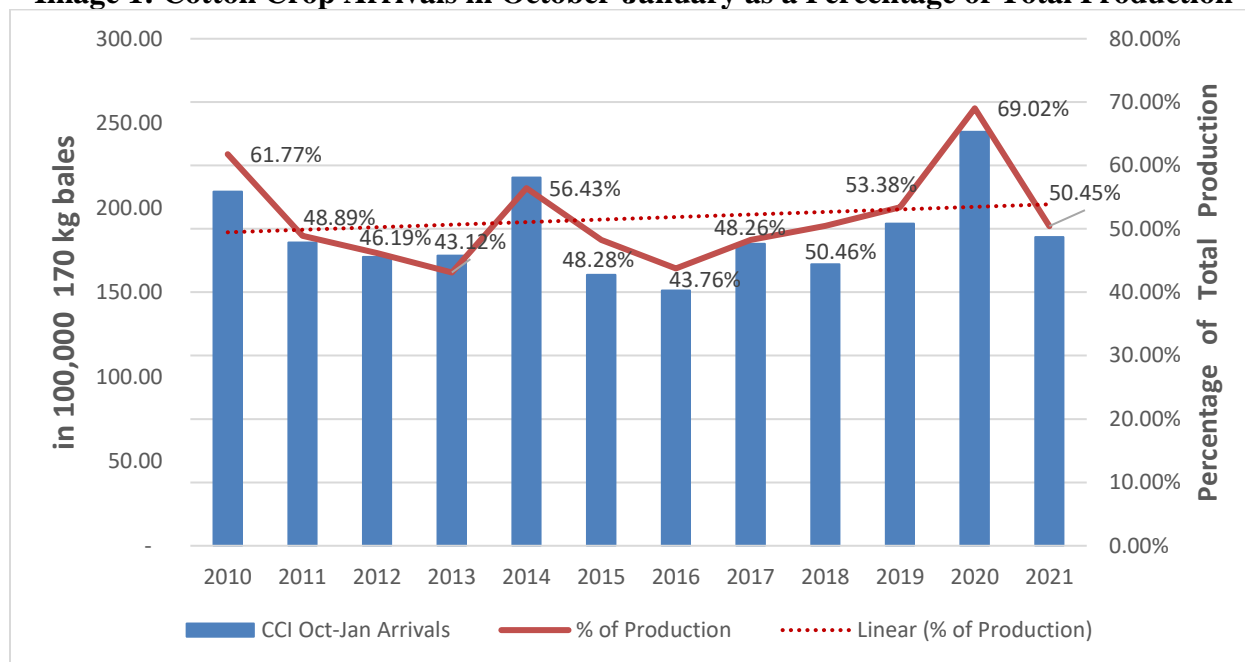
### Area and Production

FAS Mumbai (Post) forecasts marketing year (MY) 2021/2022 cotton production at 27.4 million 480 lb. bales on an area of 12.1 million hectares. Post's estimate is 200,000 480 lb. bales (two percent) lower than the official USDA estimate. Post has lowered its planted area estimate due to updated assessments of crop damage as the result of rains in late September in the State of Telangana. Crop yields in the state have been adjusted proportionately leading to a lower production estimate for India. Lower crop estimates have led to a rise in Indian farmgate seed cotton prices, currently 44 percent higher than the minimum support price (MSP).

### Cotton Farmers Delay Market Arrivals to Secure Higher Incomes

According to the Cotton Corporation of India (CCI), MY 2021/22 crop arrivals as of January 31, 2022, are estimated at 14.26 million 480 lb. bales (18.27 million 170-kilogram bales/3.10 MMT). Current crop arrivals represent 50 percent of the total estimated production for MY 2021/22. In MY 2020/21, arrivals during the same period (October-December) were 25 percent higher, but current arrivals are nine percent lower than the three-year average, but marginally lower than the five-year (two percent) average. However, seed cotton arrivals data reported by the Ministry of Agriculture and Farmers Welfare (refer table 2) for January 2022 indicate that arrivals are almost 50 percent higher as compared to the same period last year. Trade sources have repeatedly indicated that farmers are limiting the delivery of seed cotton and holding the harvested crop in anticipation of higher prices. Since October 2021 (the beginning of the Indian marketing year), farmers have achieved good returns, as farmgate prices for Shankar-6 variety in Gujarat have increased by 37 percent and by 60 percent since January 2021.

**Image 1: Cotton Crop Arrivals in October-January as a Percentage of Total Production**



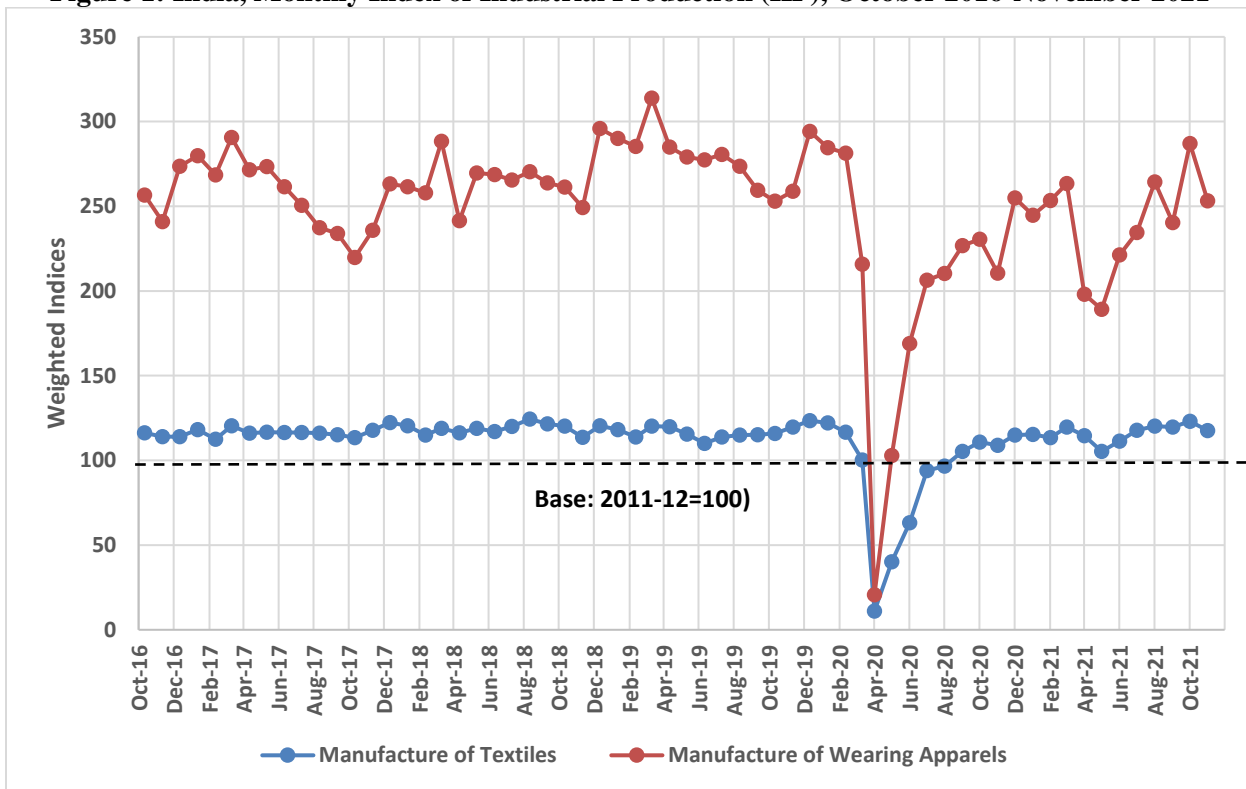
Source: Cotton Corporation of India, Ministry of Textiles, Government of India

### Consumption

Post forecasts MY 2021/2022 consumption at 26.5 million (480 lb.) bales (34 million 170-kilogram bales/5.8 million metric tons). Post’s mill consumption estimate is two percent higher (500,000 480 lb. bales) than the official USDA estimate. Trade sources indicate that mill consumption is being supported by robust textile and apparel exports, and strong order book. Mills are reporting good margins and making investments in additional spinning capacity for the long-term. The outlook for the remainder of the MY 2021/2022 season remains positive. Rising domestic and global fiber prices continues to remain a challenge (as they increase production costs for processors) driving cotton yarn prices to higher levels. As of January 27, the Cotlook A-Index has increased by 22 percent since October 2021 (the beginning of the Indian marketing year), while Indian ex-gin prices and domestic cotton yarn prices rose by 33 percent each during the same period.

In November 2021, the textile sector experienced an eight percent increase in production volume as compared to the same period last year (based on the Index of Industrial Production - [Quick Estimates of IIP November 2021](#)). Similarly, apparel manufacturing witnessed a growth of 33.4 percent as compared to its output last year. Cumulatively (April 2021-November 2021), the production of textiles and apparels have both increased by 47.6 percent and 28.3 percent, respectively, as compared to same period last year. According to IIP estimates, textile manufacturing data indicates that mills have recovered since the lockdown in March 2020 and are operating at pre-Covid levels.

**Figure 1: India, Monthly Index of Industrial Production (IIP), October 2016-November 2021**



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

## Trade

Post forecasts MY 2021/2022 cotton exports at 5.9 million (480-lb.) bales (7.6 million 170-kilogram bales/1.3 million metric tons). Post’s estimate is almost 100,000 (480-lb) bales higher than the official USDA figure. Post analysis indicates that shipments in December 2021 jumped almost 57 percent from the previous month. Bangladesh, Vietnam, China, and Indonesia were the top export destinations. Bangladesh continues to be the major buyer of Indian cotton with almost 60 percent export market share. Similarly, exports of cotton yarn and cotton products continues to grow. According to provisional trade data published by the Ministry of Commerce, exports of cotton yarn/fabrics/made-ups and handloom products (by value) increased by 43 percent in January on a year-on-year basis, but 33 percent lower from previous month. Similarly, exports of readymade garments of all textiles were 20 percent higher in January 2022 compared to the same month last year, but 12 percent higher from the previous month.

Post forecasts MY 2021/2022 imports at 1 million (480-lb.) bales (1.28 million 170-kilogram bales/218,000 MT) in line with the official USDA estimate. Post analysis indicates that shipments in December 2021 jumped almost 21 percent from the previous month. Shipments from the United States (34 percent) and Australia (28 percent) constituted the majority of imports. Other foreign suppliers were Egypt, Greece, and Cameroon. Almost 65 percent of the imports landed in ports in Southern India, indicating growing demand from mills for their export commitments.

## Policy

### No Import Duty Reduction on Raw Cotton in National Budget

On February 1, 2022, the Government of India's (GOI) released its annual budget for Indian Fiscal Year (IFY) 2022/23. The textile industry expected the removal of the ten percent import tariff (made up of the basic customs duty of five percent and an additional five percent levy to finance the development of agricultural infrastructure), but no such provision was announced. In MY 2020/21, imports constituted two percent of the total cotton supply in India, while the three-year average is three percent, and the five-year average is four percent. Imports are mostly restricted to extra-long staple (ELS) cotton that is processed and reexported as value added textile products.

**Table 1: India, State Monthly Wholesale Prices for Seed Cotton, January 2022\*\***

State	Prices January 2022**	Prices December 2021	Prices January 2021	Change (Over Previous Month)	Change (Over Previous Year)
Andhra Pradesh	8,698	-	-	-	-
Gujarat	8,894	8,078	5,457	10%	63%
Haryana	8,603	8,197	-	5%	-
Karnataka	9,329	8,856	5,536	5%	69%
Madhya Pradesh	9,174	8,038	5,442	14%	69%
Maharashtra	9,521	8,253	5,593	15%	70%
Odisha	7,623	7,097	5,657	7%	35%
Punjab	8,677	7,816	5,593	11%	55%
Rajasthan	9,021	8,087	5,688	12%	59%
Tamil Nadu	9,099	6,124	5,756	49%	58%
Telangana	8,886	7,888	5,517	13%	61%
Uttar Pradesh	6,342	6,452	-	-2%	-
<b>AVERAGE</b>	<b>8,656</b>	<b>7,717</b>	<b>5,582</b>	<b>12%</b>	<b>55%</b>

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

Note: \*\*Prices reported for the period from January 01-30, 2022 (India rupees/100 kilograms).

**Table 2: India, State Seed Cotton Arrivals in Market Yards, January 2022\*\* (metric tons)**

State	Market Arrivals January 2021	Market Arrivals January 2020	Change (Over Previous Year)
Andhra Pradesh	9,063	11,961	-24%
Gujarat	118,589	180,910	-34%
Haryana	73,273	3,861	1798%
Karnataka	13,597	21,712	-37%
Madhya Pradesh	213,912	62,437	243%
Maharashtra	79,669	86,740	-8%
Odisha	1,404	13,169	-89%
Punjab	10,966	19,374	-43%
Rajasthan	81,653	43,128	89%
Tamil Nadu	561	154	265%
Telangana	144,865	59,130	145%
Uttar Pradesh	518	-	-
<b>TOTAL</b>	<b>748,069</b>	<b>502,577</b>	<b>49%</b>

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

Note: \*\* Arrivals reported for the period from January 01-30, 2022.

**Table 3a. India, Estimate of 2019/2020 Cotton Exports**

	<b>170 kg.</b>	<b>Metric Tons</b>	<b>480 lb.</b>
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
<b>TOTAL</b>	<b>4,100,343</b>	<b>697,058</b>	<b>3,201,563</b>

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule (HS) code 5201 – raw cotton, Trade Data Monitor, LLC

**Table 3b. India, Estimate of 2020/2021 Cotton Exports**

	<b>170 kg.</b>	<b>Metric Tons</b>	<b>480 lb.</b>
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 1\	711,686	120,987	555,687
January Exports 1\	773,840	131,553	604,217
February Exports 1\	820,468	139,480	640,625
March Exports 1\	1,074,065	182,591	838,634
April Exports 1\	790,848	134,444	617,497
May Exports 1\	686,664	116,733	536,150
June Exports 1\	567,533	96,481	443,132
July Exports 1\	401,726	68,293	313,669
<b>TOTAL</b>	<b>7,926,948</b>	<b>1,347,581</b>	<b>6,189,391</b>

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule (HS) code 5201 – raw cotton, Trade Data Monitor, LLC

**Table 3c. India, Estimate of 2021/2022 Cotton Exports**

	<b>170 kg.</b>	<b>Metric Tons</b>	<b>480 lb.</b>
August Exports 1\	344,927	58,638	269,321
September Exports 1\	275,838	46,893	215,376
October Exports 1\	251,628	42,777	196,472
November Exports 1\	641,973	109,135	501,255
December Exports 2\	1,005,882	171,000	785,397
<b>PRELIMINARY TOTAL (AUG-DEC)</b>	<b>2,520,250</b>	<b>428,442</b>	<b>1,967,821</b>

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule (HS) code 5201 – raw cotton, Trade Data Monitor, LLC

2\ FAS Analysis.

**Table 4a. India, Estimate of 2019/2020 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
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
<b>TOTAL</b>	<b>2,920,003</b>	<b>496,400</b>	<b>2,279,949</b>

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule (HS) code 5201 – raw cotton, Trade Data Monitor, LLC

**Table 4b. India, Estimate of 2020/2021 Cotton Imports**

	<b>170 kg.</b>	<b>Metric Tons</b>	<b>480 lb.</b>
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 1\	76,437	12,994	59,683
January Imports 1\	135,034	22,956	105,435
February Imports 1\	81,981	13,937	64,011
March Imports 1\	94,613	16,084	73,875
April Imports 1\	76,424	12,992	59,672
May Imports 1\	112,038	19,046	87,479
June Imports 1\	135,510	23,037	105,806
July Imports 1\	114,929	19,538	89,737
<b>TOTAL</b>	<b>1,080,575</b>	<b>183,698</b>	<b>843,717</b>

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule (HS) code 5201 – raw cotton, Trade Data Monitor, LLC

**Table 4c. India, Estimate of 2021/2022 Cotton Imports**

	<b>170 kg.</b>	<b>Metric Tons</b>	<b>480 lb.</b>
August Imports 1\	78,373	13,323	61,194
September Imports 1\	92,771	15,771	72,436
October Imports 1\	81,072	13,782	63,301
November Imports 1\	48,444	8,235	37,825
December Imports 2\	58,235	9,900	45,470
<b>PRELIMINARY TOTAL (AUG-DEC)</b>	<b>358,895</b>	<b>61,012</b>	<b>280,227</b>

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule (HS) code 5201 – raw cotton, Trade Data Monitor, LLC

2\ FAS Analysis.

**Table 5: India, Cotton Yarn\* Exports by Month (metric tons, thousands)**

Month/Year	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/22
August	94	117	66	79	108	67	92	116
September	98	112	77	99	98	66	93	117
October	101	106	76	98	97	78	86	117
November	125	105	103	111	95	89	87	111
December	125	115	129	116	92	91	91	131
January	113	104	132	87	91	102	82	
February	119	100	103	95	100	91	82	
March	122	112	89	118	117	73	98	
April	104	105	66	106	89	18	89	
May	99	94	65	109	76	58	101	
June	103	92	78	117	58	96	119	
July	118	75	71	101	59	101	115	
<b>TOTAL</b>	<b>1,321</b>	<b>1,237</b>	<b>1,055</b>	<b>1,236</b>	<b>1,080</b>	<b>929</b>	<b>1,135</b>	

\*HS code: 5204, 5205, and 5207.

Source: Directorate General of Foreign Trade, Ministry of Commerce, FAS Mumbai, Trade Data Monitor, LLC

**Table 6. India's Cotton Fabric\* Exports by Month (square meters, thousands)**

Month/Year	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/22
August	92,491	101,609	113,364	107,497	147,673	150,882	147,156	209,534
September	98,636	104,032	104,666	123,688	126,498	139,365	155,853	4,475,185
October	108,182	117,744	105,449	109,769	142,260	146,139	160,755	374,907
November	103,471	95,225	87,711	118,256	119,215	126,143	144,515	164,019
December	105,335	121,134	112,030	132,635	132,049	142,892	163,571	
January	93,192	116,656	107,852	125,493	136,899	140,226	152,862	
February	96,586	107,487	110,875	113,399	135,495	148,992	146,373	
March	105,169	120,461	113,507	133,927	162,676	121,661	155,698	
April	87,666	109,535	94,383	114,876	126,001	21,311	174,188	
May	104,169	103,373	89,117	119,821	141,129	69,666	144,628	
June	104,505	97,043	93,410	122,381	131,541	127,850	3,287,229	
July	97,421	98,914	94,399	113,614	140,850	154,192	184,543	
<b>TOTAL</b>	<b>1,196,821</b>	<b>1,293,214</b>	<b>1,226,764</b>	<b>1,435,355</b>	<b>1,642,288</b>	<b>1,489,320</b>	<b>5,017,370</b>	

\*HS code: 5208 and 5209.

Source: Directorate General of Foreign Trade, Ministry of Commerce, FAS Mumbai, Trade Data Monitor, LLC

### Attachments:

No Attachments.