

**Voluntary Report** – Voluntary - Public Distribution

**Date:** October 27,2020

**Report Number:** IN2020-0156

**Report Name:** Cotton and Products Update - October 2020

**Country:** India

**Post:** Mumbai

**Report Category:** Cotton and Products

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**Report Highlights:**

Post estimates cotton production at 29.3 million 480-lb bales in marketing year (MY) 2020/21 on an area of 13 million hectares. Heavy rains in central and southern India are expected to impact cotton quality and overall yields. The minimum support price procurement for the new crop has commenced. Fiber prices have improved due to a sharp rise in exports of cotton and cotton products, which has increased cotton use, estimated at 22.7 million 480 lb. bales.

### 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	13,300	13,400	13,000
Beginning Stocks	9,225	9,225	9,304	9,304	17,884	17,684
Production	25,800	25,800	29,500	29,300	30,000	29,300
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	40,884	48,884	47,984
Exports	3,521	3,521	3,200	3,200	5,000	4,700
Use	24,000	24,000	20,000	20,000	23,000	22,700
Loss	-	-	-	-	-	-
Total Dom. Cons.	24,000	24,000	20,000	20,000	23,000	22,700
Ending Stocks	9,304	9,304	17,884	17,684	20,884	20,584
Total Distribution	36,825	36,825	41,084	40,884	48,884	47,984
Stock to Use (b)	34%	34%	77%	76%	75%	75%
Yield (c)	446	446	483	480	487	491

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 29.3 million 480-lb bales (37.5 million 170-kilogram bales/ 6.4 million metric tons) for marketing year (MY) 2020/21 on an area of 13 million hectares. Post's area estimate is 400,000 hectares lower than the official USDA estimate, resulting in a reduction of 800,000 480 lb. bales in Post's production estimate. According to the Ministry of Agriculture and Farmers Welfare's (MOAFW), *Kharif* sowing has been completed and First Advance Estimates for 2020-21 have been published. Post's production estimate has been revised due to the lower expected yields as a result of heavy rains across major cotton growing states. National average yields are estimated around 491 kilograms per hectare, which is two percent higher than last year.

On September 14, the Ministry of Textiles, Government of India constituted a Committee on Cotton Production and Consumption (COCPC), formed after the abolition of the Cotton Advisory Body (CAB). On September 21, COCPC published revised estimates for MY 2018/19 and MY 2019/20. Their MY 2019/20 cotton production is estimated at 27.9 million 480 lb. bales (35.7 million 170-kilogram bales/6 MMT). For more details, please refer - [Area, Production and Yield dated September 21, 2020](#).

### October Rains Adversely Impact Crop Progress

According to rainfall data published by the Indian Meteorological Department, excess rains in major cotton growing states of Maharashtra, Gujarat, Telangana, Karnataka and Andhra Pradesh have led to flooding/water logging of crop areas, adversely impacting cotton crop development. Due to excess soil moisture, there is greater risk of flower and square dropping in the cotton crop, as such, farmers have been advised to drain excess water from the fields. In Maharashtra, farmers have been advised to

undertake cotton picking, and dry the harvested seed cotton before storage. In Madhya Maharashtra and Marathwada districts, there is a crop area of 950,000 hectares (which includes cotton among other crops). that has been hit by heavy rains. In Madhya Maharashtra, cotton is at boll opening to boll development stage, while early sown cotton in Marathwada region is ready for picking/at boll development stage. In Vidarbha region, cotton crop is at boll formation/boll development stage.

Farmers in Telangana, Andhra Pradesh and Karnataka have been advised to drain excess water from the fields. In Tamil Nadu, farmers have been advised to take measures to control grey mildew, a fungal disease due to congenial weather conditions. Low temperatures and high humidity during the winter season may also affect crop yields. Official sources in Telangana indicate the around 370,000 hectares of cotton area has been affected by the heavy rains during October. The damage assessment is ongoing, but cotton, maize and paddy are the major crops affected so far. Prevailing weather conditions are favorable to the incidence of square and flower drop, wilt due to heavy rains, and sucking pest infestation. There are also reports of incidence of pink bollworm in cotton. In major cotton growing districts in Andhra Pradesh, cotton is at flowering to boll formation stage. Current weather conditions are also favorable to the incidence of sucking pest infestation. Due to excess soil moisture, root rot incidence may also emerge in the cotton crop.

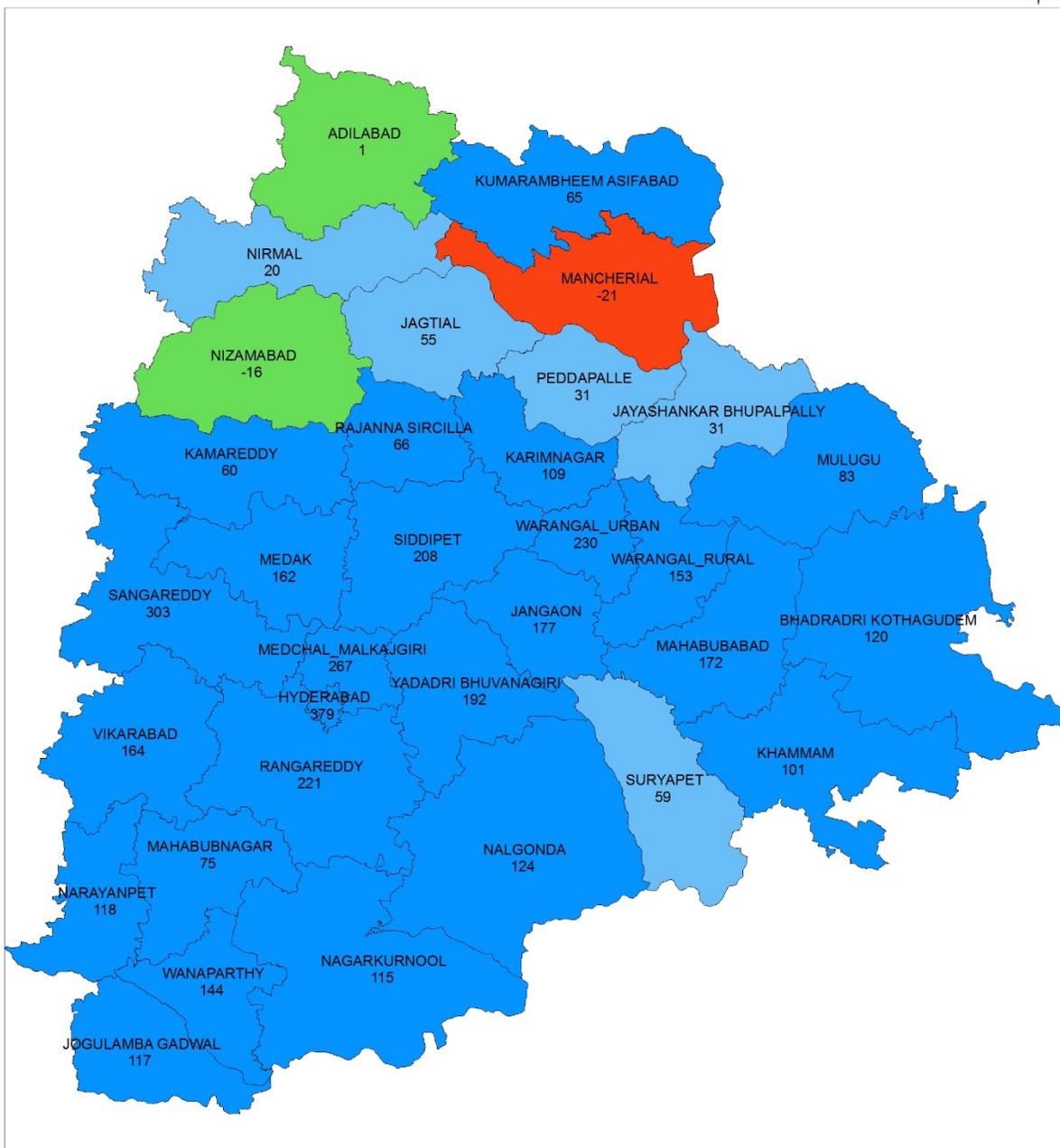
### **Arrivals**

As of October 22, new crop arrivals of long staple variety cotton in the Northern states of Punjab, Haryana and Rajasthan have reached 1.5 million 170-kilogram bales. The farm gate seed cotton prices have increased by two percent since beginning of the new crop year (Oct/Sep), but remain below the market prices from last year and the new minimum support price (MSP). The Cotton Corporation of India remains active in the three states and is procuring supplies at prices 5-6 percent higher than current market rates. According to MOAFW data, arrivals have been slower this year in Northern and Central India mainly because farmers are not able to avail good prices so they are delaying arrivals in anticipation of better prices at a later point. In addition, labor costs have increased so farmers may limit the number of pickings, and there is limited quantity procured under MSP program by government agencies so far.



**DISTRICT RAINFALL DEPARTURE MAP - TELANGANA**

Period :01-10-2020 To 24-10-2020



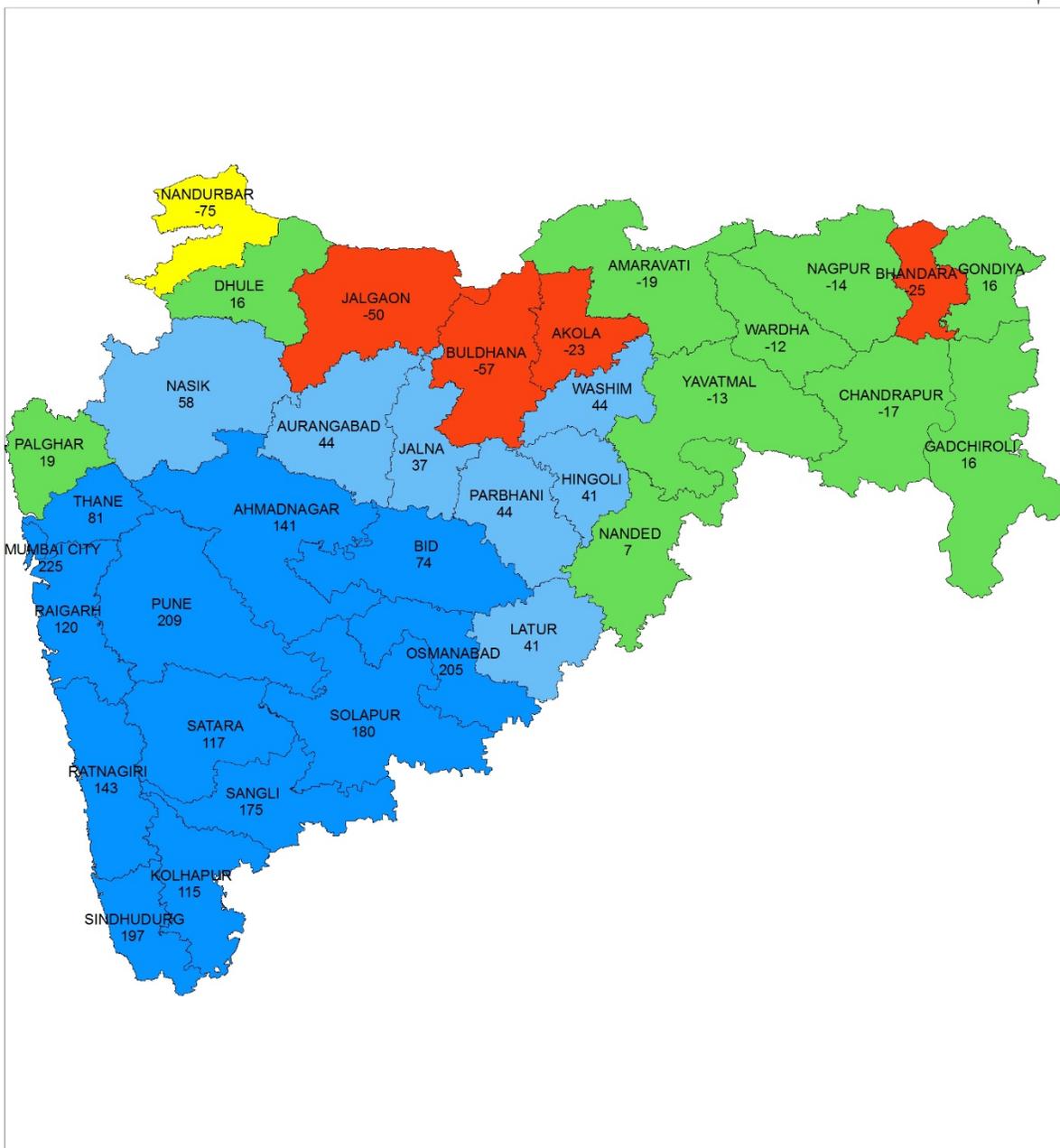
Legend

Large Excess [ 60% or more] Excess [ 20% to 59%] Normal [-19% to 19%] Deficient [-59% to -20%] Large Deficient [-99% to -60%] No Rain [-100%] No Data



**DISTRICT RAINFALL DEPARTURE MAP - MAHARASHTRA**

Period :01-10-2020 To 24-10-2020



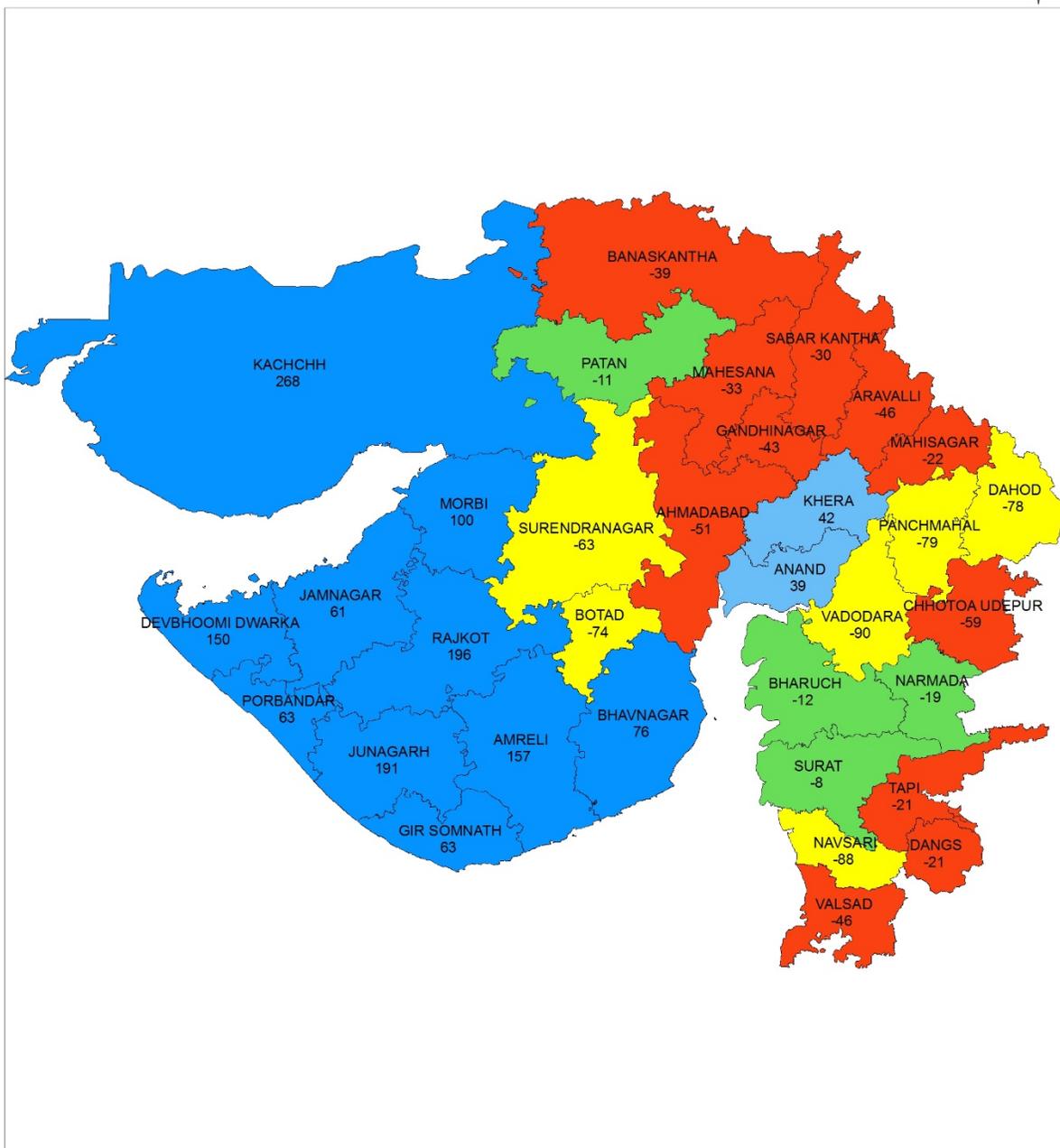
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■ Large Excess [ 60% or more] 
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  No Rain [-100%] 
  No Data



**DISTRICT RAINFALL DEPARTURE MAP - GUJARAT**

Period :01-10-2020 To 24-10-2020



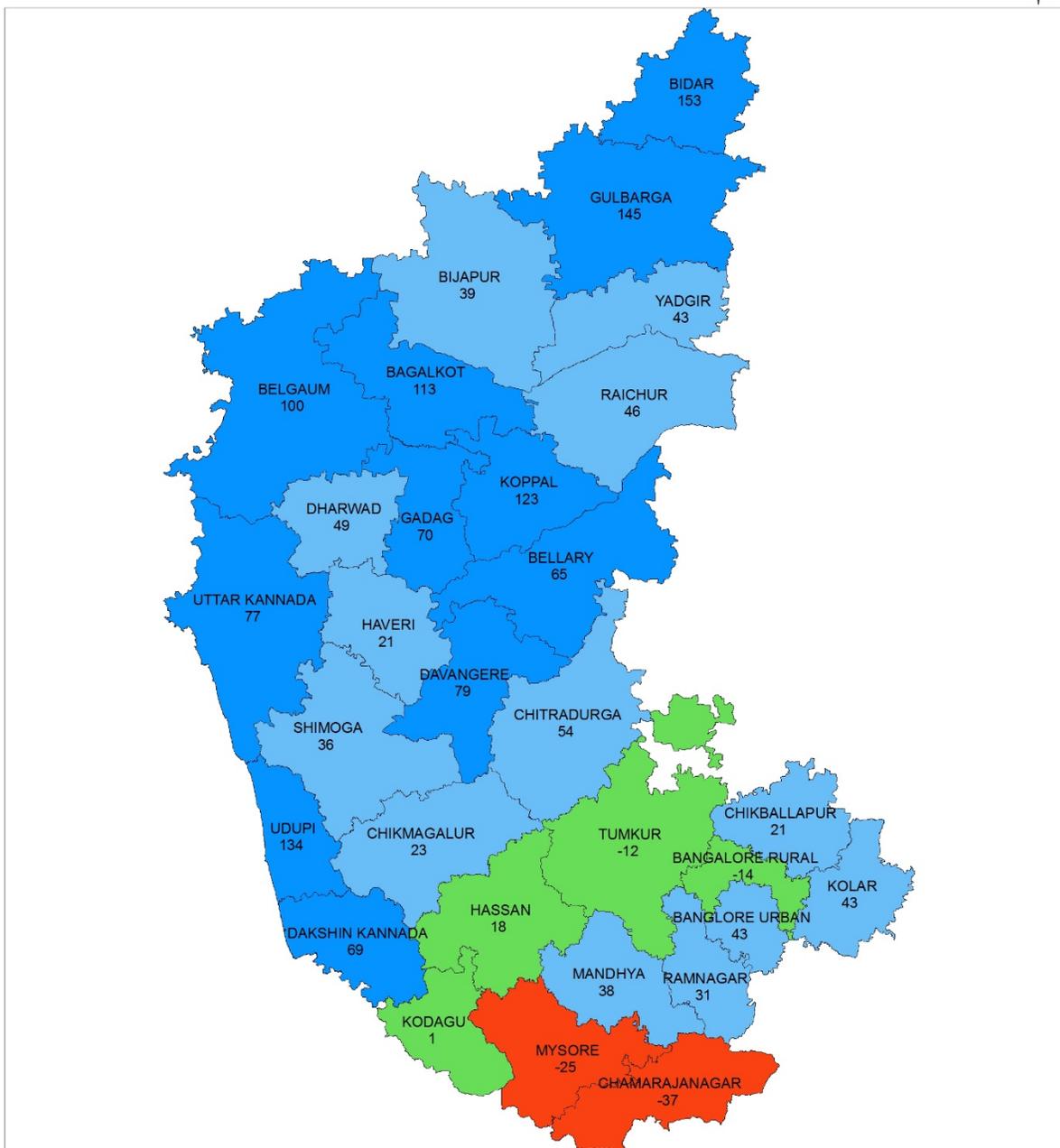
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Large Excess [ 60% or more] Excess [ 20% to 59%] Normal [-19% to 19%] Deficient [-59% to -20%] Large Deficient [-99% to -60%] No Rain [-100%] No Data



**DISTRICT RAINFALL DEPARTURE MAP - KARNATAKA**

Period :01-10-2020 To 25-10-2020



Legend

Large Excess [ 60% or more] Excess [ 20% to 59%] Normal [-19% to 19%] Deficient [-59% to -20%] Large Deficient [-99% to -60%] No Rain [-100%] No Data

### **Minimum Support Price (MSP) and Stocks**

The Cotton Corporation of India (CCI) has commenced procurement under the MSP program for the Indian marketing year (Oct/Sep) 2020/21. CCI has been purchasing seed cotton in the northern Indian states of Punjab, Haryana, and Rajasthan as arrivals pick up. Currently, CCI has purchased around 300,000 170-kilogram bales across the three states. CCI is expected to commence procurement in central and southern cotton growing states in late October/early November. Due to post monsoon rains in central and southern India, the quality of seed cotton is expected to get affected due to the higher moisture levels, which will affect fiber quality (color, length and strength). Trade reports indicate that under the MSP program, the Government of India has set a target to procure 12.5 million 170-kilogram bales of seed cotton in MY 2020-21, which is almost 19 percent more than the procurement done in 2019-20. The MSP program is expected to cost around US\$ 4.8 billion/INR 30,000 crore. As of October 23, unsold stock remaining with CCI and state marketing federations is estimated at 4.1 million 480 lb. bales (5.3 million 170-kilogram bales/901,000 MT).

### **Consumption**

Post estimates MY 2020/21 cotton consumption at 22.7 million 480-lb bales (29 million 170-kilogram bales/4.9 MMT). This estimate is 300,000 480 lb. bales lower than the official USDA estimate. In October, cotton yarn prices increased by 2.3 percent, while fiber prices have rose by eight percent. Growing yarn exports mostly to Bangladesh, China, and Vietnam have led to mills operating at 90-100 percent of their capacity. While mill buying and mill consumption has improved due to export orders from Europe and the United States in the last few months, domestic retail demand remains subdued. Export demand may be transient as there are growing concerns about a second wave of the COVID-19 infections in export markets, which may again lead to store closures, and movement restrictions affecting retail demand.

For the month of August 2020, the quick estimates of the Index of Industrial Production (IIP), indicate that the textile manufacturing sector witnessed 16 percent negative growth in production volume as compared to August 2019, highlighting the ongoing contraction due to COVID-19. Cumulatively, Indian fiscal year 2020/21 (Apr/Aug) witnessed a 49 percent decline as compared to 2019/20. However, it should be noted that the monthly index of textile production has been rising steadily from April onwards. For more details please refer to [Quick Estimates of IIP August 2020](#).

### **Trade**

Post estimates MY 2020/21 exports at 4.7 million 480-lb bales (6 million 170-kilogram bales/1 MMT). Post's estimate is almost 300,000 480-lb bales lower than the official USDA estimate. While a large crop, massive exportable supplies, and recovering foreign demand should support higher shipments, increased competition from other origins will limit exports. Indian ex-gin prices rose by eight percent in October, aligned with Cotlook A-Index. The prospects of a smaller supplies of higher quality cotton, and rising demand has led to a surge in fiber prices. Nevertheless, Indian cotton still remains one of the cheapest in the world. Post analysis indicates that exports in August and September 2020 are the highest on record since MY 2011/12. According to FAS analysis, raw cotton shipments in September were 54 percent higher than previous month. Bangladesh, China and Vietnam were the top export destinations. Shipments to Bangladesh constituted 40 percent of the total volume. Cotton yarn exports (by volume) were nine percent lower than previous month, however the shipments were 37 percent higher compared to the same month last year. The major export destinations were Bangladesh, China, Portugal and Peru. Cotton fabric exports (by volume) are 25 percent higher than the previous month, and 32 percent higher

as compared to last year. The major export destinations were Australia, Korea, Sri Lanka and United States

Provisional trade estimates published by the Ministry of Commerce indicate that exports of cotton yarn/fabrics/made-ups, handloom products were 15 percent higher (by value) in September 2020 as compared to the same period last year. However, the cumulative value of exports between April-September is lower by 20 percent, compared to same period last year. Similarly, exports of readymade garments of all textiles are higher by 10 percent in September compared to the same month last year. The cumulative value of exports from April – August fell by 40 percent compared to the same period last year. The impact of COVID-19 outbreak has not spared exports of man-made yarn/fabrics/made-ups, as they are down by nine percent in September compared to the same month last year. Another major factor that may limit exports are freight rates. Trade sources indicate that freight rates for October have risen sharply from \$300 to \$800 (per 40ft full container load), particularly for Middle East, European, North and South American ports. The availability of containers has further worsened even at major ports like Mundra and Nhava Sheva (Mumbai), while the situation at inland container depots is worse.

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 same as the official USDA estimate. Post analysis indicates that September imports were 19 percent higher than the previous month. During September, the top cotton suppliers were the United States, Egypt, and Mali. Post analysis indicates that almost 57 percent of total imports were shipped to Tuticorin port for mills in Southern India, which included shipments from the United States, Egypt, and West Africa.

Trade sources indicate that there has been a recent change in export conditions to China, where Chinese mills lowered or ended their use of Australian cotton. China is the largest buyer of Australian cotton, and recent changes may provide an opportunity for a higher share of cotton imports from United States and Brazil into China. Consequently, trade sources indicate that a higher share of Australian cotton into India, Pakistan, and Vietnam may be expected.

### **Policy**

On October 7, on the eve of World Cotton Day, the Minister of Textiles launched 'Kasturi Cotton' - India's first ever brand and logo for Indian cotton. Accordingly, the Ministry of Textiles through Agricultural and Processed Food Products Export Development Authority (APEDA) under Ministry of Commerce and Industry has prescribed a certification system for organic cotton which will be introduced in phases throughout the entire textile value chain. Similarly, the development of a certification system for non-organic cotton has also been taken up by APEDA so that usages of cotton can be suitably augmented. For more details please refer [Ministry of Textiles Press Release 1662480](#)

**Table 3. India: State monthly wholesale prices for seed cotton in October 2020**  
(Prices in Indian Rupees per 100 kilograms)

State	Prices, October, 2020**	Prices, September, 2020	Prices, October, 2019	Change (Over Previous Month)	Change (Over Previous Year)
Andhra Pradesh	-	-	5,257	-	-
Gujarat	4,558	4,434	4,749	2.8%	-4.0%
Haryana	5,150	5,019	5,258	2.6%	-2.1%
Karnataka	4,839	4,999	5,440	-3.2%	-11.0%
Madhya Pradesh	4,643	3,545	4,629	31.0%	0.3%
Maharashtra	3,800	4,402	4,629	-13.7%	-17.9%
Odisha	5,330	4,858	5,014	9.7%	6.3%
Punjab	5,208	5,250	5,285	-0.8%	-1.5%
Rajasthan	4,608	4,538	5,124	1.5%	-10.1%
Tamil Nadu	-	-	5,229	-	-
Telangana	5,122	4,754	5,155	7.7%	-0.6%
<b>Average</b>	<b>4,807</b>	<b>4,611</b>	<b>5,070</b>	<b>4.2%</b>	<b>-5.2%</b>

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

**Table 4. India: State Seed Cotton Arrivals in market yards**  
in October 2020\*\* (in metric tons)

State	Market Arrivals October, 2020	Market Arrivals October, 2019	Change (Over Previous Year)
Andhra Pradesh	7,067	5,642	25.25%
Gujarat	63,579	51,530	23.38%
Haryana	8,963	64,009	-86.00%
Karnataka	14,714	6,335	132.27%
Madhya Pradesh	11,880	38,369	-69.04%
Maharashtra	125	1,043	-88.02%
Odisha	26,667	14,968	78.16%
Punjab	22,891	144,069	-84.11%
Rajasthan	885	751	17.80%
Tamil Nadu	9,744	10,252	-4.96%
Telangana	3,283	952	244.78%
<b>Total</b>	<b>169,797</b>	<b>337,921</b>	<b>-49.75%</b>

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

\*\*Arrivals reported for the period from October 01-21, 2020

**Table 5a. India: Estimate of 2018/19 Cotton Exports**

	<b>170 kg</b>	<b>Metric Tons</b>	<b>480 lb.</b>
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
<b>Total</b>	<b>4,509,606</b>	<b>766,633</b>	<b>3,521,118</b>

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

**Table 5b. India: Estimate of 2019/20 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\	74,994	12,749	58,556
October Exports 1\	115,012	19,552	89,802
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\	158,006	26,861	123,372
June Exports 1\	381,766	64,900	298,085
July Exports 1\	430,835	73,242	336,398
<b>Total</b>	<b>4,094,310</b>	<b>696,033</b>	<b>3,196,853</b>

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

**Table 5c. India: Estimate of 2020/21 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 2\	524,000	89,080	409,141
<b>Preliminary Total (Aug-Sep)</b>	<b>863,733</b>	<b>146,835</b>	<b>674,406</b>

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

2\ FAS Analysis

**Table 6a. 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	119,657
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
<b>Total</b>	<b>2,305,387</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 6b. 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
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>Preliminary Total (Aug-Jul)</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 code 5201 – raw cotton

**Table 6c. India: Estimate of 2020/21 Cotton Imports**

	<b>170 kg</b>	<b>Metric Tons</b>	<b>480 lb.</b>
August Imports 1\	73,529	12,500	57,412
September Imports 2\	87,700	14,909	68,476
<b>Preliminary Total</b>	<b>161,229</b>	<b>27,409</b>	<b>125,888</b>

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

2\ FAS Analysis

**Table 7: 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	
Oct	101	106	76	98	97	78	
Nov	125	105	103	111	95	89	
Dec	125	115	129	116	92	91	
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	
<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>	

\*HS code: 5204, 5205 and 5207

Source: Directorate General of Foreign Trade, Ministry of Commerce

**Table 8. 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	199,848
Sep	98,636	104,032	104,666	123,688	126,498	139,365	
Oct	108,182	117,744	105,449	109,769	142,260	146,139	
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	160,140	
<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>1,495,213</b>	

\*HS code: 5208 and 5209

Source: Directorate General of Foreign Trade, Ministry of Commerce

**Attachments:**

No Attachments.