

Voluntary Report – Voluntary - Public Distribution

Date: September 26,2020

Report Number: IN2020-0131

Report Name: Cotton and Products Update - September 2020

Country: India

Post: Mumbai

Report Category: Cotton and Products

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Report Highlights:

Post estimates cotton production at 29.4 million 480-lb bales in marketing year (MY) 2020/21 on an area of 13 million hectares. Well distributed monsoon rains have provided adequate moisture, accelerated the pace of sowing, and improved yield prospects, which are expected to increase by two percent compared to last year. Ex-gin cotton prices are improving as mill purchases and exports of cotton yarn and fabric show signs of growth. However, sizable carryover cotton stocks remain, which keep prices suppressed. The domestic consumption outlook remains weak as COVID-19 concerns continue to keep consumers away from retail stores.

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	9,314	9,304	17,864	17,704
Production	25,800	25,800	29,500	29,300	30,000	29,400
Imports	1,800	1,800	2,300	2,300	1,000	1,000
MY U.S. Imports	-	-	-	-	-	-
Total Supply	36,825	36,825	41,114	40,904	48,864	48,104
Exports	3,511	3,521	3,250	3,200	5,000	4,300
Use	24,000	24,000	20,000	20,000	22,500	22,500
Loss	-	-	-	-	-	-
Total Dom. Cons.	24,000	24,000	20,000	20,000	22,500	22,500
Ending Stocks	9,314	9,304	17,864	17,704	21,364	21,304
Total Distribution	36,825	36,825	41,114	40,904	48,864	48,104
Stock to Use (b)	34%	34%	77%	76%	78%	79%
Yield (c)	446	446	483	480	487	492

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 29.4 million 480-lb bales (37.6 million 170-kilogram bales/ 6.4 million metric tons) for marketing year (MY) 2020/21, due to lower harvested area at 13 million hectares. Post's area estimate is 400,000 hectares lower than the official USDA estimate. Barring a few southern states where there is limited scope for late winter planting, most sowing has been completed well ahead of time. According to the Ministry of Agriculture and Farmers Welfare's (MOAFW) [September 18, 2020 report](#), the overall cotton planting area for the *Kharif* 2020 season reached 12.9 million hectares, two percent higher than last year, and six percent higher than the five-year average. The new crop arrivals of long staple variety cotton have begun in the Northern states of Punjab, Haryana and Rajasthan. While the quantities are very small, the farmgate prices remain well below the market prices from last year and the new minimum support price.

Crop Progress

Based on the [NDVI composite index](#), agricultural vigor among the cotton growing areas was good in most of Punjab, northern part of Haryana, a few pockets in north coastal Andhra Pradesh, Madhya Pradesh, Vidarbha and Uttar Pradesh. It was also good in isolated pockets in the remaining part of the country. Post estimates average national yields around 492 kilograms per hectare, two percent higher than last year.

In Andhra Pradesh, Telangana, and Odisha heavy rains and prevailing weather conditions are favorable for incidence of sucking pest in cotton, and flower droppings as the crop is at the flowering/boll

formation stage. Certain districts have received excess rains and farmers have been advised to drain excess water from the fields. Due to excess moisture in the field, plants may fail to absorb the soil nutrients, which may lead to square and boll dropping. Excess moisture in the soil cotton crop may result in wilt, and square rotting. In Telangana, there has been incidence of pink bollworm reported in the major cotton growing districts of Adilabad, Nizamabad, Khammam, and Karimnagar. Farmers have been advised to use control measures after observing 7-8 adult insects for consecutive three days.

In Central Maharashtra, the farmers have been advised to control cotton wilt due to waterlogged fields through the application of fertilizers where the crop is in boll formation/boll development stage. In Eastern Maharashtra (Vidarbha), the application of plant growth regulators is advised to avoid shedding of squares and flowers of cotton. The late sown cotton crop stage ranges from square formation, flowering to boll formation. Farmers have also been advised to spray insecticides/pesticides to control pink bollworm in cotton during flowering stage. In Saurashtra and Kutch region in Gujarat, farmers have been advised to carry out hoeing and weeding operations in addition to removing excessive water in the field.

According to the Indian Meteorological Department (IMD), the southwest monsoon remains active over the Central cotton growing states of Madhya Pradesh and Maharashtra during the next five days (Sep 23-27) and excess rains may impact crop development. There are reports of damage to cotton crop due to excess rains in the states of Gujarat, Maharashtra, Madhya Pradesh and Telangana, however, ground assessments of the damage by central/state government agencies have yet been completed.

First Advance Estimates of Production for 2020/21

On September 22, the Ministry of Agriculture and Farmers Welfare (MOAFW) [released](#) the First Advance Estimates of Production for Kharif crops in 2020/21. Cotton production for MY 2020/21 is estimated at 37.1 million 170-kilogram bales million metric tons (MMT). The production estimate for MY 2020/21 is the highest first advance estimate for more than a decade. For more information, please refer the [first advance estimates of production 2020-21](#).

Consumption

Post estimates MY 2020/21 cotton consumption at 22.5 million 480-lb bales (28.8 million 170-kilogram bales/4.9 MMT). This estimate is similar to the official USDA estimate. Mill buying has gradually improved over the past month largely driven by growing yarn exports mostly to Bangladesh, China, and Vietnam. Trade sources indicate that mills are currently operating at 75-80 percent capacity, which is likely to improve over the next two months with the arrival of the Indian holiday season. However, the domestic consumption outlook remains weak as COVID-19 concerns continue to keep consumers away from retail stores, leading to reduced orders and order delays for the apparel manufacturers. Trade sources indicate that mills in Northern India are carrying stocks for 40-45 days. Larger mills are carrying stocks between 60-70 days, while smaller mills between 20-40 days. Similarly, mills in Southern India are holding around 45 days' worth of inventory. The expectation of new crop arrivals, combined with weak domestic demand will likely keep mill buying to a minimum

For the month of July 2020, the quick estimates of the Index of Industrial Production (IIP), indicate that the textile manufacturing sector witnessed 15 percent negative growth in production volume as compared to July 2019 highlighting the ongoing contraction due to COVID-19. Cumulatively, Indian fiscal year 2020/21 (Apr/July) witnessed a 57 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 July 2020](#).

Trade

Post estimates MY 2020/21 exports at 4.3 million 480-lb bales (5.5 million 170-kilogram bales/936,000 MT). Post's estimate is almost 700,000 480-lb bales lower than the official USDA estimate. Post anticipates that a large crop, massive exportable supplies, and increased competition will continue to keep prices suppressed. Indian ex-gin prices continue to remain 8-10 cents lower than Cotlook A-Index, supported by a two percent strengthening of the Indian currency since the previous month. The competition from other foreign origin cotton namely from Brazil and West Africa will continue to limit exports. Post analysis indicates that raw cotton shipments in August were 10 percent lower than previous month. Bangladesh, China and Vietnam were the top export destinations. Shipments to Bangladesh constituted 56 percent of the total volume. CCI also began exporting directly to Bangladesh as part of a recent agreement with between the India and Bangladesh, that will help offload India's large inventories. Cotton yarn exports continue to rise gradually as demand recovers in Bangladesh, China and Vietnam. There is also increased demand from Turkey and Portugal.

Provisional trade estimates published by the Ministry of Commerce indicate that exports of cotton yarn/fabrics/made-ups, handloom products have recovered and were marginally lower (0.42 percent by value) in August 2020 as compared to the same period last year. However, the cumulative value of exports between April-August fell by 26.2 percent, compared to same period last year. Similarly, exports of readymade garments of all textiles are down by 14 percent in August from last year. The cumulative value of exports from April – August fell by 47 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 either, as they are down by 24.23 percent in August from last year.

The Ministry of Commerce updated the official export data for MY 2018/19 and MY 2019/20 and Post has updated the trade data accordingly in the PS&D.

Imports

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 August raw cotton imports were six percent lower than the previous month. During August, the top cotton suppliers were Egypt, Mexico and the United States. Post analysis indicates that almost 61 percent of total imports were shipped to Tuticorin port for the mills in Southern India, which included shipments from Mexico and Egypt. Imports in August from the United States saw a significant decline. For MY 2019/20 (Aug/Jul), the impact of COVID-19 is visible on the export shipments from the United States. U.S. exports of raw cotton to India have declined by 65 percent by volume, and by 63 percent by value. The impact is more severe on the imported upland cotton varieties than the extra-long staple (ELS) varieties.

United States Department of Agriculture
Foreign Agricultural Service

Area/Partners of Destination
And Commodities Exported

August - July
Values in Thousands of dollars

Partner	Product	2015	2016	2017	2018	2019	2020	Period/Period % Change (Value)
		Value	Value	Value	Value	Value	Value	
India	Cotton	112,000	137,382	508,196	338,422	533,414	198,750	-63
India	5201009000 - CT,NT PMA,>28.58	61,706	58,001	328,976	170,608	351,107	93,678	-73
India	5201002030 - PIMA,ETC,>28.58	34,191	62,821	150,589	116,642	116,787	71,066	-39
India	5201001090 - CT,>25.4,<28.58	16,104	16,470	27,488	39,628	58,573	31,720	-46
India	5201001025 - RAW CTTN,<25.4	0	91	1,143	11,544	6,946	2,286	-67
Grand Total		112,000	137,382	508,196	338,422	533,414	198,750	-63

Area/Partners of Destination
And Commodities Exported

August - July
Quantities

Partner	Product	UOM	2015	2016	2017	2018	2019	2020	Period/Period % Change (Qty)
			Qty	Qty	Qty	Qty	Qty	Qty	
India	Cotton	MT	46,251.1	61,751.2	240,827.0	160,850.4	291,433.8	103,260.4	-65
India	5201009000 - CT,NT PMA,>28.58	MT	26,495.7	29,760.1	177,454.1	97,776.7	210,544.0	56,516.1	-73
India	5201002030 - PIMA,ETC,>28.58	MT	9,685.6	20,697.6	46,393.1	34,846.4	38,493.3	26,086.0	-32
India	5201001090 - CT,>25.4,<28.58	MT	10,069.9	11,265.0	16,408.8	21,636.6	38,709.8	19,178.7	-50
India	5201001025 - RAW CTTN,<25.4	MT	0.0	28.4	571.1	6,590.7	3,686.7	1,479.5	-60
Grand Total		MT	46,251.1	61,751.2	240,827.0	160,850.4	291,433.8	103,260.4	-65

Minimum Support Price (MSP) Procurement and Stocks

The Cotton Corporation of India has effectively concluded the MSP procurement program for MY 2019/20 season. CCI purchased a record level of 8.2 million 480 lb. bales of cotton (refer table 1), surpassing the previous high volume in 2008/09 season. As of September 21, CCI unsold stock is estimated at 5.8 million 170-kilogram bales from MY 2019/20 season, along with 90,000 170-kilogram bales from MY 2018/19. Unsold stock with state marketing federations is estimated at 900,000 170-kilogram bales. All India unsold stocks held by government agencies are around 5.3 million 480-lb. bales (6.8 million 170-kilogram bales/1.1 MMT). In terms of stocks auctioned by CCI, trade sources indicate that almost 5 million 170-kilogram bales were sold to traders. In addition, farm, mill and ginner stocks, combined is still a sizeable amount leading to overall stocks estimated at the end of September at 13.1 million 480-lb bales (16.8 million 170-kilogram bales/2.9 MMT).

**Table 1. India: Minimum Support Price purchases during
Indian cotton marketing year 2019-20 (Oct/Sep) as on September 13, 2020**

State	Quantity in 170 kg bales	Quantity in 480 lb. bales
Punjab	356,000	277,966
Haryana	623,000	486,441
Rajasthan	376,000	293,582
Gujarat	1,105,000	862,788
Maharashtra	2,625,000	2,049,610
Madhya Pradesh	443,000	345,896
Telangana	4,180,000	3,263,760
Andhra Pradesh	268,000	209,255
Karnataka	349,000	272,501
Orissa	161,000	125,709
Tamil Nadu	28,000	21,863
Total	10,514,000	8,209,372

Source: Cotton Corporation of India

Policy

New MSP Rates Announced for 2020/21

On September 1, the Ministry of Textiles published an order with the minimum support prices (MSP) for various cotton classes/varieties for Indian marketing year (Oct/Sep) 2020/21 season. The MSP will be effective from October 1, 2020 onwards. The MSP for long staple Shankar-6 variety has increased by five percent to INR 5,775 per 100 kilograms from last year. For more details, please refer to the [MSP 2020-21 order](#).

Table 2. India: Kharif 2020 Cotton Sowing Position (area in hectares)

State	2020/21 as of September 17, 2020	2019/20 as of September 17, 2019	Normal Area	Y-o-Y Change	Change from Normal
Andhra Pradesh	563,700	620,000	645,000	-9%	-13%
Telangana	2,413,100	1,859,500	1,726,200	30%	40%
Gujarat	2,278,700	2,666,800	2,632,200	-15%	-13%
Haryana	737,000	701,000	641,200	5%	15%
Karnataka	688,200	575,300	658,400	20%	5%
Madhya Pradesh	644,000	609,100	585,200	6%	10%
Maharashtra	4,225,100	4,383,700	4,153,200	-4%	2%
Odisha	171,200	169,600	138,000	1%	24%
Punjab	501,000	402,000	320,600	25%	56%
Rajasthan	667,900	644,500	523,800	4%	28%
Tamil Nadu	34,700	50,100	157,400	-31%	-78%
Others	22,200	27,100	46,200	-18%	-52%
All India	12,946,800	12,708,700	12,227,400	2%	6%

Source: Ministry of Agriculture and Farmers Welfare, Government of India

**Normal Area is the five-year average during 2014 through 2018

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

State	Prices, September, 2020**	Prices, August, 2020	Prices, September, 2019	Change (Over Previous Month)	Change (Over Previous Year)
Andhra Pradesh	-	-	6,098	0.0%	-100.0%
Gujarat	4,556	4,267	5,400	6.8%	-15.6%
Haryana	-	-	5,333	0.0%	-100.0%
Karnataka	4,968	4,728	5,303	5.1%	-6.3%
Madhya Pradesh	3,520	-	3,800	0.0%	-7.4%
Maharashtra	4,387	5,247		-16.4%	0.0%
Odisha	4,309	4,306	4,118	0.1%	4.6%
Punjab	4,653	-	5,111	0.0%	-9.0%
Rajasthan	-	-	5,473	0.0%	-100.0%
Tamil Nadu	4,552	4,727	5,665	-3.7%	-19.6%
Telangana	-	-	6,054	0.0%	-100.0%
Average	4,698	4,678	5,224	0.4%	-10.1%

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

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

State	Market Arrivals August, 2020	Market Arrivals August, 2019	Change (Over Previous Year)
Andhra Pradesh	4,709	1,582	197.70%
Gujarat	7,615	3,675	107.18%
Haryana	19	18,137	-99.89%
Karnataka	10,967	4,117	166.38%
Madhya Pradesh	5,531	1,080	412.11%
Maharashtra	15	-	0.00%
Odisha	97	1,377	-92.98%
Punjab	1,859	11,113	-83.27%
Rajasthan	2,164	1,061	104.01%
Tamil Nadu	8,163	15,939	-48.79%
Telangana	1,105	967	14.28%
Total	42,243	59,047	-28.46%

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

**Arrivals reported for the period from September 1, 2020 – September 23, 2020

Table 5a. 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 5b. 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\	74,994	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\	158,024	26,864	123,386
June Exports 1\	381,766	64,900	298,085
July Exports 1\	430,878	73,249	336,431
Total	4,094,371	696,043	3,196,901

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

	170 kg	Metric Tons	480 lb.
August Exports 2\	388,235	66,000	303,135
Preliminary Total	388,235	66,000	303,135

2\ FAS Analysis

Table 6a. 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 6b. 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
Preliminary Total (Aug-Jul)	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 6c. India: Estimate of 2020/21 Cotton Imports

	170 kg	Metric Tons	480 lb.
August Imports 2\	73,529	12,500	57,412
Preliminary Total	73,529	12,500	57,412

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
Aug	94	117	66	79	108	67
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
TOTAL	1,321	1,237	1,055	1,236	1,080	929

*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
Aug	92,491	101,609	113,364	107,497	147,673	150,882
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
TOTAL	1,196,821	1,293,214	1,226,764	1,435,355	1,642,288	1,495,213

*HS code: 5208 and 5209

Source: Directorate General of Foreign Trade, Ministry of Commerce

Attachments:

No Attachments.