

Voluntary Report – Voluntary - Public Distribution

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Report Name: Cotton and Products Update - September 2021

Country: India

Post: Mumbai

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Prepared By: Dhruv Sood

Approved By: Lazaro Sandoval

Report Highlights:

FAS Mumbai (Post) forecasts marketing year (MY) 2021/2022 cotton production at 28 million 480 lb. bales on an area of 12.4 million hectares. Planted area fell by nearly 5 percent compared to last year, but yields are expected to improve to 492 kilograms per hectare. MY 2021/22 mill consumption is forecast to increase to 26 million 480 lb. bales thanks to strong export demand for cotton yarn and textile products. Demand for raw cotton exports remains firm as Indian fiber prices are very competitive in global markets.

India: Commodity, Cotton - Production, Supply and Demand Data Statistics

Cotton	2019/2020		2020/2021		2021/2022	
Market Year Begins	Aug 2019		Aug 2020		Aug 2021	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	-	-	-	-	-	-
Area Harvested (1000 HA) (a)	13,500	13,400	13,000	13,000	12,700	12,400
Beginning Stocks 1000 480 lb. Bales	9,004	9,004	16,884	16,884	15,834	15,234
Production 1000 480 lb. Bales	28,800	28,800	28,300	27,900	28,500	28,000
Imports 1000 480 lb. Bales	2,280	2,280	850	850	1,000	1,000
MY Imports from U.S. 1000 480 lb. Bales	-	-	-	-	-	-
Total Supply 1000 480 lb. Bales	40,084	40,084	46,034	45,634	45,334	44,234
Exports 1000 480 lb. Bales	3,200	3,200	6,200	6,200	6,000	6,200
Use 1000 480 lb. Bales	20,000	20,000	24,000	24,200	25,500	26,000
Loss 1000 480 lb. Bales	-	-	-	-	-	-
Total Dom. Cons. 1000 480 lb. Bales	20,000	20,000	24,000	24,200	25,500	26,000
Ending Stocks 1000 480 lb. Bales	16,884	16,884	15,834	15,234	13,834	12,034
Total Distribution 1000 480 lb. Bales	40,084	40,084	46,034	45,634	45,334	44,234
Stock to Use % (PERCENT) (b)	73	73	52	50	44	37
Yield (KG/HA) (c)	464	468	474	467	489	492

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

Area

Post estimates area harvested at 12.4 million hectares, 2.4 percent lower than the USDA official figure. Post's estimate is three percent higher than the official sowing estimate of 12 million hectares as [reported](#) by the Ministry of Agriculture and Farmer Welfare (MOAFW). Post expects upward revisions to planted area with some additional area under *Rabi* crop (winter planting) in South India to be included during the season.

Production

Post estimates MY 2021/2022 cotton production at 28 million 480 lb. bales (35.9 million 170-kilogram bales/6 million metric tons). Post's estimate is two percent lower than the official USDA estimate. Heavy rains in late September/early October damaged crop areas within the central states of Gujarat, Madhya Pradesh and Maharashtra, and southern states of Andhra Pradesh and Telangana. Farmers indicate that the quality of the crop will be poor (due to high moisture content) during the first picking, but subsequent pickings should be better quality if clear weather persists for 15-20 days after the first picking. Despite the damage due to excess rains, the number of pickings will likely be higher due to current high seed cotton prices. Farmers are also expected to keep the crop on the field longer for better price realization. Post estimates an average national yield at 492 kilograms per hectare, one percent higher than the official USDA estimate.

Kharif 2021/22 First Advance Estimates of Crop Production

On September 21, 2021, the [first advance estimates of crop production](#) for 2021/22 were published by the Ministry of Agriculture and Farmers Welfare (MOAFW). As per the advance estimates, Indian cotton production is estimated at 28.3 million 40 lb. bales (36.22 million 170-kilogram bales/ 6.6 million metric tons). The first advance estimates are one percent higher than Post's estimate but one percent lower than the official USDA estimate.

Minimum Support Price Operations Unlikely

The new minimum support price (MSP) became effective at the beginning of the Indian marketing year in October 2021. The new MSP has been increased by 3.8 percent and 3.4 percent for medium staple cotton and long staple cotton, respectively. The Cotton Corporation of India (CCI) has undertaken large scale minimum support price (MSP) programs during the past two years; however, the industry is less optimistic about another MSP program in MY 2021/22 due to the lower crop size coupled with strong fiber demand. There are also trade concerns about the ability of small to medium cotton ginners to process the full crop given the lack of CCI support for expanded mill operations. However, expected robust demand for cotton yarn should support the ginning sector.

RAINFALL STATISTICS - MONSOON 2021

JUNE 2021		1-Jun	TO	30-Jun
REGION	ACTUAL	NORMAL	% DEP	
COUNTRY AS A WHOLE	182.9	166.9	9.6	
NORTHWEST INDIA	85.7	75.3	13.9	
EAST & NORTHEAST INDIA	357.3	347.1	2.9	
CENTRAL INDIA	198.8	169.2	17.5	
SOUTH PENINSULA	166.2	160.2	3.7	

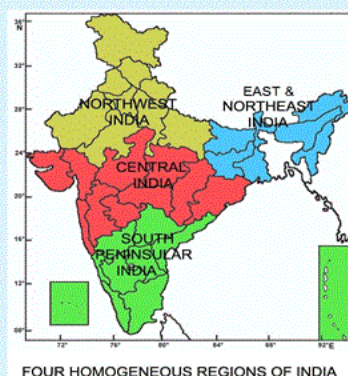
JULY 2021		1-Jul	TO	31-Jul
REGION	ACTUAL	NORMAL	% DEP	
COUNTRY AS A WHOLE	266.0	285.3	-6.8	
NORTHWEST INDIA	196.8	212.2	-7.3	
EAST & NORTHEAST INDIA	320.6	432.0	-25.8	
CENTRAL INDIA	298.9	322.8	-7.4	
SOUTH PENINSULA	273.8	216.7	26.3	

AUGUST 2021		1-Aug	TO	31-Aug
REGION	ACTUAL	NORMAL	% DEP	
COUNTRY AS A WHOLE	196.2	258.2	-24.0	
NORTHWEST INDIA	140.6	202.7	-30.6	
EAST & NORTHEAST INDIA	354.6	346.0	2.5	
CENTRAL INDIA	188.3	307.3	-38.7	
SOUTH PENINSULA	168.2	189.2	-11.1	

SEPTEMBER 2021		1-Sep	TO	30-Sep
REGION	ACTUAL	NORMAL	% DEP	
COUNTRY AS A WHOLE	229.9	170.2	35.1	
NORTHWEST INDIA	153.1	109.3	40.1	
EAST & NORTHEAST INDIA	214.3	285.3	-24.9	
CENTRAL INDIA	327.9	177.3	84.9	
SOUTH PENINSULA	194.8	160.1	21.6	

CUMULATIVE SEASONAL RAINFALL		1-Jun	TO	30-Sep
REGION	ACTUAL	NORMAL	% DEP	
COUNTRY AS A WHOLE	874.6	880.6	-0.7	
NORTHWEST INDIA	575.9	599.5	-3.9	
EAST & NORTHEAST INDIA	1246.2	1410.4	-11.6	
CENTRAL INDIA	1012.5	976.6	3.7	
SOUTH PENINSULA	804.2	726.2	10.7	

(Based on real time data)



Source: Indian Meteorological Department, Ministry of Earth Sciences

Arrivals and Stocks

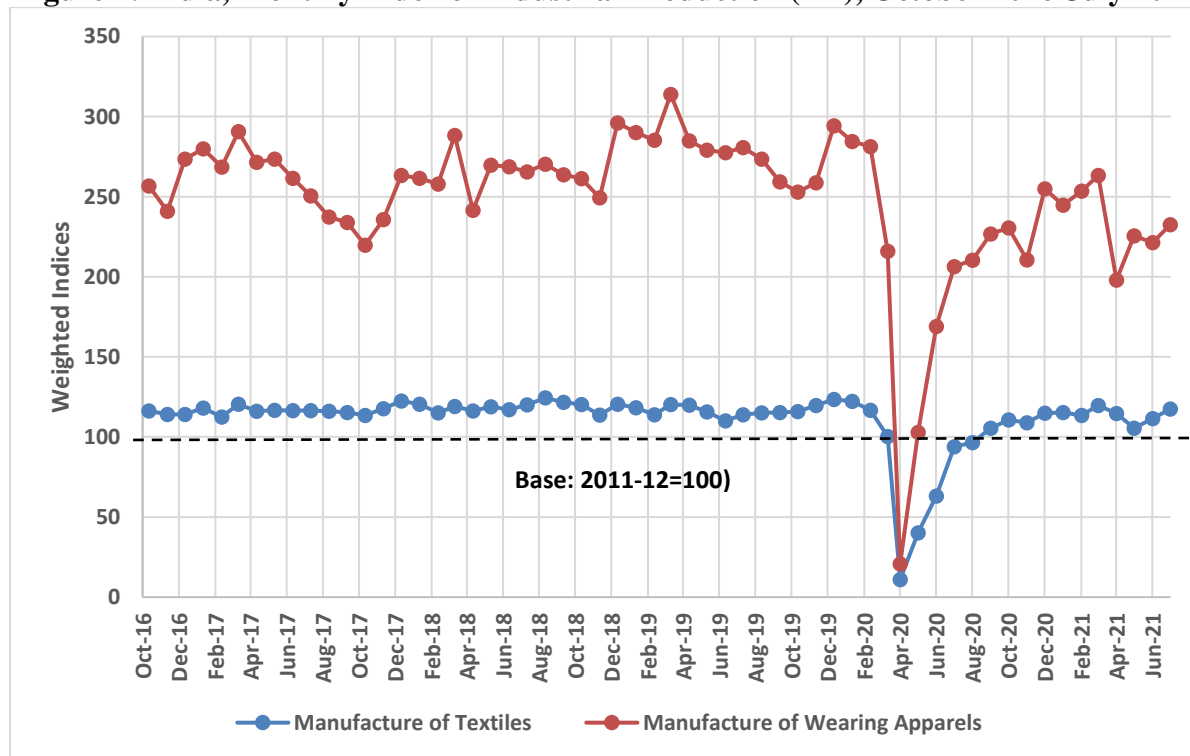
According to the Cotton Corporation of India (CCI), crop arrivals as of September 30 are estimated at 27.7 million 480 lb. bales (35.5 million 170-kilogram bales /6 MMT). Current (MY 2020/2021) crop arrivals represent 99 percent of total estimated production for marketing year 2020/21. Unsold stocks with government agencies are estimated at 273,000 480-lb. bales (350,000 170-kilogram bales).

Consumption

Post forecasts MY 2021/2022 consumption at 26 million (480-lb.) bales (33.3 million 170-kilogram bales/5.7 million metric tons). Post's mill consumption estimate is two percent higher from the official USDA estimate. As of October 7, rising global demand for cotton has led the Cotlook A-Index to rise by 17 percent in the past month, and by almost 68 percent since October 2020. Current index prices have not been witnessed since 2011, leading to strong growth prospects for MY 2021/22. While Indian ex-gin prices have remained firm as compared to global prices in the past month, domestic prices are higher by 53 percent since October 2020. With mill operations returning to full capacity, international demand for home textiles with a focus on health, hygiene, and wellness along with apparels will continue to sustain fiber demand for exports of textile products.

In July 2021, the textile sector experienced a five percent increase in production volume compared to May (based on the Index of Industrial Production - [Quick Estimates of IIP July 2021](#)). Similarly, apparel manufacturing rose in June by 10 percent compared to its output one month earlier.

Figure 4: India, Monthly Index of Industrial Production (IIP), October 2016-July 2021



Source: Ministry of Statistics and Program Implementation, Government of India, FAS New Delhi office research.

Trade

Post forecasts MY 2021/2022 cotton exports at 6.2 million (480-lb.) bales (7.7 million 170-kilogram bales/1.3 million metric tons). Post's estimate is almost 200,000 (480-lb) bales higher than the official USDA figure. India-origin cotton prices remain very competitive compared to those of other origins. The Ministry of Commerce and Industry's trade data indicates that India's MY 2020/2021 cotton

exports (August/July) were 93 percent higher from last year. FAS analysis indicates that shipments in August 2021 were almost 13 percent higher than last year and higher shipments are expected to continue in MY 2021/22 due to competitive prices. In August 2021, more than 70 percent of Indian exports were shipped to Bangladesh. Vietnam and China were other major export markets. According to the trade data published by the Ministry of Commerce, cotton yarn exports continue to remain strong with a seven percent increase in August shipments over the previous month. Shipments in August 2021 were almost 34 percent higher than same period last year indicating robust demand. Similarly, cotton fabric exports for MY 2020/21 (August/July) witnessed a 237 percent rise by volume as compared to the previous year.

FAS Mumbai 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's MY 2020/21 import estimate is at 850,000 480 lb. bales (1 million 170-kilogram bales), similar to the official USDA estimate. In August, imports from Australia (43 percent) and the United States (40 percent) constituted the bulk of imports. Other foreign suppliers included Turkey, Egypt, and Cameroon. Almost 55 percent of overall shipments landed at Tuticorin port in South India, demonstrating the strong demand from mills in the region to meet their export commitments.

The Indian textile industry continues to ask the Government of India (GOI) to withdraw the 10 percent import duty on raw cotton. Its removal would support the textile industry, especially the exporters that manufacture value added yarn/specialty/fine yarn that attract a premium price. One major concern for domestic manufacturers remains that the rising cost of raw materials that can lead international buyers to shift to other suppliers in neighboring countries.

Policy

Government Approves Production Linked Incentive (PLI) Scheme for Textiles

The GOI approved a new textile sector production linked incentive (PLI) program with more than \$1.4 billion to be allocated over five years for ten different textile sector segments, including manmade apparels and fabrics (MMF). The GOI expects the PLI program will net additional sector investment of over \$2.5 billion. The Indian textiles and apparel industry is one of the largest in the world and is a key contributor to the country's exports, representing 12 percent of the country's export earnings. The incentive scheme is expected to boost the high value MMF segment which will complement the efforts of cotton and other natural fiber-based textiles industries. Historically, the GOI focused its support programs on cotton textiles, but given that two-thirds of the international textile market is now MMF and technical textiles, GOI has decided to intervene and aid the creation of a competitive domestic industry within this sector. Through these programs, the government aims to increase textiles exports threefold from their current export value at US\$ 33 billion to US\$ 100 billion, while enhancing domestic production. For more details, please refer to the following press releases -

<https://pib.gov.in/PressReleasePage.aspx?PRID=1753120>

<https://pib.gov.in/PressReleasePage.aspx?PRID=1751739>

Mega Integrated Textile Region and Apparel Parks (PM MITRA)

On October 6, the GOI approved the establishment of seven Mega Integrated Textile Region and Apparel Parks (PM MITRA) with a budget outlay of US\$ 600 million over a five-year period. The objective is to create an integrated textiles value chain, including spinning, weaving, processing/dyeing

and printing to garment manufacturing all at one location, which will reduce logistics costs. The government expects to generate 100,000 direct and 200,000 indirect jobs per park. Several states such as Tamil Nadu, Punjab, Odisha, Andhra Pradesh, Gujarat, Rajasthan, Assam, Karnataka, Madhya Pradesh and Telangana have expressed interest in this program. For more details, please refer to the [press release](#).

Table 1: India, Kharif 2021 Cotton Sowing Position (area in hectares)

State	2021/22 as of Sep 24, 2021	2020/21 as of Sep 24, 2020	Normal Area (full season)	Y-o-Y Change	Change from Normal
Andhra Pradesh	493,000	578,000	612,200	-15%	-19%
Gujarat	2,254,000	2,279,000	2,608,600	-1%	-14%
Haryana	688,000	737,000	656,200	-7%	5%
Karnataka	643,000	699,000	646,800	-8%	-1%
Madhya Pradesh	615,000	644,000	605,800	-5%	2%
Maharashtra	3,957,000	4,234,000	4,213,500	-7%	-6%
Odisha	197,000	171,000	146,600	15%	34%
Punjab	303,000	251,000	286,200	21%	6%
Rajasthan	708,000	698,000	578,400	1%	22%
Tamil Nadu	44,000	38,000	154,000	16%	-71%
Telangana	2,069,000	2,429,000	1,809,000	-15%	14%
Others	35,000	29,000	42,000	21%	-17%
All India	12,006,000	12,787,000	12,359,300	-6%	-3%

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

Note: **Normal Area is the five-year average during 2016 through 2020.

Table 2: India, State Monthly Wholesale Prices for Seed Cotton, September 2021**

State	Prices September 2021**	Prices August 2021	Prices September 2020	Change (Over Previous Month)	Change (Over Previous Year)
Gujarat	5,715	7,783	4,434	-27%	29%
Karnataka	10,186	9,319	4,999	9%	104%
Madhya Pradesh	4,706	7,125	3,545	-34%	33%
Maharashtra	5,146	5,146	4,402	0%	17%
Punjab	6,589	6,421	4,858	3%	36%
Rajasthan	7,000	6,692	5,250	5%	33%
Tamil Nadu	6,988	7,435	4,538	-6%	54%
AVERAGE	6,619	6,428	4,611	3%	44%

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

Note: **Prices reported for the period from September 01-30, 2021 (India rupees/100 kilograms).

Table 3: India, State Seed Cotton Arrivals in Market Yards, September 2021 (metric tons)**

State	Market Arrivals September 2021	Market Arrivals September 2020	Change (Over Previous Year)
Andhra Pradesh	6,477	6,981	-7%
Gujarat	7,542	15,465	-51%
Haryana	394	2,703	-85%
Karnataka	6,493	16,055	-60%
Madhya Pradesh	12,739	5,655	125%
Maharashtra	29	40	-28%
Punjab	5,138	2,138	140%
Rajasthan	11,616	4,219	175%
Tamil Nadu	1,586	3,325	-52%
Telangana	2,170	10,601	-80%
Uttar Pradesh	4,443	1,458	205%
TOTAL	58,626	68,641	-15%

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

Note: ** Arrivals reported for the period from September 01-30, 2021.

Table 4a. India, Estimate of 2019/2020 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 (HS) code 5201 – raw cotton, Trade Data Monitor, LLC

Table 4b. India, Estimate of 2020/2021 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 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
TOTAL	7,926,948	1,347,581	6,189,391

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 Exports

	170 kg.	Metric Tons	480 lb.
August Exports 2\	382,353	65,000	298,543
PRELIMINARY TOTAL (AUG)	382,353	65,000	298,543

2\ FAS Analysis.

Table 5a. India, Estimate of 2019/2020 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 (HS) code 5201 – raw cotton, Trade Data Monitor, LLC

Table 5b. India, Estimate of 2020/2021 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 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
TOTAL	1,080,575	183,698	843,717

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 5c. India, Estimate of 2021/2022 Cotton Imports

	170 kg.	Metric Tons	480 lb.
August Imports 2\	91,000	15,470	71,053
PRELIMINARY TOTAL (AUG)	91,000	15,470	71,053

2\ FAS Analysis.

Table 6: 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	123
September	98	112	77	99	98	66	93	
October	101	106	76	98	97	78	86	
November	125	105	103	111	95	89	87	
December	125	115	129	116	92	91	91	
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	
TOTAL	1,321	1,237	1,055	1,236	1,080	929	1,135	

*HS code: 5204, 5205, and 5207.

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

Table 7. 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
August	92,491	101,609	113,364	107,497	147,673	150,882	146,826
September	98,636	104,032	104,666	123,688	126,498	139,365	155,768
October	108,182	117,744	105,449	109,769	142,260	146,139	160,681
November	103,471	95,225	87,711	118,256	119,215	126,143	144,410
December	105,335	121,134	112,030	132,635	132,049	142,892	162,945
January	93,192	116,656	107,852	125,493	136,899	140,226	151,973
February	96,586	107,487	110,875	113,399	135,495	148,992	146,288
March	105,169	120,461	113,507	133,927	162,676	121,661	155,649
April	87,666	109,535	94,383	114,876	126,001	21,311	145,165
May	104,169	103,373	89,117	119,821	141,129	69,665	144,613
June	104,505	97,043	93,410	122,381	131,541	127,850	367,431
July	97,421	98,914	94,399	113,614	140,850	154,192	182,757
TOTAL	1,196,821	1,293,214	1,226,764	1,435,355	1,642,288	1,489,319	2,064,506

*HS code: 5208 and 5209.

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

Attachments:

No Attachments.