Required Report: Required - Public Distribution **Date:** August 19, 2025

Report Number: IN2025-0047

Report Name: Cotton and Products Update

Country: India

Post: New Delhi

Report Category: Cotton and Products

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Report Highlights:

FAS Mumbai estimates MY 2025/26 India cotton production at 24.5 million 480-lb bales from 11.2 million hectares, down two percent from the previous estimate as farmers shift to higher-return crops like paddy, pulses, and cereals; kharif sowing decreased 2.4 percent from last year (as of August 1). An eight percent increase in the minimum support price (MSP) for medium- and long-staple cotton, effective October 1, is pushing fiber prices higher, encouraging mills to increase imports. Mill consumption is forecast at 25.7 million 480-lb bales, supported by steady yarn and apparel demand in key export markets and a potential export surge following ratification of the U.K.-India Comprehensive Economic and Trade Agreement (CETA).

India Cotton - Production, Supply and Distribution

Cotton	2023/2024		2024/2025		2025/2026	
Market Year Begins	Aug 2023		Aug 2024		Aug 2025	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	12,688	12,688	11,500	11,500	11,200	11,200
Beginning Stocks 1000 480 lb. Bales	10,824	10,824	9,299	9,599	9,749	10,249
Production 1000 480 lb. Bales	25,400	25,700	24,000	24,500	23,500	24,500
Imports 1000 480 lb. Bales	885	885	2,850	3,000	3,000	2,500
Total Supply 1000 480 lb. Bales	**37,109**	**37,409**	**36,149**	**37,099**	**36,249**	**37,249**
Exports 1000 480 lb. Bales	2,310	2,310	1,400	1,350	1,000	1,500
Domestic Use 1000 480 lb. Bales	25,500	25,500	25,000	25,500	25,500	25,700
Loss 1000 480 lb. Bales	-	-	-	-	-	-
Domestic Use and Loss 1000 480 lb. Bales	25,500	25,500	25,000	25,500	25,500	25,700
Ending Stocks 1000 480 lb. Bales	9,299	9,599	9,749	10,249	9,749	10,049
Total Distribution 1000 480 lb. Bales	**37,109**	**37,409**	**36,149**	**37,099**	**36,249**	**37,249**
Stock to Use % (PERCENT)	33	35	37	38	37	37
Yield (KG/HA)	436	441	454	464	457	476
(1000 HA) ,1000 480 lb. Bales ,(PERCENT) ,(KG/HA)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Area and Production

FAS Mumbai estimates marketing year (MY) 2025/26 India cotton production at 24.5 million 480 lb. bales/31.4 million 170-kilogram (kg) bales/5.4 million metric tons (MMT) from 11.2 million hectares of planted area. The area has been revised lower as farmers across central India have preferred to plant competing crops such as paddy, maize, and groundnut due to higher profitability. According to the August 1 sowing progress report published by the Ministry of Agriculture and Farmers Welfare (MOAFW), MY 2025/26 cotton sowing has reached 9.86 million hectares, down three percent from last year. The reduction in the planted area is expected to be offset by increased yields resulting from favorable monsoon conditions, with Post estimating yields at 476 kg per hectare.

North India

Sowing is complete in Punjab and Haryana and nearly complete in Rajasthan. As of July 18, cotton acreage increased by 20 percent in Punjab and 27 percent in Rajasthan but declined by 16 percent in Haryana. In Punjab, limited irrigation water led farmers to shift from paddy to cotton. Rajasthan saw an increase in cotton cultivation as farmers replaced soybeans to meet rising fiber demand from local textile mills. In Haryana, low yields, frequent pest infestation, and high labor costs, along with water scarcity, prompted farmers to switch to less water-intensive crops such as pearl millet (bajra), maize, and guar.

Central India

Sowing is underway in Central India, with the planted area nearly nine percent lower than last year. There is a notable shift away from cotton in Gujarat and Maharashtra, the two largest cotton-producing states, while Madhya Pradesh's cotton area has declined by 18 percent. In Gujarat, cotton sowing is down seven percent as farmers favor groundnut, green gram (moong), and castor due to lower cost of production and shorter duration for maturity than cotton. Maharashtra's cotton area is down six percent, with farmers opting for lower-cost crops like paddy and maize. Both states have experienced excessive rainfall over the past month, causing infestation and potential yield losses. Farmers have been advised to undertake weeding for soil aeration and improve drainage to remove excess water. The crop is currently in the germination and vegetative stage.

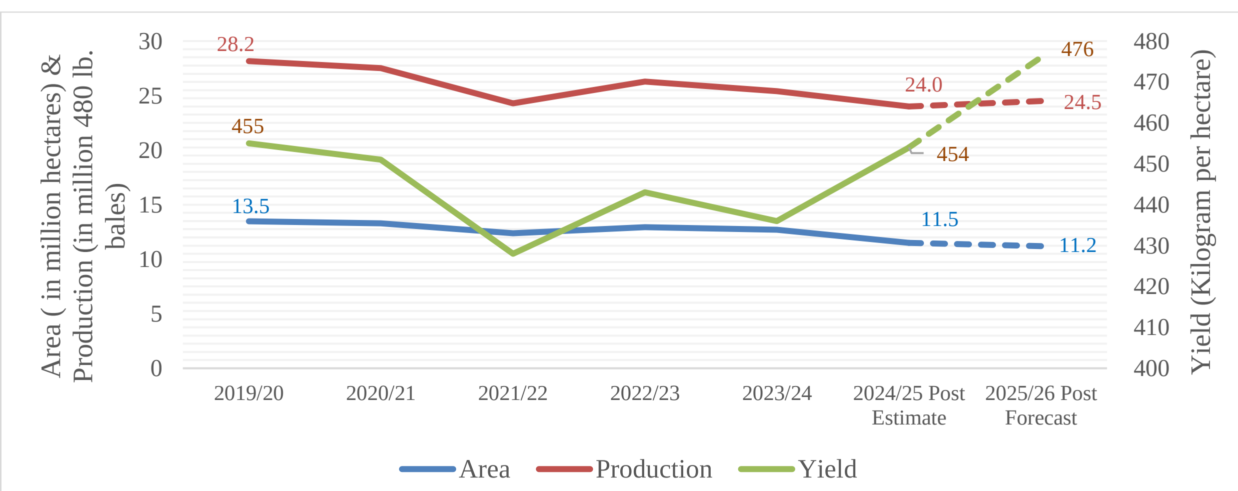
South India

Cotton planting in South India is 8 percent higher than last year, driven by a 17 percent increase in Karnataka and 3 percent in Telangana. In Telangana, sowing is underway with early crops in the vegetative stage, but excess moisture and waterlogging raise the risk of para wilt—a stress-induced condition where plants suddenly wilt and drop leaves and bolls prematurely due to oxygen deprivation in waterlogged soils. In Karnataka, sowing continues in the north with support from above-normal rainfall, while crops in the south—25 to 35 days old—are in the flowering and vegetative stages under normal rainfall conditions.

Government Raises Production in Third Advance Estimates

On May 28, MOAFW published the third advance estimates of production for MY 2024/25, increasing cotton production by 4.3 percent to 24 million 480 lb. bales/30.7 million 170-kg bales/5.2 MMT) on 11.23 million hectares. The increase is attributed to favorable monsoon and ideal weather conditions, which have boosted yield estimates to 465 kg per hectare. Post has revised its MY 2024/25 yield estimate accordingly to 464 kg per hectare, aligning with the official projections. Trade sources continue to maintain a higher planted area of around 11.5 million hectares with lower yield estimates.

Figure 1. Cotton Area, Production and Yield, 2019/20 – 2025/26



Source: Department of Agriculture and Farmers' Welfare

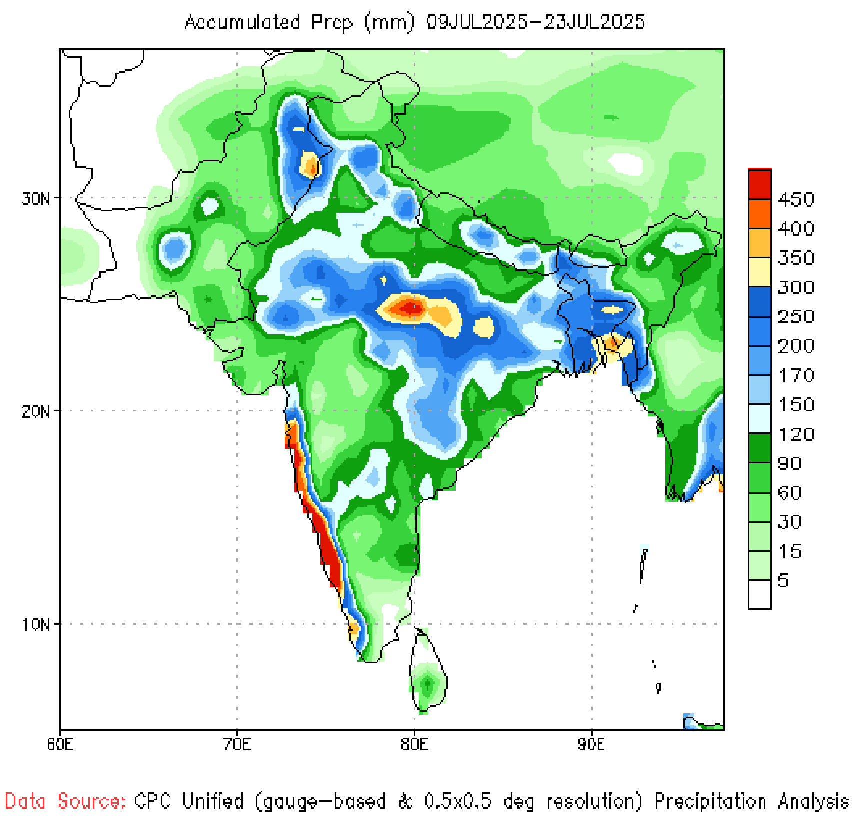
Minimum Support Price Increased by Eight Percent

On July 17, MOAFW announced the [MY 2025/26 minimum support price]() (MSP) rates increasing it by eight percent for medium and long staple cotton varieties that will commence on October 1, 2025. For MY 2025/26, the medium staple cotton received an increase of 8.3 percent (INR 7,710 per 100 kg) and long staple cotton will increase by 7.8 percent (INR 8,110 per 100 kg) compared to last year. The Cotton Corporation of India (CCI) has been appointed as the main agency to manage price support operations in the event prices of fair average quality grade seed cotton (*kapas*) fall below the MSP level. These procurement operations are carried out only in Agricultural Produce Market Committee (APMC) market yards. CCI, in addition to buying at the MSP level and marketing cotton through an auction, is active in the market at other times as conditions dictate.

Stocks

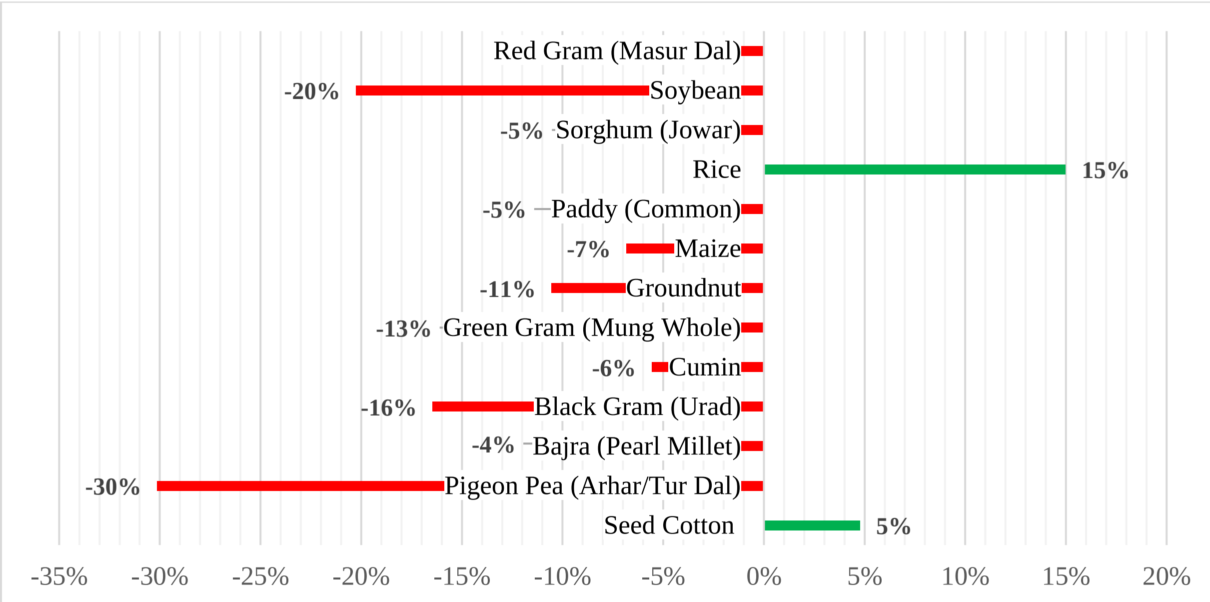
During MY 2024/25, CCI procured approximately 7.8 million 480-pound bales/10 million 170-kg bales/1.7 MMT/), as farmgate prices remained below the prevailing MSP. Telangana accounted for the largest share of MSP procurement at 40 percent, followed by Maharashtra at 29 percent and Gujarat at 14 percent. Government [sources]() report that CCI holds about 30 percent of unsold stock valued at $1.29 billion.

Figure 2. 15-Day Accumulated Precipitation (in millimeters)



Source: [Climate Prediction Center, National Weather Service]()

Figure 3. Year-on-Year Percentage Change in Wholesale Prices in July 2025



Source: Directorate of Marketing and Inspection, Ministry of Agriculture and Farmers Welfare
Note: **Price comparison July 01-24, 2024, to same period last year (India rupees/100 kg).

Consumption

Post forecast MY 2025/26 consumption at 25.7 million 480 lb. bales/32.9 million 170-kg bales/5.3 MMT), unchanged from the previous estimate. As of July 24, domestic lint prices are 5 to 6 cents higher than the Cotlook A-Index, leading mills to an increase their reliance on imports. Over the past three months, Indian ex-gin prices have increased by five percent, while the Cotlook A-Index declined by 0.8 percent, resulting in limited purchasing of the domestic cotton crop. But the June 2025 index of industrial production (IIP) forecast indicates an 11 percent month-on-month increase in apparel production, whereas textile production declined by two percent. Trade sources report mill utilization at approximately 90 percent, driven by strong export demand for yarn, fabric, and apparel, supporting a higher consumption forecast. However, elevated domestic fiber prices are discouraging mills from building inventory beyond immediate requirements.

Year-to-date (Apr/Jun) export shipments of readymade garments indicate a nine percent growth as compared to same period last year. Similarly, cotton yarn exports are eight percent higher than the five-year average and cotton fabric shipments are 19 percent higher than the five-year average. A depreciation of the Indian rupee and a 1.4 percent decline in cotton yarn prices over the past three months have enabled spinners to export more affordable yarn to neighboring markets of Bangladesh, China and Vietnam.

Figure 4. Cotton Yarn* Exports

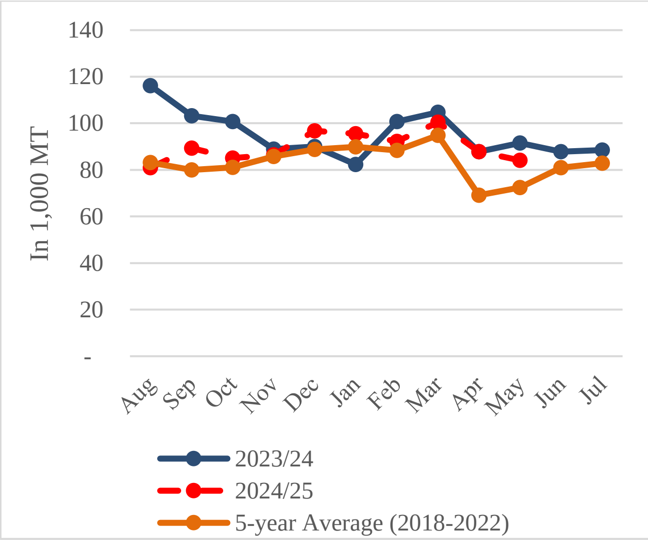
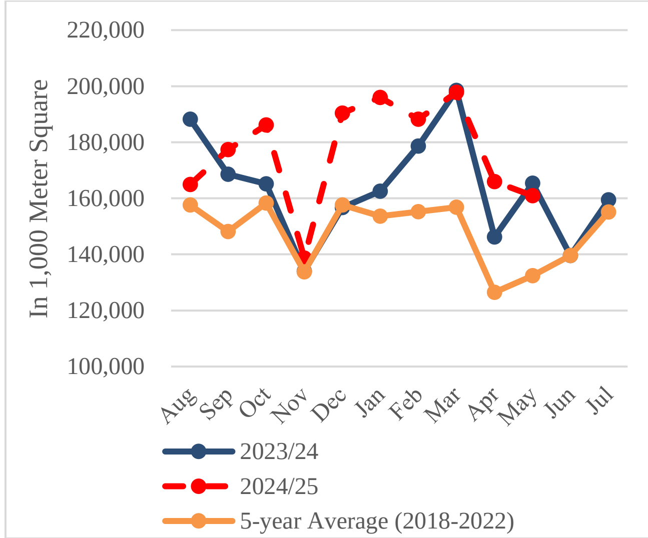


Figure 5. Cotton Fabric Exports**



*Cotton Yarn HS Code: 5204, 5205 and 5207; **Cotton Fabric HS Code: 5208 and 5209
Source: Directorate General of Foreign Trade, Ministry of Commerce, and Industry

Exports

Post forecasts MY 2025/26 exports to reach 1.5 million 480-lb. bales/1.9 million 170-kg bales/327,000 metric tons (MT), unchanged from the previous estimate. A large share of domestic fiber is expected to be diverted to value-added manufacturing, limiting the exportable surplus. Additionally, lower crop production and weak global demand for raw fiber are likely to restrict exports, despite the Indian rupee depreciating by over three percent since August, which could create opportunities for increased cotton product exports. Year-to-date (Aug/May) MY 2024/25, cotton exports have declined by 44 percent due to lower production, weak global demand, and increased domestic consumption. Bangladesh accounted for more than 90 percent of raw cotton exports between August and May and remains as the only major sustaining market with smaller volumes shipped to Vietnam, Indonesia and China.

Imports

Post forecasts MY 2025/26 cotton imports at 2.5 million 480-lb. bales/3.2 million 170-kg bales/544,000 MT), unchanged from the previous estimate. In July, India's ex-gin cotton prices were approximately seven percent higher than the Cotlook A-Index, making Indian cotton one of the most expensive fibers in the global market. As a result, mills will continue to rely heavily on imports to supplement insufficient domestic supplies of machine-picked, contamination-free fiber. Furthermore, increasing demand from international retailers for enhanced labor rights, environmental sustainability, and supply chain transparency is expected to encourage mills to source cotton from compliant countries. Year-to-date shipments in MY 2024/25 have surged by more than 300 percent compared to the previous year. Currently, Australia, Brazil, and the United States are the top suppliers for MY 2024/25 (August to May), collectively accounting for 60 percent of total imports.

Looking ahead, the potential ratification of the U.K.-India Comprehensive Economic and Trade Agreement (CETA) in the coming months is anticipated to spur exports of value-added cotton-based apparel and textile products.

Figure 6. Raw Cotton Exports

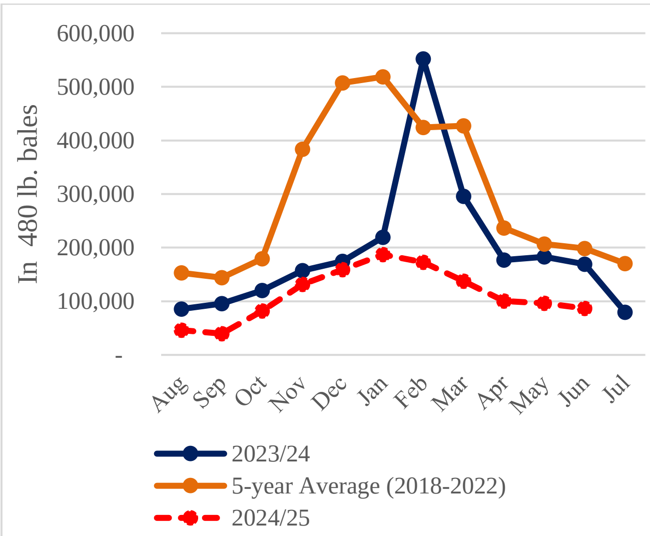
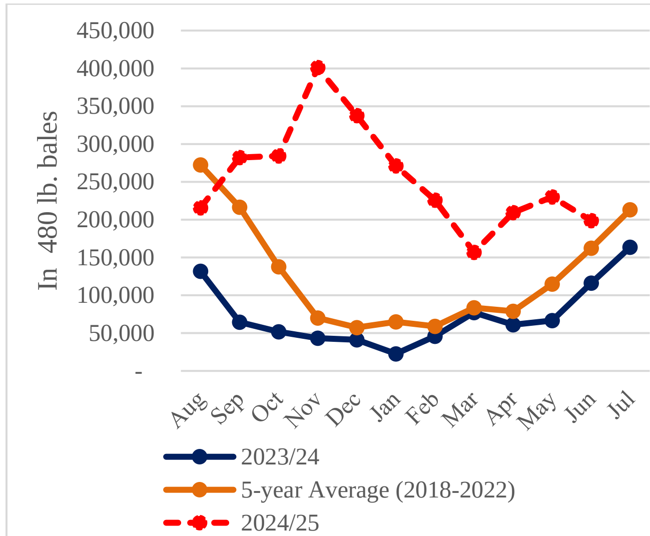


Figure 7. Raw Cotton Imports



Source: Trade Data Monitor LLC

Policy

Government Defers the Cotton Bales Quality Control Order

On July 3, the Ministry of Textiles postponed the implementation of the Cotton Bales Quality Control Order (QCO) by one year, setting the new enforcement date as August 27, 2026. Introduced in February 2023, the QCO mandates compliance with specific quality parameters—such as moisture content, trash levels, and fiber quality—based on Bureau of Indian Standards (BIS) norms. Its objectives include improving the quality of Indian cotton exports, preventing the entry of low-grade imported cotton, and ensuring a consistent supply of high-quality raw material to the textile industry.

However, domestic stakeholders—including ginners, exporters, merchants, and textile mills—have strongly opposed the QCO, citing increased compliance costs and logistical challenges. Due to this industry pushback, the government has now delayed enforcement for over three years since the order's inception. Once implemented, the QCO could serve as a significant non-tariff barrier to cotton imports.

Attachments:

No Attachments