

Required Report: Required - Public Distribution

Date: March 30,2020

Report Number: IN2020-0011

Report Name: Cotton and Products Annual

Country: India

Post: New Delhi

Report Category: Cotton and Products

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Report Highlights:

Post estimates India's cotton production will decline by nearly two percent to 28.78 million 480-lb. bales in marketing year (MY) 2020/21, due to lower harvested area at 12.64 million hectares. Yields are expected to improve by three percent compared to the previous year on the expectation of a normal monsoon. The uncertainty around the extent and scale of the COVID-19 situation will likely impact long-term cotton consumption and trade. Post estimates mill consumption to decline by 6 percent to 22 million 480-lb. bales. Exports are forecast to rise to 3.5 million 480-lb. bales, while imports are expected to decline to 1 million 480-lb. bales as demand in major European markets and the United States has been affected significantly by COVID-19, leading to the cancellation/deferment of many orders due to market uncertainty.

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	13,000	13,300	-	12,644
Beginning Stocks	9,225	9,225	9,314	9,314	-	14,314
Production	25,800	25,800	29,500	29,300	-	28,780
Imports	1,800	1,800	2,300	2,200	-	1,000
MY U.S. Imports	-	-	-	-	-	-
Total Supply	36,825	36,825	41,114	40,814	-	44,094
Exports	3,511	3,511	3,600	3,000	-	3,500
Use	24,000	24,000	24,500	23,500	-	22,000
Loss	-	-	-	-	-	-
Total Dom. Cons.	24,000	24,000	24,500	23,500	-	22,000
Ending Stocks	9,314	9,314	13,014	14,314	-	18,594
Total Distribution	36,825	36,825	41,114	40,814	-	44,094
Stock to Use (b)	34	34	46	54	-	73
Yield (c)	446	446	494	480	-	496

Figures in Thousand 480-lb Bales,

Except Where Indicated: (a) Thousand Hectares, (b) Percent, (c) Kilograms/Hectares

Production

Post estimates India's cotton production will decline by nearly two percent to 28.78 million 480-lb. bales (36.85 million 170-kilogram bales/ 6.26 MMT) in marketing year (MY) 2020/21, due to lower harvested area at 12.64 million hectares. While farmers' planting decisions are primarily driven by their expected price realization, current market conditions indicate that farmers will likely shift a part of the their acreage to alternate crops, as farmers did not obtain adequate prices in MY 2019/20 despite a large government minimum support price (MSP) procurement program. With large raw cotton carryover stocks, prices are expected to remain suppressed in FY 2020/21. Additional factors such as the relative cost of production of competing crops, water availability, central/state government support (including the anticipated minimum support price), and a timely monsoon are also crucial in farmers' planting decisions.

Post anticipates cotton area to fall by 656,000 hectares (from MY 2019/20) to 12.64 million hectares for MY 2020/21 as seed cotton farm-gate prices for MY 2019/20 are almost 10 percent lower than the previous year (refer to Table 1). Low farm-gate cotton prices, unsatisfactory price realization from MSP procurement, and the recent increase in the maximum retail prices of cotton seeds will prompt farmers to consider planting lower cotton acreage. Another factor, while not as significant, is the frequent incidence of pest infestation in the cotton crop.

Assuming a normal monsoon, the nationwide yield estimates for MY 2020/21 is 496 kilograms per hectare. This is a three percent increase over the MY 2019/20 estimated yield of 480 kilograms per hectare, and one percent lower than the three-year moving average of 500 kilograms per hectare.

North India

Cotton planting in the northern states of Punjab, Haryana, and Rajasthan relies on irrigation. Post estimates MY 2020/21 cotton area to be marginally (two percent) higher in Punjab as the state government plans to undertake a diversification program to replace the cultivation of water intensive paddy, which is taking an increasing toll on ground water supplies and soil health, and increasing input costs for farmers. To overcome the problem; the Government of Punjab has restricted paddy transplantation before June 20 every season. The government is now promoting less water intensive crops such as cotton, maize, pulses, and certain Basmati varieties. The Government of India also has the Crop Diversification Program (CDP), a sub scheme of Rashtriya Krishi Vikas Yojana (RKVY), which is being implemented in Punjab, Haryana and Uttar Pradesh to divert the area of paddy crop to alternate crops. Under CDP, farmers who to choose alternative crops receive assistance through four major interventions - alternate crop demonstrations, farm mechanization & value addition, site-specific activities and contingency for awareness, training, monitoring. A similar scheme is being implemented in the state of Haryana, which is facing soil fertility deterioration and ground water overuse. Post estimates cotton area in Haryana to be marginally lower (two percent) compared to last year, as farmers prefer to shift paddy area to maize and pulses due to incentives provided by the diversification program. Other alternate crops include oilseeds, coarse cereals, and cotton. Post estimates area in Rajasthan to decline by 8 percent, as cotton area in MY 2019/20 was the highest planted area on record. Farmers were not able to receive good prices this season (seed cotton prices are currently ten percent lower than last year) and may consider alternate crops such as coarse cereals (pearl millets), green gram (moong), and oilseeds.

The recent 21-day lockdown announced by the Government of India due to COVID-19 may delay the harvest and transportation of the *Rabi crop* (winter crop) to markets, which may end up delaying the sowing of *Kharif 2020* season crop in Northern India.

Central India

Planted area in Gujarat, the largest cotton growing state, is forecast to decline by six percent with yields similar to MY 2019/20. In Gujarat, cotton remains an important crop as the area is a hub for cotton and cotton product exports with a large ginning and spinning industry. While cotton traditionally remains the preferred crop for planting due to high returns on investment, prices for raw cotton are 15 percent lower than last year. As such, farmers are expected to plant greater area of the next best alternate crop groundnut (peanut) as its price has risen by 27 percent from last month. Similarly, in Maharashtra, planted area is estimated to be three percent lower than last year, but yields are expected to improve by four percent (although lower than the three-year moving average). Farmers are expected to consider alternate crops such as soybean, pulses and sugarcane. The state of Madhya Pradesh is estimated to have two percent lower cotton area, with similar yields as last year as farmers lower area due to low prices.

South India

The cotton area planted in the southern state of Telangana is estimated to reduce by 13 percent from last year, however yields are expected to increase by 8 percent on improved pest management practices in major cotton growing districts. Seed cotton prices in Telangana remained well below MSP levels for the

season while government agencies undertook a major procurement that acquired more than 70 percent of the state's production. However, the agencies followed strict quality norms and discounted a significant percentage of the procured crop, leading farmers forced to carry out distress sales. Farmers may look at planting alternate crops such as maize, red gram, and pigeon pea where prices may be higher. Post estimates cotton area in Andhra Pradesh and Karnataka, to remain the same as last year. Area in Tamil Nadu may reduce marginally by two percent as farmers consider planting other crops such as maize and chili.

Table 1. India: State monthly wholesale prices for seed cotton in March 2020
(Prices in Indian Rupees per 100 kilograms)

State	Prices, March, 2020	Prices, February, 2020	Prices, March, 2019	Change (Over Previous Month)	Change (Over Previous Year)
Andhra Pradesh			5,507	-	-
Gujarat	4,639	4,914	5,479	-5.6%	-15.3%
Haryana	5,105	5,100	5,684	0.1%	-10.2%
Karnataka	4,781	4,950	5,327	-3.4%	-10.3%
Madhya Pradesh	5,104	5,193	5,443	-1.7%	-6.2%
Maharashtra		5,204	5,595	-	-
Odisha		5,327	5,227	-	-
Punjab	5,178	5,179	5,704	0.0%	-9.2%
Rajasthan	5,040	5,205	5,655	-3.2%	-10.9%
Tamil Nadu	4,912	4,861	5,393	1.0%	-8.9%
Telangana	4,921	4,938	5,512	-0.4%	-10.7%
Average	4,960	5,087	5,502	-2.5%	-9.9%

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

General Production Outlook

India accounts for about one-third of global cotton area. Within India, the central cotton-growing zone produces two-thirds of cotton, which includes the states of Maharashtra, Madhya Pradesh, Gujarat and Odisha, where much of the crop is rain fed. The northern zone, which consists of the states of Punjab, Haryana and Rajasthan, produces cotton under irrigated conditions and accounts for about 15 percent of production. In the south, the states of Andhra Pradesh, Karnataka, and Tamil Nadu account for 30 percent of production. The Central and Southern zones typically grow long duration cotton that allows farmers to reap multiple harvests. While the number of pickings has declined as traditional varieties are replaced by biotech hybrids, farmers can still manage up to five pickings per plant depending on weather conditions. In contrast, the irrigated cotton in the northern zone is mostly a short season crop that fits into a cotton-wheat cropping system.

Cotton, a predominantly monsoon-season or Kharif crop, is planted from the end of April through September, and harvested in the fall and winter. According to the Ministry of Agriculture and Farmers Welfare, the percentage share of area under cotton is 5.7 percent of total crop area in India. Cotton yields have plateaued over the last five years with an average of approximately 500 kilograms per hectare.

With the area under BT (*Bacillus thuringiensis*) cotton and other improved varieties now reach an estimated 92 percent of total area, prospects for future improvement in yields are limited as most cotton is grown under rain-fed conditions and on small farms. The regulatory approval process of introducing new biotech traits is at a standstill, which has led to many companies scaling back, stopping or withdrawing development of new biotech traits for cotton and other crops, which will likely impact future growth.

Additionally, yields in India are lower because farmers provide more row space between cotton plants to traverse with a bullock and cultivator for weed control purposes. This lower plant density in the field is offset to some extent by the multiple pickings farmers complete through manual rather than machine harvesting. To combat this, researchers are working on production schemes with higher plant populations that could improve yields.

There are an estimated 6 million cotton farmers with the average farm size of 1.5 hectares. Small land holdings limit the ability to adopt capital-intensive production technologies and infrastructure. Even without changing land holdings, yields would likely benefit from improved irrigation, fertilizer, micronutrients, and pest and disease management. Future growth in cotton production is more likely to come from higher yields rather than area expansion.

Various federal and state government agencies and research institutions are engaged in cotton varietal development, seed distribution, crop surveillance, integrated pest management, extension, and marketing activities. In 1999, the federal government launched the Technology Mission on Cotton (TMC) to improve the availability of quality cotton at reasonable prices. The goal of the TMC is to bring about improvement in the production, productivity, and quality of cotton through research, technology transfer, and improvement in the marketing and raw cotton processing sectors.

Biotech Cotton – Widely Adopted for Medium and Long Staple Cottons

Since its introduction in 2002, BT cotton has been widely adopted and now accounts for an estimated 92 percent of total cotton area planted in India and over 95 percent of India's cotton production. The Government of India has approved six biotech cotton events and more than 300 hybrids for cultivation in different agro-climatic zones. One of the results of the adoption of BT cotton has been a significant shift in the varietal profile and share of different types of cotton being produced in India. Most of the Bt hybrids are of medium and long staple cotton (26 to 32 mm) which has resulted in declining production of short staple (below 22 mm) and extra-long staple (35 mm and above) cotton. If the current trend continues, the domestic textile industry may seek to augment their short staple cotton requirements through imports. Post is aware that GOI research institutes are developing non-Bt biotech cotton for sowing, but at this time, it is not approved for commercial use.

On March 24, 2020, the Ministry of Agriculture and Farmers Welfare published an updated [notification](#) on fixing the maximum sale price for cotton seed for sowing, and removing the specific trait values (royalty) that technology providers levied on seed companies for biotech cotton seed used in India. Since December 2015, a cotton seed price control order issued by the Government of India specifies the maximum retail price of cotton seeds for sowing. The price is inclusive of Seed Value, License Fee, Trade margin and local taxes or duties, at which the Cotton Seeds or transgenic varieties of Cotton Seeds are sold to the farmers.

While the seed value of Bollgard-2 (BG-II) version was increased by three percent to INR 730 per 450 gm packet, the trait value was reduced to zero. The reduction of the trait fees to zero, which was earlier paid to the technology provider is viewed by the industry as inhibiting future research into developing/introducing new technologies, which would improve stagnant cotton yields.

Minimum Support Price (MSP)

The GOI establishes the MSP for seed cotton and this price is announced annually and may or may not precede the start of the planting season. The Cotton Corporation of India (CCI), a government-run procurement and distribution company, is responsible for price support operations in all states. CCI, in addition to buying at the MSP level and marketing that cotton through an auction, is active in the market at other times, and buys or sells as conditions dictate. For MSP operations, CCI is assisted occasionally by other federal or state government marketing organizations (e.g., the Maharashtra State Co-op Cotton Growers Marketing Federation or MAHACOT) to purchase cotton in support of local producers. State officials in Gujarat have also previously added a premium in addition to the MSP to support local producers.

In MY 2019/20, CCI opened more than 600 procurement points including 400 procurement centers covering 131 districts in 12 cotton growing states. As of March 23, 2020, CCI has procured around 6.56 million 480-lb. bales (8.43 million 170 kilogram bales/1.43 MMT) under MSP Operations in these states. These procurement operations are carried out only in Agricultural Produce Market Committee (APMC) yards directly from the farmers (duly identified) and payment to cotton farmers are made online directly to their bank accounts within 2-3 days after receipt of purchase bill along with details of farmers from APMCs.

With the objective of doubling farmers' income by 2022, the GOI reports that it intends to maintain a price stabilization fund to deal with abrupt price movements in commodities, creating buffer stocks through its state-owned agencies, and ensuring higher returns for farmers. In MY 2020/21, it's likely that CCI may be involved in another MSP procurement operation. The industry has been lobbying CCI to offer cotton at prevailing market prices through e-auction on a regular basis and to avoid hoarding huge volumes of cotton.

Arrivals

On March 23, 2020, the Cotton Corporation of India (CCI) reported crop MY 2019/20 cotton arrivals at 21.76 million 480-lb. bales (27.87 million 170-kilogram bales/4.73 MMT). Cotton arrivals so far represent 75 percent of the total cotton production estimate. The pace of arrivals has remained strong and is 16 percent higher than last year.

Consumption

Post estimates MY 2020/21 cotton consumption at 22 million 480-lb. bales (28.17 million 170-kilogram bales/4.80 MMT). Post estimates mill consumption in MY 2020/21 to be six percent lower than last year. Post anticipates cotton and cotton yarn prices will remain suppressed as mills will have ample fiber supplies (domestic and imports) to cater to both the domestic and export markets. Consumption will also decline as a result of the COVID-19 situation, the pandemic has already led to a big drop in business activity and is leading to a revision in consumer spending habits.

The impact of COVID-19 is being seen across major suppliers and consumers of cotton and cotton products, with major doubts on the growth prospects for cotton consumption. Mills are already beginning to implement production cutbacks as retail sales shrink due to store closures, which will impact entire supply chains. The Government of India mandated a 21-day countrywide lockdown is causing supply chain disruptions. The curtailment of travel (banned domestic and international travel) is affecting businesses' ability to conduct sales and discussions which limit new business generation. Another major immediate concern is the potential delay of shipments and cancellations, given the disruptions to the supply chain. The spread of COVID-19, especially in the United States, major European markets like Spain, Portugal, Italy and the United Kingdom has led to the cancellation/deferment of many orders. Buyers and major retail chains in these countries have put on hold any new home textile purchases from India due to market uncertainty.

Even before the outbreak of COVID-19, the signs of a slowdown were evident. According to the data from the Textile Commissioner Office (TCO), the overall production of yarn (cotton, blended and non-cotton) between April 2019 to January 2020 was down by three percent as compared same period previously. The reduction was led by a five percent drop in cotton yarn production.

Indian seed cotton prices traded well below MSP for most of MY2019/20, due to a large crop size making Indian ex-gin prices one of the cheapest in the world. The Indian mills were in the early stages of a recovery as margins were improving as cotton yarn prices remained steady. The steady export demand for cotton yarn from China was supporting the Indian cotton yarn production, which was then brought to a halt due to the pandemic. Consequently, cotton prices have fallen globally in the past week, and Indian ex-gins prices are at now trading on par with the Cotlook-A Index. India's currency has weakened by six percent since January 2020, which should make Indian exports more attractive. However, the sharp decline in demand has raised questions about export growth prospects in MY 2020/21. Post has also revised MY 2019//20 consumption down to 23.5 million 480-lb. bales (30 million 170-kilogram bales/5.1 MMT), one million bales lower than the official USDA estimate. The estimate is lowered to reflect the current disruption in demand due to COVID-19 outbreak.

While the fiber share in textile mill consumption is heavily skewed in favor of cotton (70 percent) as compared to man-made fiber (30 percent). The volatile cotton prices, weak demand, and cheaper man-made fibers are pushing consumption towards more blends and utilizing cotton waste (includes low fiber content cotton, cotton droppings, gin notes, comber noil which are all by-products of ginning and yarn processing which offer a cheaper alternative).

Trade

Post estimates MY 2020/21 exports to increase by 17 percent to 3.5 million 480-lb bales (4.48 million 170-kilogram bales/760,000 MT). The prospects of another large crop will leave India with a massive exportable surplus with limited buyers. The immediate impact of COVID-19 has been the deferment/cancelation of existing orders. As such, Indian exporters will witness increased competition from exporters such as the United States and Brazil, whose export orders have also been deferred/canceled and will have larger volume of unsold stocks to offload.

According to trade data published by the Ministry of Commerce and Industry, India's cotton exports for August 2019 through January 2020 total 1.67 million 480-lb. bales (2.14 million 170-kilogram

bales/363,000 MT), 23 percent lower from the same period last year. Top cotton export destinations were Bangladesh (64 percent), China (20 percent), Indonesia (6 percent), and Vietnam (6 percent).

According to the trade data published by the Ministry of Commerce and Industry, India's cotton exports for August 2019 through January 2020 total 494,000 MT, were 15 percent lower from the same period last year. Top cotton yarn export destinations were China (26 percent), Bangladesh (21 percent), Portugal (7 percent), and Egypt (7 percent).

MY 2019/20 cotton export estimate has been revised to 3 million 480-lb. bales (3.84 million 170-kilogram bales/653,000 MT). Post estimate is 600,000 480-lb. bales lower than official USDA estimate. The global impact on demand due to the COVID-19 outbreak, and the recent announcement by the Government of India to implement a 21-day countrywide lockdown, and inter-state border closings, has brought the export/import trade to a halt. The exporters are trying to save detention charges for shipments on sea, and the orders that have been placed are being canceled/ deferred so it is expected that there may be limited exports in the next two months.

Post estimates MY 2020/21 imports to decrease by 54 percent to 1 million 480-lb bales (1.28 million 170-kilogram bales/218,000 MT). While Indian mills remain concerned about contamination in the Indian cotton, the expected reduction in demand for textiles and apparels by international buyers coupled with disruptions in the supply chain globally will likely reduce the volume of raw cotton imports into India. According to the trade data published by the Ministry of Commerce and Industry, India's cotton imports for August 2019 through January 2020 total 1.81 million 480-lb.bales (2.32 million 170-kilogram bales/395,000 MT), 300 percent higher than the same period last year. Top cotton import destinations were United States (45 percent), Brazil (8 percent), Cote d'Ivoire (7 percent) and Switzerland (4 percent). Shipments from United States will remain strong as long as technical parameters are consistent.

Stocks

Post estimates India MY 2020/21 carryover stocks to increase significantly to 14.13 million 480-lb. bales (18.10 million 170-kilogram bales/3 MMT) which adjusted for Indian marketing year (Oct/Sep) would be estimated around 10.15 million 480-lb bales (13.0 million 170-kilogram bales/2,21 MMT). Large volume of stocks are currently held by CCI, along with mill stocks that form the bulk of the carryover stocks.

Policy

The GOI has enacted a variety of trade policies to ensure competitively priced and adequate supplies of cotton are available to the textile industry. India's national fiber policy affirms that cotton exports should be limited to an exportable surplus. Cotton and cotton yarn exports are allowed under an Open General License (OGL) without any quantitative restrictions.

Textile Industry

The textile industry is the largest source of employment in the country with over 45 million people employed directly and another 60 million people in allied sectors, including a large number of women and rural populations. The textile industry contributes 7 percent of the country's industrial output in value terms, 2 percent of India's GDP, and to 15 percent of the country's export earnings. As of

September 30, 2019, there are 1,366 operational cotton/man-made fiber textile mills in the country. In addition, the National Textile Corporation (NTC) has 23 operational mills. The Indian textile industry is the second largest manufacturer and exporter in the world. The share of textile and clothing (T&C) in India's total exports stands at a significant 13 percent in 2017-18. India has a share of 5 percent of the global trade in textiles and apparel.

According to the Ministry of Textiles, the domestic textile industry is valued at USD \$101 billion with apparels (USD \$79 billion), home textiles (USD \$6 billion), and technical textiles (USD \$16 billion) forming the three sectors in the industry.

The Indian cotton textile industry is largely unorganized with high production and labor costs. Ageing machinery, inconsistent quality of raw material, and the absence of level playing field for value added cotton products in consuming markets are some of the key challenges faced by the sector. In order to address the problems faced by the sector, the government has introduced various initiatives to make it globally competitive, boost exports, and facilitate modernization, thereby increasing the productivity and employment.

New Textile Policy 2020

Government is formulating a new textile policy for the overall development of the sector. The inputs from all the state governments, individuals through e-portal, and different associations are being solicited under broad topics like cotton, silk, jute, wool, man-made fiber, handloom, handicrafts, powerloom, technical textiles, technology & machinery upgrades, infrastructure (spinning, weaving and processing), and human resource development.

Textile Exports

The textile industry in India is subject to provisions of the WTO Agreement on Subsidies and Countervailing Measures (ASCM) which stipulate that if a developing country member's exports of a product have reached a share of at least 3.25 percent of world trade of that product for two consecutive calendar years, it will be considered an export competitive in that product area and market. As such, export subsidies on such products shall be gradually phased out over a period of eight years.

The government has been focusing on cluster development through various schemes including those that target setting up of integrated facilities for value addition, development of skilled labor, and technology upgrades to boost manufacturing and competitiveness. To increase exports in the textile industry, the Government of India had launched a special package for the garment and made-up sectors in 2016. The package offers a Rebate of State Levies (RoSL), labor law reforms, additional incentives under the Amended Technology Upgradation Fund Scheme (ATUFS), and income tax deductions for the textile sector.

Amended Technology Upgradation Fund Scheme (ATUFS): The scheme provides a one-time capital subsidy equivalent to ten percent of investment, capped at approximately USD \$2.8 million, for investments in employment and technology intensive segments of the textile value chain. The scheme is valid for all segments except spinning for the period of 2016-2022.

PowerTex India (Comprehensive Scheme for Powerloom sector development): For the development of economically weaker Powerloom weavers, and the overall development of the Powerloom sector, the

government launched a multi-pronged scheme called PowerTex India. The scheme upgrades and rationalizes old credit and infrastructure schemes with upgraded and modernized ones.

In addition, programs like Technology Mission on Technical Textiles (TMTT), Scheme for Usage of Agro-textiles in North East Region, Scheme for Promoting Usage of Geotechnical Textiles in North-Eastern Region, Scheme for Integrated Textile Parks (SITP), and Scheme for Integrated Textile Processing Development (IPDS) are aimed to strengthen the textile industry and thereby improve productivity and employment opportunities. For details on various sector schemes, refer to the [Ministry of Textiles Website](#)

The Ministry of Textiles has developed a comprehensive strategy to promote exports in the textile sector with the following action plan:

- Facilitate access to major export markets
- Diversify markets
- Address high tariffs by India's FTA partners
- Engage in value chains
- Rebate all embedded state and central taxes and levies
- Provide support to small exporters

A key element of the strategy is to facilitate access to major export markets and diversify textile and apparel exports. In this direction, the strategy looks at both short term and medium-term interventions to 12 regions/emerging markets which are promising destinations for India's textiles export. These 12 emerging markets are the following:

1. ASEAN: Vietnam, Indonesia
2. WANA: Egypt, Turkey, Saudi Arabia
3. Oceania: Australia
4. CIS: Russia
5. NEA: South Korea
6. LAC: Brazil, Chile, Colombia, Peru

National Technical Textiles Mission

On March 17, 2020, the Government of India issued a [notification](#) that approved the setup of a National Technical Textiles Mission with a four-year implementation period from 2020-21 to 2023-24 at an estimated outlay of USD \$210 million (INR 1,480 crore). Technical textiles are textile materials and products manufactured primarily for technical performance and functional properties rather than aesthetic characteristics. Technical textile products are divided into 12 broad categories (Agrotech, Buildtech, Clothtech, Geotech, Homotech, Indutech, Mobiltech, Meditech, Protech, Sportstech, Oekotech, Packtech) depending upon their application areas.

Use of technical textiles have benefits of increased productivity in agriculture, horticulture and aquaculture fields; better protection of military, police and security forces; stronger and sturdier transportation infrastructure for highways, railways, ports and airport; and improving general public's hygiene and healthcare. Technical textiles have been identified for mandatory use across various important missions, programs, and schemes of the Government of India. These include the National Health Mission, Jal Jivan Mission, National Horticulture Mission, and infrastructure development of major transportation systems.

According to the notification, India shares nearly six percent of the world market for technical textiles, valued at USD \$250 Billion. The annual average growth of the segment is 12 percent in India, as compared to the 4 percent world average growth rate. The higher growth rate in India is due to low penetration level of technical textiles in country at 5-10 percent, compared to 30-70 percent in advanced countries. The mission aims to improve penetration levels of technical textiles in the country.

Marketing

India exports medium-to-long staple cotton (25 to 32 mm length) to China, Bangladesh, and several Southeast Asian countries. India likely will continue to import extra-long staple (ELS) and quality long staple cotton (28-34 mm) with occasional imports of short-staple cotton (below 24 mm) when international prices are favorable. The United States is the leading supplier of medium to long staple (average staple length of 28 mm) cotton to India over the past few years. The United States is also the leading supplier of Pima cotton (ELS) to India since 2015 surpassing Egypt. Indian mills importing U.S. Pima and upland cotton recognize its quality and consistency, ready to pay a premium over competing origins. However, U.S. cotton faces competition from suppliers such as Brazil, Egypt, and Australia due to occasional freight advantages and shorter delivery periods. Due to warm weather conditions and cultural traditions, cotton is typically the preferred fiber in India. However, poly-cotton blends are gaining popularity due to their durability and ease of maintenance.

Extra Long Staple (ELS) Production, Supply and Demand Data Statistics:

PSD Table - ELS COTTON (1-3/8" or 35mm staple length)							
Units: 480 lbs. bales							
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/2021
Beginning Stocks	9,422	5,521	7,384	6,961	5,971	4,866	6,427
Production	179,586	163,970	140,546	136,642	113,217	114,779	113,217
Imports	109,316	150,217	327,518	295,718	300,287	312,324	288,900
Total Supply	298,325	319,708	475,447	439,321	419,476	431,969	408,544
Exports	-	-	-	-	-	-	-
Domestic Consumption	292,804	312,324	468,486	433,350	414,610	425,541	398,213
Ending Stocks	5,521	7,384	6,961	5,971	4,866	6,427	10,331
Total Distribution	298,325	319,708	475,447	439,321	419,476	431,969	408,544

India's ELS production is expected to decline slightly as farmers shift to higher yielding long and medium-staple varieties. Very few Indian cotton varieties (DCH-32, TCH-213, and Suvin grown mostly in southern India) meet international ELS specifications. The fiber quality and yields of these varieties have deteriorated in recent years causing marketing problems and lower returns to growers. Farmers are increasingly shifting to long staple varieties (Bunny, Brahma, and other 30-34 mm cotton varieties) that have higher yields and fewer quality problems. Efforts to improve the productivity of ELS parent lines have had limited success. There are some early efforts to develop biotech ELS varieties.

**Table 2. Marketing Year exports of U.S. Pima Cotton to India
(Quantity in Metric Ton and Value in U.S. \$ Million)**

Area/Partners of Destination And Commodities Exported		August - July Cumulative To Date Quantities/Values in Millions of Dollars										
		2017		2018		2019		Aug - Jan 2019		Aug - Jan 2020		
Partner	Product	UOM	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty
India	5201002030 - PIMA,ETC,>28.58	MT	151	46,393.1	117	34,846.4	96	31,488.2	42	13,370.7	62	21,742.8
Grand Total		MT	151	46,393.1	117	34,846.4	96	31,488.2	42	13,370.7	62	21,742.8

Source: U.S. Census Bureau Trade Data

Post estimates ELS cotton consumption in MY 2020/21 to decline due to demand contraction as a result of the COVID-19 situation. India's domestic consumption demand for ELS cotton is met through imports. The United States, Egypt, and Israel are the major suppliers of this variety. Imports from the United States have maintained around an average 49 percent market share of total ELS cotton imports into India since 2011. According to U.S. trade data, ELS exports from Aug 2019 – Jan 2020 are 47 percent higher by value, and 63 percent higher by volume as compared to same period previously. Since 2014, U.S. Pima has maintained an average 21 percent share of total U.S. cotton exports to India.

ELS cotton is used for the production of quality yarn, fabric, and dress material for a small but growing high-end domestic market segment, as well as, for export. Mills are seeking ELS, but only for quantities equal to their export orders. Local mills are increasingly using long staple varieties and blending them with imported ELS cotton for quality yarn and fabric production.

Table 3: Planting Season, Irrigation & Cotton Type by Major Region

REGION	STATES	COTTON GROWN	PLANTING SEASON AND IRRIGATION STATUS
North	Punjab, Haryana, Rajasthan	Medium and Short Staple	End April-May/Largely Irrigated
Central	Gujarat, Maharashtra, Madhya Pradesh	Medium and Long Staple	Mid-June-July (after onset of monsoon) /Largely Rain Fed
South	Andhra Pradesh, Karnataka, Tamil Nadu	Long and Extra Long Staple	August-September/ Largely Rain Fed

Note: There is a small cotton crop planted in January and February in South India

Table 4: India's Production of Spun Yarn (Million Kilogram)

Year /1	COTTON	BLENDED	100 percent NON-COTTON	TOTAL
1995-96	1,894	395	196	2,485
2000-01	2,267	646	247	3,160
2001-02	2,212	609	280	3,101
2002-03	2,177	585	319	3,081
2003-04	2,121	589	342	3,052
2004-05	2,272	585	366	3,223
2005-06	2,521	588	349	3,458
2006-07	2,824	635	354	3,813
2007-08	2,948	677	378	4,003
2008-09	2,896	655	361	3,912
2009-10	3,079	707	407	4,193
2010-11	3,490	796	426	4,713
2011-12	3,126	789	457	4,373
2012-13	3,583	828	457	4,868
2013-14	3,928	896	485	5,309
2014-15	4,055	920	513	5,488
2015-16	4,138	973	555	5,665
2016-17	4,055	1,032	572	5,667
2017-18	4,064		1,616 /2	5,680
2018-19	4,208		1,682 /2	5,890
2019-20 (P)	3,332		1,431 /2	4,763

/1: Indian fiscal year (April-March)

/2: Production of blended and 100 percent non-cotton yarn combined

P: Provisional estimate for April 2019 to January 2020

Source: Textile Commissioner's Office, GOI

Table 5: Month End Spot Prices of Popular Indian Varieties (USD cents per pound)

Year	ICS 201 (below 22mm)	ICS 202 (26mm)	ICS 105 (28 mm)	ICS 105 (29 mm)	ICS 106 (32 mm)	ICS 107 (34 mm)
2017/18						
Aug	0.69	0.83	0.82	0.84	0.92	1.08
Sept	0.69	0.72	0.74	0.76	0.84	1.01
Oct	0.81	0.70	0.74	0.74	0.81	0.97
Nov	0.82	0.72	0.72	0.74	0.81	1.00
Dec	0.84	0.80	0.79	0.82	0.88	1.13
Jan	0.82	0.78	0.78	0.80	0.85	1.12
Feb	0.83	0.78	0.76	0.80	0.85	1.06
Mar	0.84	0.78	0.73	0.80	0.85	1.05
Apr	0.82	0.79	0.76	0.80	0.86	1.06
May	0.82	0.82	0.78	0.83	0.87	1.09
Jun	0.85	0.87	0.84	0.88	0.94	1.16
Jul	0.84	0.86	0.85	0.90	0.94	1.15
2018/19						
Aug	0.83	0.84	0.84	0.87	0.93	1.08
Sept	0.78	0.77	0.78	0.82	0.87	1.03
Oct	0.75	-	-	0.81	0.83	1.00
Nov	0.74	-	-	0.78	0.82	1.02
Dec	0.73	0.75	0.76	0.78	0.82	1.01
Jan	0.74	0.75	0.74	0.77	0.81	0.99
Feb	0.72	0.73	0.72	0.75	0.79	0.94
Mar	0.75	0.79	0.77	0.80	0.84	1.00
Apr	0.79	0.86	0.83	0.85	0.90	1.02
May	0.76	0.85	0.82	0.84	0.89	1.03
Jun	0.77	0.84	0.81	0.83	0.89	1.02
Jul	0.77	0.81	0.80	0.80	0.87	1.01
2019/20						
Aug	0.73	0.74	0.75	0.76	0.81	0.97
Sept	0.70	0.71	0.74	0.75	0.80	0.95
Oct	0.70	0.67	0.74	0.74	0.79	0.94
Nov	0.69	0.67	0.71	0.69	0.72	0.97
Dec	0.66	0.69	0.69	0.70	0.77	1.03
Jan	0.66	0.69	0.70	0.71	0.77	1.05
Feb	0.64	0.67	0.68	0.69	0.76	1.02
Mar*	0.64	0.62	0.63	0.64	0.71	0.96

*as of March 24, 2020

Source: Cotton Association of India, Mumbai

Table 6a: India's Cotton Exports by Month
(Figures in 480-lb. Bales)

Month/Year	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Aug	340,780	44,423	203,455	77,823	216,479	52,368	67,667	149,979	58,855
Sep	740,873	81,916	103,801	100,044	271,073	51,837	61,279	75,251	55,200
Oct	543,692	125,324	109,942	144,931	348,132	40,095	55,260	178,499	85,597
Nov	1,635,913	599,005	1,496,006	572,766	1,016,147	483,486	441,035	510,351	260,735
Dec	1,266,216	1,434,190	1,920,943	791,400	1,384,492	857,454	806,272	703,658	473,091
Jan	1,970,873	1,855,089	1,605,062	523,738	770,703	849,534	729,338	538,640	735,264
Feb	1,814,992	1,689,627	1,108,448	525,084	636,686	609,703	648,821	427,040	
Mar	399,840	938,806	1,021,562	592,088	441,058	548,475	692,948	549,148	
Apr	1,069,467	271,481	746,963	298,956	261,954	345,332	642,815	163,249	
May	623,467	221,509	516,148	184,701	228,307	348,779	444,963	106,285	
Jun	462,677	282,628	313,791	163,193	133,941	229,114	390,080	46,892	
Jul	203,790	217,063	115,283	225,120	67,359	103,861	219,316	62,440	
TOTAL	11,072,579	7,761,062	9,261,404	4,199,843	5,776,331	4,520,036	5,199,793	3,511,432	1,668,741

Source: Directorate General of Foreign Trade, Ministry of Commerce

Table 6b: India's Cotton Imports by Month
(Figures in 480-lb. Bales)

Month/Year	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Aug	6,821	49,140	84,189	126,284	138,313	353,584	342,309	119,657	761,216
Sep	1,966	158,710	75,664	256,917	142,607	634,068	325,246	104,792	424,648
Oct	9,875	244,589	88,529	154,374	77,924	296,503	66,841	68,161	281,301
Nov	11,450	166,435	42,963	97,614	40,804	126,823	36,511	44,533	173,402
Dec	10,031	81,397	13,761	39,114	36,629	85,107	46,696	46,319	97,353
Jan	29,096	47,781	30,419	40,657	32,785	55,628	56,363	67,528	77,553
Feb	62,639	35,559	32,463	56,516	35,237	58,495	77,416	66,583	
Mar	72,252	43,707	38,135	57,072	75,945	106,972	92,276	118,008	
Apr	76,868	57,903	51,207	63,888	109,349	125,287	165,789	138,472	
May	61,886	62,386	46,435	76,946	99,015	244,060	154,902	192,606	
Jun	24,485	111,375	55,713	95,203	119,357	347,089	169,524	318,896	
Jul	20,544	127,942	115,729	161,654	164,653	302,226	142,770	514,499	
TOTAL	387,913	1,186,923	675,207	1,226,239	1,072,618	2,735,841	1,676,643	1,800,055	1,815,474

Source: Directorate General of Foreign Trade, Ministry of Commerce

**Table 7a: India's Cotton Export Trade Matrix
(Figures in 480-lb. Bales)**

2017/18 (Aug/Jul)		2018/19 (Aug/Jul)		2019/20 (Aug/Jan)	
United States	5	United States	2,260	United States	-
Bangladesh	1,876,267	Bangladesh	1,227,865	Bangladesh	1,066,230
Pakistan	961,960	Vietnam	1,030,404	China	335,490
Vietnam	918,207	Pakistan	531,456	Indonesia	106,238
China	593,723	China	459,613	Vietnam	103,025
Indonesia	286,132	Indonesia	70,217	Iran	12,782
Malaysia	252,126	Thailand	35,715	Turkey	8,956
Thailand	89,747	Mauritius	35,113	Taiwan	6,145
Taiwan	43,932	Malaysia	25,431	Thailand	5,576
Mauritius	39,651	Taiwan	14,036	Oman	3,325
Italy	28,109	Bahrain	13,728	Philippines	2,770
Total of Top 10	5,089,854	Total of Top 10	3,443,579	Total of Top 10	1,650,537
Others	109,937	Others	67,856	Others	18,201
GRAND TOTAL	5,199,791	GRAND TOTAL	3,511,436	GRAND TOTAL	1,668,739

Source: Directorate General of Foreign Trade, Ministry of Commerce

**Table 7b: India's Cotton Import Trade Matrix
(Figures in 480-lb. Bales)**

2017/18 (Aug/Jul)		2018/19 (Aug/Jul)		2019/20 (Aug/Jan)	
United States	864,437	United States	780,616	United States	822,738
Australia	302,235	Egypt	151,825	Brazil	142,952
Egypt	122,357	Cote d'Ivoire	98,785	Cote d'Ivoire	121,397
Burkina Faso	54,849	Australia	95,309	Switzerland	79,721
Cameroon	49,218	Singapore	86,977	Australia	59,371
Benin	44,538	Switzerland	67,466	Singapore	58,060
Mali	37,387	Togo	63,098	Mexico	51,510
Greece	23,273	Tanzania	50,605	Cameroon	46,545
Brazil	19,741	Senegal	48,782	Benin	46,274
Cote d'Ivoire	19,465	Mali	42,669	Egypt	46,273
Singapore	15,148	Greece	32,849	Mali	37,933
Total of Top 10	688,210	Total of Top 10	738,365	Total of Top 10	1,512,773
Others	988,433	Others	1,061,691	Others	302,698
GRAND TOTAL	1,676,643	GRAND TOTAL	1,800,056	GRAND TOTAL	1,815,470

Source: Directorate General of Foreign Trade, Ministry of Commerce

Table 8: India's Exports of Textile Products (U.S. \$ Million) during Indian Fiscal Year (April-March)

Item	2015-16	2016-17	2017/18	2018/19	% Change
Cotton Textiles					
Yarn/Fabric/Made-up	8,874	8,550	8,908	9,864	11%
Readymade Garments	9,092	8,513	8,511	8,700	2%
<i>Sub-total</i>	17,966	17,063	17,419	18,564	7%
Man-Made Textiles					
Yarn/Fabric/Made-up	4,622	4,557	4,803	4,991	4%
Readymade garments	4,182	5,036	4,747	3,858	-19%
<i>Sub-total</i>	8,803	9,593	9,550	8,849	-7%
Wool Textiles (Yarn/Fabric/Made-up/RMG)	461	392	355	425	20%
Silk Textiles (Yarn/Fabric/Made-up/RMG)	342	218	227	266	17%
Handloom Products	369	360	356	344	-3%
Handicrafts	3,293	3,639	3,573	3804	6%
Jute	313	321	342	330	-4%
Carpets	1,440	1,491	1,430	1486	4%
Other Textiles Readymade garments	3,185	3,463	3,122	3226	3%
Total Exports	36,171	36,539	36,373	37,294	3%

Statistics exclude exports of fiber & fiber waste (cotton/ manmade/ silk/ wool/ others)

Source: [Textile Data](#), Ministry of Textiles, Government of India

**Table 9: India's Cotton Yarn* Exports by Month
(Figures in thousand Metric Tons)**

Month/Year	2010-11	2011-12	2012-13	2013-14	2014/15	2015/16	2016-17	2017-18	2018/19	2019/20
Aug	63	58	93	113	94	117	66	79	108	67
Sep	57	100	65	108	98	112	77	99	98	66
Oct	57	48	76	119	101	106	76	98	97	78
Nov	77	58	87	106	125	105	103	111	95	89
Dec	79	66	108	113	125	115	129	116	92	91
Jan	31	75	99	131	113	104	132	87	91	103
Feb	2	63	102	108	119	100	103	95	100	
Mar	68	66	107	117	122	112	89	118	117	
Apr	51	88	80	94	104	105	66	106	89	
May	47	94	95	93	99	94	65	109	76	
Jun	50	78	103	76	103	92	78	117	58	
Jul	62	107	111	87	118	75	71	101	59	
TOTAL	646	900	1,126	1,266	1,321	1,237	1,055	1,236	1,080	

*HS code: 5204, 5205 and 5207

Source: Directorate General of Foreign Trade, Ministry of Commerce

**\Table 10: India's Cotton Fabric* Exports by Month
(Figures in thousand square meters)**

Month/Year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019/20
Aug	55,013	69,847	77,093	78,909	92,491	101,609	113,364	107,497	147,673	150,767
Sep	54,506	78,881	72,827	100,995	98,636	104,032	104,666	123,688	126,498	139,246
Oct	58,748	57,317	70,553	101,327	108,182	117,744	105,449	109,769	142,260	146,135
Nov	45,156	59,584	66,084	85,899	103,471	95,225	87,711	118,256	119,215	126,143
Dec	59,785	84,670	75,412	100,346	105,335	121,134	112,030	132,635	132,049	142,884
Jan	52,488	79,762	74,008	91,243	93,192	116,656	107,852	125,493	136,899	137,709
Feb	66,216	80,219	65,141	87,477	96,586	107,487	110,875	113,399	135,495	-
Mar	68,162	80,233	75,329	98,766	105,169	120,461	113,507	133,927	162,676	-
Apr	74,807	69,011	65,685	87,770	87,666	109,535	94,383	114,876	126,031	-
May	68,259	72,021	65,469	81,552	104,169	103,373	89,117	119,821	141,129	-
Jun	65,899	83,716	67,760	94,575	104,505	97,043	93,410	122,381	131,507	-
Jul	82,835	68,767	78,547	87,265	97,421	98,914	94,399	113,614	140,699	-
TOTAL	751,874	884,027	853,909	1,096,124	1,196,821	1,293,214	1,226,764	1,435,355	1,642,132	

*HS code: 5208 and 5209

Source: Directorate General of Foreign Trade, Ministry of Commerce

Table 11: Area, Production & Yield of Cotton in Major States
(Area 000 ha; Production 000 bales, Yield kg/ha)

STATE		FAS Post Estimate	FAS Post Estimate	FAS Post Estimate
		2018/19	2019/20	2020/21
Maharashtra	Area	4,254	4,431	4,300
	Production	7,065	7,500	7,600
	Yield	282	288	300
Gujarat	Area	2,659	2,668	2,500
	Production	9,000	10,100	9,500
	Yield	575	643	646
Madhya Pradesh	Area	614	610	600
	Production	1,950	1,980	1,950
	Yield	540	552	553
Punjab	Area	268	392	400
	Production	900	1,400	1,450
	Yield	571	607	616
Haryana	Area	708	711	700
	Production	2,080	2,200	2,100
	Yield	499	526	510
Rajasthan	Area	629	760	700
	Production	2,100	2,000	2,100
	Yield	568	447	510
Andhra Pradesh	Area	621	654	654
	Production	1,800	1,650	1,700
	Yield	493	429	442
Telangana	Area	1,827	2,114	1,850
	Production	4,500	5,500	5,200
	Yield	419	442	478
Karnataka	Area	688	598	600
	Production	1,250	1,840	1,800
	Yield	309	523	510
Tamil Nadu	Area	131	163	160
	Production	307	350	330
	Yield	398	365	351
Others	Area	208	178	180
	Production	500	433	520
	Yield	409	414	491
Loose	Production	2,610	2,610	2,610
All-India	Area	12,607	13,280	12,644
	Production	34,062	37,563	36,860
	Yield	459	481	496

*Difference in PSD Post Estimate for area, production and yield is due to rounding.

Table 12: India's Cotton Export Policies Since 2010

- Prior to April 2010, exports of raw cotton were allowed without any restrictions or export taxes. Export contracts had to be registered with the Textile Commissioner's Office (TCO).
- On April 9, 2010, the GOI imposed an export tax of Rs. 2,500 (\$5.6) per metric ton on raw cotton.
- On April 19, 2010, the TCO suspended registration and exports of raw cotton (GAIN IN1039).
- On May 21, 2010, the government moved exports of raw cotton to the restricted list, thereby imposing licensing restrictions on exports of raw cotton. The Directorate General of Foreign Trade (DGFT) issued export licenses for the unshipped export contracts registered with the TCO prior to April 19, 2010 (GAIN IN1049).
- On August 17, 2010, the government removed licensing restrictions on exports of raw cotton by moving it from the restricted list to the free list and removed the export tax. However, all export contracts had to be registered with the TCO (GAIN IN1081).
- On September 18, 2010, the Empowered Group of Ministers established an export quota of 4.3 million bales (5.5 million Indian bales) for Indian marketing year 2010/11 (October/September).
- On October 1, 2010, the TCO commenced export contract registration and closed the registration on October 10, 2010 when the quota limit was reached. The TCO issued an export authorization for 3.92 million bales to be shipped within the period of November 1 to December 15, 2010.
- On December 16, 2010, the GOI issued a notification stating that exports of cotton were to be registered with the DGFT instead of the TCO.
- On December 16, 2010, the DGFT issued a circular stating the modalities of registration and export of the "unutilized" export quota that could not be shipped before December 15, 2010 (GAIN IN1101).
- In early January, the DGFT registered about 1.48 million 480-lb. bales (1.9 million 170-kilogram bales) of export contracts against the estimated 'unutilized' cotton quota that could not be shipped prior to December 15, 2010, for shipment during January 27-February 26, 2011.
- After February 27, 2011, no further exports of raw cotton were allowed.
- On August 2, 2011, Cotton exports were placed on OGL (Open General License) without any quantitative limits on exports subject to registration of export contracts with DGFT.
- In November 2011, the Government of India lifted the import quota restrictions and allowed duty free import of textile items from the Least Developed Member countries (LDCs) of South Asia Free Trade Agreement (SAFTA) including Bangladesh, Bhutan, Maldives, Nepal and Afghanistan.
- On March 5, 2012, the Ministry of Textiles issued a notification effectively banning all raw cotton exports.
- On March 12, 2012, the Ministry of Textiles issued a notification clarifying the terms of the export ban. Exports registered but not shipped before March 4, 2012 would be allowed but fresh raw cotton exports were prohibited indefinitely.
- On March 16, 2012, the Ministry of Textiles issued a notification outlining the procedure for scrutiny and revalidation of registration certificates (RCs).
- On March 22, 2012, the Ministry of Textiles issued a notification exempting 5,000 170-kilogram bales of Assam Comilla Cotton exports from the ban.
- On March 24, 2012, a trade notice was issued by the Ministry of Textiles notifying that priority in scrutiny and revalidation of RCs for cotton exports will be given to neighboring countries such as Bangladesh and Pakistan via land route to ease congestion at land borders.
- On May 1, 2012, a policy circular was issued by the Ministry of Textiles on Clarification regarding withdrawal of provision of revalidation of RCs by regional authorities (RAs) for export of cotton and cotton yarn.
- On May 4, 2012, a notification was issued by the Ministry of Textiles permitting the Cotton Corporation of India (CCI) to export cotton during Indian cotton season MY 2011/12 (Oct/Sep).
- On May 4 and May 8, 2012, shortly after lifting its ban on cotton exports, the Ministry of Textiles issued notifications outlining new procedures for the registration of new cotton export contracts. The new policy limited the amount of each RC to 10,000 170-kilogram bales (1,700 MT) of cotton for established exporters

and to 1,500 170-kilogram bales for exporters who have not exported previously.

- On May 10, 2012, the DGFT issued a circular stipulating additional conditions for obtaining cotton RCs. Exporters were required to notify DGFT by e-mail of their intent to register additional quantities followed by a hard copy of their application within two working days.
- On May 24, 2012, a clarification was issued by DGFT regarding standard weight and tolerance in weight of one Indian bale of cotton, which is equivalent to 170 kilograms. The clarification was issued in respect of exporters exporting cotton bales of non-standard weight. Weight of each bale must be within the prescribed limit of 170-kilogram irrespective of the number of non-standard bales shipped.
- On October 1, 2012, procedure and conditions for registration of contracts for export of cotton for 2012/13 were announced. The new policy limits the amount of each RC to 10,000 170-kilogram bales (1,700 MT) of cotton for established exporters and to 1,500 170-kilogram bales for exporters who have not exported previously. (GAIN IN2136)
- On October 1, 2012, the Ministry of Textiles issued a notification exempting 5,000 170-kilogram bales of Assam Comilla Cotton exports from any export restrictions.
- On November 30, 2012, DGFT issued a notification modifying procedures and conditions related to cotton export registration for Indian MY 2012/13 (Oct/Sep). The export policy was amended to allow registration of cotton exports up to a maximum quantity of 30,000 170-kilogram bales. Exporters must export 50 percent (15,000 170-kilogram bales) of a registration before they can register an additional 30,000 170-kilogram bales. (GAIN IN2159)
- On January 3, 2013, India's Ministry of Commerce and Industry issued a policy circular modifying procedures for cotton exports sent via the land route through the Wagah-Atari border to Pakistan for the 2012/13 marketing year. To ease land congestion, Indian exporters have the option to seek a onetime maximum 30 day extension based on the validity of the registration certificate (RC) to complete any outstanding commitments due to delays. (GAIN IN3015)
- On September 25, 2013, Government of India issued a notification stating withdrawal of any incentives on exports of cotton, and cotton yarn under the Focus Market Scheme (FMS). (GAIN IN3108)
- On October 17, 2013, India's Ministry of Textiles announced the establishment of a mandatory online reporting system for ginners and others in the cotton trade aimed at enhancing data collection. (GAIN IN3126)
- On January 3, 2014, India's Ministry of Commerce and Industry issued a notification amending the procedure for the issue of registration certificates (RCs) for export of various commodities such as raw cotton and cotton yarn. The announcement simplifies the export registration process by eliminating the need for exporters to submit hard copies of the documents when submitting their online export registration application. (GAIN IN4012)
- On January 23, 2014, the Government of India amended a notification that makes cotton yarn eligible for benefits under the Incremental Export Incentivisation Scheme (IEIS) up to March 31, 2014, the end of the India fiscal year. The scheme provides a credit of two percent of the FOB value of exports that can be used to import any goods free of duty up to the value of the credit. (GAIN IN4012)
- On February 27, 2014, the Government of India amended a notification adding a number of textile items including cotton yarn, cotton fabric and bed linen to the Market Linked Focus Product Scheme (MLFPS) scheme. Here again, the scheme provides a credit of two percent of the FOB value of exports to certain high priority markets that can be used to import products duty free up to the value of the credit. All garments covered under Chapters 61 and 62 of the Harmonized Tariff Schedule that are exported to the United States and European Union are now eligible for program until further notice. (GAIN IN4012)
- On March 3, 2014, India's Ministry of Textiles issued a press note appealing to the cotton trade (cotton producers, ginners, bale pressers, traders etc.) to voluntarily register their unit/firm with textile commissioner's office and file monthly cotton statistics related to ginned and/or pressed cotton production, consumption/distribution and its trading.
- On December 8, 2014, the GOI relaxed the export procedures for cotton and cotton yarn by removing the

requirement for export registration with Directorate General of Foreign Trade (DGFT) to try to stabilize prices by boosting exports.

- On October 29, 2015, the Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry issued a notification extending the two percent export benefit (2 percent of FOB value) effective immediately under the Merchandise Export from India Scheme (MEIS). The export incentive is available on a number of textile items under Harmonized Tariff System chapters 50 to 63 to countries classified in groups A, B & C under the MEIS Schedule.
- On November 18, 2015, the Government of India approved the Interest Equalization Scheme (earlier called Interest Subvention Scheme) for five years effective April 1, 2015. Under the scheme, eligible exporters can avail a three percent export credit subvention (subsidy on interest rate charged on export credit).
- On December 7, 2015, the Government of India published a cotton seed price control order that fixes the sale price of cotton seeds for sowing. Though this order aims to ensure that farmers receive a fair, reasonable, and affordable price, according to information published by the Ministry of Agriculture and received from industry sources, seed prices account for only 5 to 9 percent of the total cost of cultivation with greater variability attributed to production style (irrigated/non-irrigated), chemical usage, and seeding intensity.
- On December 30, 2015, the Government of India approved the "Amended Technology Upgrade Fund Scheme (ATUFS)" Scheme for technological improvements in the textiles industry. The amended scheme targets employment generation by promoting exports, promoting technical textiles, and supports the upgrading of looms, and processing in the garment sector.
- On March 8, 2016, the Government of India under the cotton seed price control order fixed the all India maximum sale price of cotton seed by declaring a packet of Bt cotton seed (450 grams of Bt. cotton seed plus 120 grams refuge seeds) at INR 800 (\$12) for Bollgard 2 version of Bt cotton hybrid, and INR 635 (\$9.5) for Bollgard 1 version of Bt cotton hybrid.
- On April 1, 2017, the Ministry of Textiles launched a comprehensive subsidy scheme for the power loom sector. The scheme has several components; including, providing financial assistance for upgrading of plain looms, credit availability to power loom weavers, interest-free funds for the purchase of yarn at wholesale prices (GAIN IN7077).
- On July 1, 2017, the new goods and services tax (GST) rates announced for cotton (fiber, waste, yarn and fabric) was set at 5 percent, while GST rates for man-made products (fiber and yarn) were set at 18 percent, and fabric at 5 percent.
- On October 23, 2017, the Ministry of Finance published a notification to ease the procedure for merchant exporters. Merchant exporters can now purchase goods from registered suppliers by paying 0.1 percent GST and the amount paid as GST will be refunded within 90 days of the export transaction. (GAIN IN7138)
- On November 24, 2017, the Ministry of Textiles published a notification highlighting the schemes for Remission of State Levies on export of garments and made-ups through a rebate mechanism. The two schemes have been merged under the Scheme for Rebate of State Levies on Export of Garments and Made-ups (referred to as the RoSL Scheme). Effective October 1, 2017, the exporter may claim RoSL rates for export of garments, and made-ups as per the rates notified in the schedule (GAIN IN7138).
- On November 24, 2017, the Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry, issued a public notice wherein the incentive rates under the MEIS scheme were increased from 2 percent to 4 percent for the garment and made up sectors (linens, furnishings etc.) (GAIN IN7138).
- On December 20, 2017, the Union Cabinet gave its approval for a new skill development scheme covering the entire textile sector value chain (excluding spinning and weaving in the organized sector), titled "Scheme for Capacity Building in Textile Sector (SCBTS)" from 2017-18 to 2019-20 with an outlay of \$200 million (Rs. 1300 crore). Refer [Press Release](#)
- On February 1, 2018, the Finance Minister presented the Government of India's (GOI) annual budget for Indian Fiscal Year (IFY) 2018/19. The Minister announced that the minimum support price (MSP) valued at 1.5 times the cost of production will be used as a principle for determining the MSP for all crops during the upcoming 2018/19 *kharif* season (fall harvested) for numerous crops (e.g., rice, maize, cotton and various

coarse grains, oilseeds and pulses (GAIN IN8014).

- The Ministry of Agriculture and Farmers Welfare published a notification on March 12, 2018, fixing the maximum sale price for cotton seed for sowing as well as specific trait values that technology providers assess seed companies for biotech cotton seed used in India. The sales and trait prices were lowered from the prices set in the March 2016 notification (GAIN IN8024).
- On March 7, 2019, the Ministry of Textiles published a [notification](#) on the scheme for Rebate of State and Central Embedded Taxes and Levies (referred to as RoSCTL) on exports of garments and made-ups, The rebate of all embedded State and Central taxes/levies for apparel and made-ups segments would make exports zero-rated, thereby boosting India's competitiveness in export markets. The rates of RoSCTL have been published in a separate [notification](#) dated March 8, 2019.
- The Ministry of Agriculture and Farmers Welfare published a notification on March 8, 2019, fixing the maximum sale price for cotton seed for sowing as well as specific trait values that technology providers assess seed companies for biotech cotton seed used in India. The seed value was increased by one percent, but the trait prices were lowered by 49 percent reducing the overall sale price from the revised prices set in the March 2018 notification.
- On January 14, 2020, the Ministry of Textiles issued a [notification](#) providing a one-time additional ad hoc incentive of up to one percent of FOB value for exports of Made-ups and Apparels. The incentive is provided to offset the difference between two separate incentive schemes - scheme for Rebate of State and Central Embedded Taxes and Levies (referred to as RoSCTL) and Scheme for Rebate of State Levies on Export of Garments and Made-ups (referred to as the RoSL Scheme) plus Merchandise Exports from India Scheme (MEIS). (GAIN IN2020-001)
- On March 17, 2020, the Government of India issued a [notification](#) on approval of the setup of a National Technical Textiles Mission with a four-year implementation period from 2020-21 to 2023-24 at an estimated outlay of USD \$210 million (INR 1,480 crore). Technical textiles are textiles materials and products manufactured primarily for technical performance and functional properties rather than aesthetic characteristics. Technical Textiles products are divided into 12 broad categories (Agrotech, Buildtech, Clothtech, Geotech, Hometech, Indutech, Mobiltech, Meditech, Protech, Sportstech, Oekotech, Packtech) depending upon their application areas.
- On March 24, 2020, the Ministry of Agriculture and Farmers Welfare published an updated [notification](#) on Cotton Seed Price (Control) Order, 2015 fixing the maximum sale price for cottonseed for sowing, and removing the specific trait values (royalty) that previously technology providers assess seed companies for biotech cotton seed used in India.

Attachments:

No Attachments