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Report Highlights:

FAS Mumbai estimates marketing year (MY) 2024/25 India cotton production at 25.4 million 480 lb. bales on 12.4 million hectares area planted, a two percent decrease from the previous year due to the expectation that farmers will shift cotton acreage to higher return crops such as pulses, maize, and paddy. Mill consumption is estimated at 24.5 million 480 lb. bales, two percent higher from last year, as yarn and textile demand improves in major international markets. With the recent notification of an import duty recension on extra-long staple (ELS) cotton, imports are estimated 20 percent higher at 2.4 million 480 lb. bales.

India, Commodity, Cotton - Production, Supply and Distribution

Cotton Market Year Begins	2022/2023		2023/2024		2024/2025	
	Aug 2022		Aug 2023		Aug 2024	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	12,927	12,927	12,700	12,700	-	12,400
Beginning Stocks 1000 480 lb. Bales	8,396	8,396	11,824	11,824	-	12,824
Production 1000 480 lb. Bales	26,300	26,300	25,500	26,000	-	25,400
Imports 1000 480 lb. Bales	1,727	1,727	1,000	1,000	-	1,200
Total Supply 1000 480 lb. Bales	36,423	36,423	38,324	38,824	-	39,424
Exports 1000 480 lb. Bales	1,099	1,099	2,000	2,000	-	2,400
Domestic Use 1000 480 lb. Bales	23,500	23,500	24,000	24,000	-	24,500
Loss 1000 480 lb. Bales	-	-	-	-	-	-
Domestic Use and Loss 1000 480 lb. Bales	23,500	23,500	24,000	24,000	-	24,500
Ending Stocks 1000 480 lb. Bales	11,824	11,824	12,324	12,824	-	12,524
Total Distribution 1000 480 lb. Bales	36,423	36,423	38,324	38,824	-	39,424
Stock to Use % (PERCENT)	48	48	47	49	-	47
Yield (KG/HA)	443	443	437	446	-	446
(1000 HA),1000 480 lb. Bales, (PERCENT), (KG/HA)						

Area and Production

FAS Mumbai estimates MY 2024/25 India cotton production at 25.4 million 480 lb. bales (32.5 million 170-kilogram bales/5.5 million metric tons), on 12.4 million hectares area planted. Farmers are expected to shift some cotton area to higher remunerative crops such as pulses (pigeon pea, green gram, black gram), paddy, and maize across various states. Current farmgate seed cotton prices in March 2024 have improved from previous month but remain almost six percent lower than last year (refer table 1).

Based on the expectation of a normal monsoon season, Post forecasts an average yield of 446 kilograms per hectare for MY 2024/25. This represents a two percent recovery from the official MY 2023/24 estimate of 437 kilograms per hectare, but two percent lower than the three-year average and nearly five percent lower than the five-year average of 458 kilograms per hectare. According to the Indian Meteorological Department (IMD), the [March to May 2024 seasonal forecast](#) suggests that rainfall during March is likely to be above normal (above fifty year-average) over most parts of the country. IMD forecasts above-normal maximum temperatures during the upcoming hot weather season from March to May in most parts of the country. Additionally, there is an enhanced probability of heatwave during March to May over most parts of the country except northeast India, the western Himalayan region, southwest peninsula, and west coast. Although cotton is tolerant of high temperatures and drought, the severity and length of the heat can lead to yield loss without adequate moisture.

Planted Area Estimates by Region

Northern India

Post estimates cotton area in Punjab to remain unchanged from last year, and reduced in Haryana by two percent, as producers shift to paddy rice. With limited to non-existent minimum support price (MSP) procurement of cotton, maize, and pulses in this region, farmers will likely shift area to paddy. Yields in both states are expected marginally lower as farmers divert water towards paddy cultivation. Area planted in Rajasthan is expected down ten percent from the previous year, as farmers fear pink bollworm infestation, as witnessed last year. However, better pest management practices will likely support higher yields. Farmers are likely to shift area to coarse cereals (bajra/pearl millet and sorghum/jowar) due to anticipated higher prices.

Central India

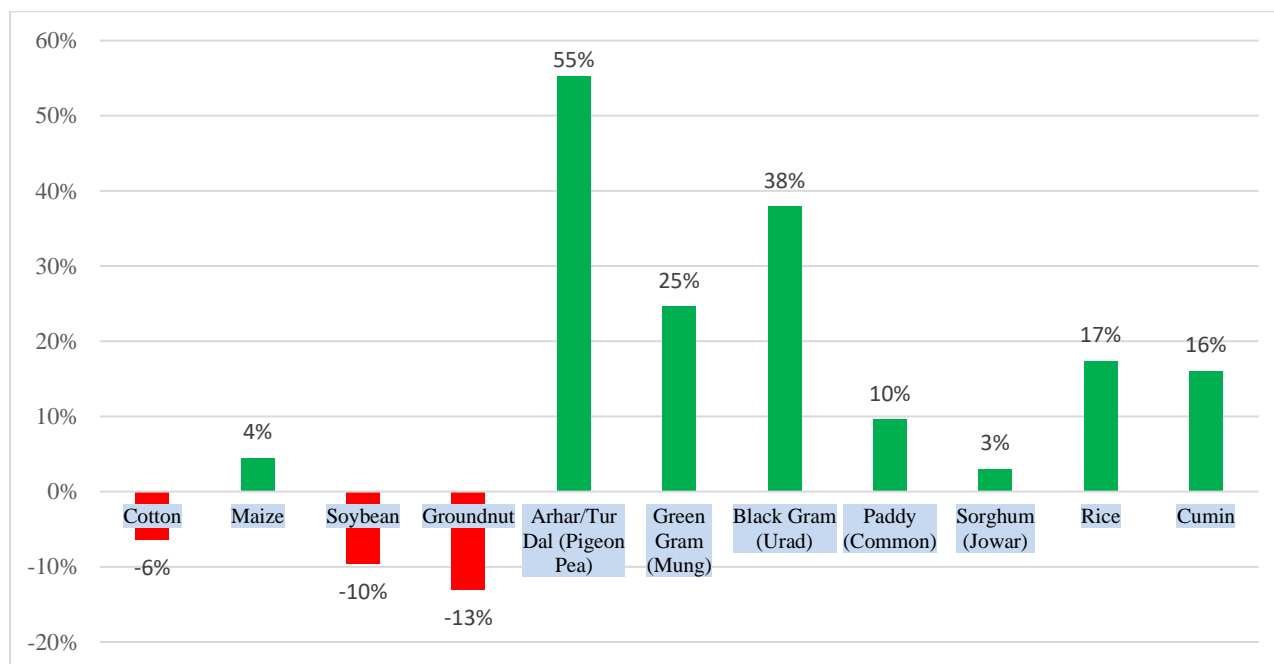
Post estimates cotton area in Gujarat, the largest cotton producing state, down five percent from last year, on expected shifts to pulses, cumin and sesamum. Current farmgate prices for pulses (pigeon pea) and cumin are trading at 55 percent and 20 percent higher than last year, respectively. In addition, lower costs of production, shorter growing duration, strong government support, and export demand makes pulses and cumin a preferred crop this season. In Maharashtra, area planted is expected to be reduced marginally (0.5 percent) as farmers diversify to pigeon pea (tur dal) and maize due to better profitability. Recent FAS travel in Maharashtra indicates additional expansion in spinning capacity to be operational next season, indicating improved local fiber demand supporting farmers in the state. Post estimates cotton area in Madhya Pradesh down eight percent, as farmers shift to higher priced pulses and cereals. Prices of competing crops such as soybeans have not been as remunerative, however, they have lower costs of production.

Southern India

Strong government procurement under MSP coupled with diversification away from paddy and improved mill demand is expected to prompt farmers to maintain planted area in the southern states of Telangana, Karnataka, Andhra Pradesh, and Tamil Nadu, resulting in an estimated increase of three percent as compared to last year. Cotton yields are expected to be seven percent higher as southern states encourage farmers to plant cotton in areas with better groundwater irrigation and controlled water release by managing canal irrigation systems.

FAS Mumbai forecasts MY 2023/24 cotton production at 26 million 480 lb. bales on 12.7 million hectares area planted, unchanged from the [January 2024 report](#). The pace of strong cotton arrivals during the first six months of India's MY commencing in October indicates a much larger crop size than industry estimates of between 23 million to 25 million 480 lb. bales. In addition, the late planting and harvest in southern India states of Tamil Nadu, Telangana and Andhra Pradesh will likely add to the production estimate.

Figure 1: Annual Percent Change in Wholesale Prices of Major Commodities



Source: Directorate of Marketing and Inspection, Ministry of Agriculture and Farmers Welfare
 Note: **Price comparison March 01-12, 2024, to same period last year (India rupees/100 kg).

Table 1: State Monthly Wholesale Prices for Seed Cotton, March 2024**

State	Prices March 2024**	Prices February 2024	Prices March 2023	Change (Over Previous Month)	Change (Over Previous Year)
Andhra Pradesh	7,386	6,936	7,416	6.49%	-0.40%
Gujarat	7,440	6,808	7,675	9.28%	-3.06%
Haryana	6,683	6,473	7,594	3.24%	-12.00%
Karnataka	7,711	6,961	7,300	10.77%	5.63%
Madhya Pradesh	-	-	7,576	-	-100.00%
Maharashtra	7,196	6,761	7,713	6.43%	-6.70%
Odisha	6,753	6,817	7,433	-0.94%	-9.15%
Punjab	6,428	6,269	7,911	2.54%	-18.75%
Rajasthan	6,798	6,211	7,875	9.45%	-13.68%
Tamil Nadu	7,412	6,781	7,422	9.31%	-0.13%
Telangana	6,930	6,742	7,284	2.79%	-4.86%
Average	7,074	6,676	7,564	5.96%	-6.48%

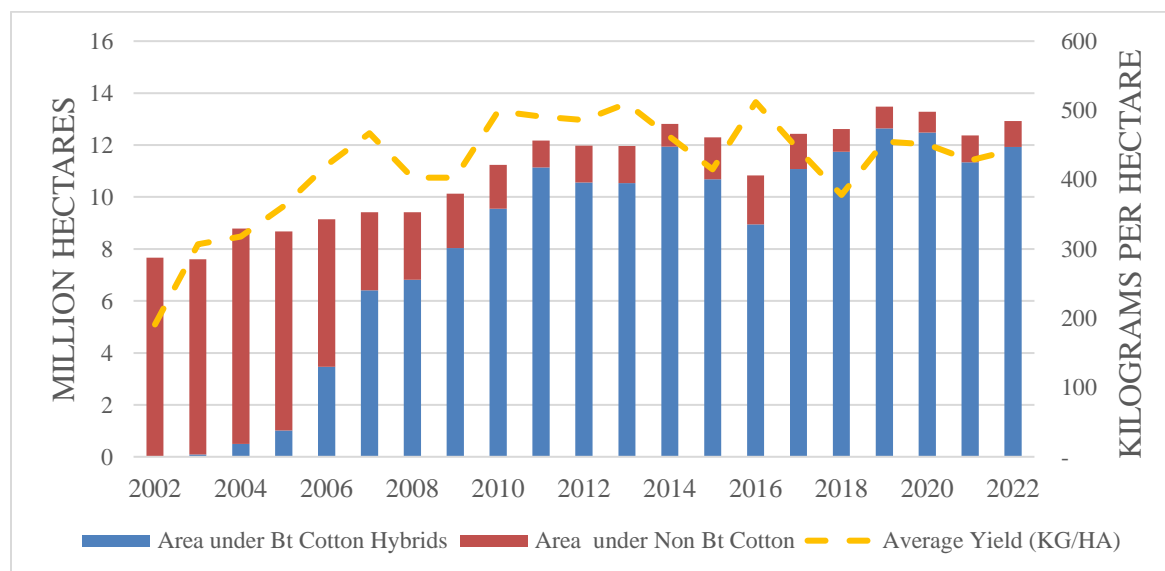
Source: Directorate of Marketing and Inspection, Ministry of Agriculture and Farmers Welfare
 Note: **Prices reported for the period from March 01-12, 2024 (India rupees/100 kilograms).

General Production Outlook

There are an estimated six million cotton farmers in India with an average farm size of 1.5 hectares that account for approximately one-third of global cotton planted area. Nearly five percent of total agricultural area planted in the country is cotton. The central cotton-growing zone produces two-thirds of the country's output and includes the states of Maharashtra, Madhya Pradesh, Gujarat, and Odisha. According to the Ministry of Agriculture and Farmers Welfare (MOAFW), close to 45 percent of total cotton area is under irrigation. The northern zone, which consists of the states of Punjab, Haryana, and Rajasthan, produces cotton under irrigated conditions, and accounts for approximately 12 percent of production. In the south, the states of Andhra Pradesh, Karnataka, and Tamil Nadu account for 25 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, irrigated cotton in the northern zone is mostly a short season crop that fits into a cotton-wheat cropping system.

A predominantly monsoon season or Kharif crop, cotton is planted from the end of April to September and harvested in the fall and winter. Cotton yields have plateaued over the last five years to an average of approximately 480 kilograms per hectare. Area under BT (*Bacillus thuringiensis*) cotton and other improved varieties is widely adopted and has reached an estimated 90-93 percent since its introduction in 2002. The Government of India has approved six biotech cotton events and more than 300 hybrids for cultivation in different agro-climatic zones. Between 2017- 2022, a total of 84 non- Bt and 99 Bt hybrids/varieties of cotton have been released for different cotton growing zones of India. 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 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.

Figure 2: Cotton Planted Area and Average Yield



Source: Directorate of Economics & Statistics, Ministry of Agriculture and Farmers Welfare

Table 2: Planting Season, Irrigation & Cotton Type by Region

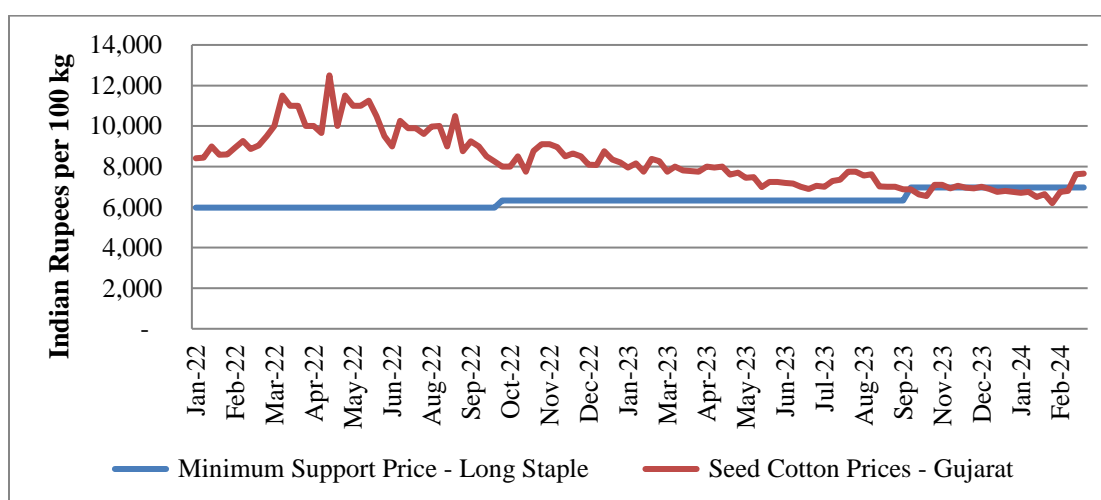
REGION	STATES	COTTON GROWN	PLANTING SEASON AND IRRIGATION STATUS
North	Punjab, Haryana, Rajasthan	Medium and Short Staple	End April-May/Largely Irrigated
Central	Gujarat, Maharashtra, Madhya Pradesh	Medium and Long Staple	Mid-June-July (after onset of monsoon) /Largely Rain Fed
South	Andhra Pradesh,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

Minimum Support Price

The GOI establishes an MSP for seed cotton annually and may or may not precede the start of planting season. The 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 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. For MSP operations, CCI is assisted occasionally by other federal and 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. During the Indian Marketing Year 2023/24 (October/September), farmgate seed cotton prices have been trading near MSP rates, as mill buying remained weak due to sluggish demand. CCI has been active in the market and procured 2.6 million 480 lb. bales (3.3 million 170-kilogram bales/561,000 MT) so far. CCI has procured almost 70 percent seed cotton from Telangana.

Figure 3: Seed Cotton (Kapas) Price vs Minimum Support Price



Source: Directorate of Marketing & Inspection (DMI), Ministry of Agriculture and Farmers Welfare

Consumption

Post forecasts MY 2024/25 consumption at 24.5 million 480 lb. bales (31.4 million 170-kilogram bales/ 5.3 MMT), two percent higher than last year. The strong revival in exports of value-added cotton products, particularly cotton yarn and fabric during the first six months of MY 2023/24 indicates mill consumption recovery. As of March 7, the Cotlook A-Index has risen by five percent since October 2023 (the beginning of the Indian marketing year), while Indian ex-gin prices and domestic cotton yarn prices risen by 2.5 percent and one percent, respectively during the same period. Since October 2023, Indian spot prices (Shankar-6) risen by three percent, from 92 cents per pound to 95 cents per pound. Currently, Indian prices are trading seven percent below the Cotlook A-Index making it very competitive. Supporting the consumption forecast is a projected rebound in exports of yarn and textile products. Year to date (Aug-Feb) exports of cotton yarn by volume are 114 percent higher than last year, and fabric exports are 11 percent higher than last year (refer figure 7 and figure 8).

The production of textiles rose by three percent, however, apparel production fell by two percent in January 2024 based on the [Index of Industrial Production - Quick Forecasts of IIP January 2024](#)) as compared to last year. Cumulatively (Apr-Jan) the production of textiles marginally improved by 0.4 percent, but apparel production is still depressed and lagging by 17 percent respectively, and any rise in consumption will only lead to recovery or offsetting of sizeable output losses of the past two seasons.

Trade

Post forecasts MY 2024/25 cotton exports at 2.4 million (480-lb.) bales (3.1 million 170-kilogram bales/ 523,000 metric tons). Higher carryover stocks will leave India with an exportable surplus, coupled with the weakening of the Rupee will provide opportunity for exports of cotton and cotton products.

India exports medium-to-long staple cotton (25 to 32 mm length) to China, Bangladesh, and several Southeast Asian countries. India will likely 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 and are ready to pay a premium over competing foreign origin supplies. However, U.S. cotton faces competition from suppliers such as Brazil, Egypt, and Australia as they develop new and improved cotton varieties that are comparable to ELS, and occasionally carry freight advantages and shorter delivery periods. Due to warm weather conditions and cultural traditions, cotton is typically the preferred fiber in India.

According to the January 2024 [provisional trade data published](#) by the Ministry of Commerce, exports of cotton yarn/fabric/made-ups and handloom products increased by 2.5 percent (by value) as compared to last year. Cumulatively, exports between April 2023 and January 2024 also increased by 5.7 percent on a year-on-year basis. However, exports of readymade garments of all textiles were 13 percent lower between April 2023 and January 2024 on a year-on-year basis. In MY 2023/24, the top cotton yarn export markets were Bangladesh, China, and Egypt, while fabric export markets Bangladesh, Senegal, and Nigeria.

Post forecasts MY 2024/25 cotton imports at 1.2 million (480-lb.) bales (1.5 million 170-kilogram bales/ 261,000 metric tons). The estimate is 20 percent higher than last year as government has rescinded the import duty on extra-long staple cotton of staple length above 32 mm, effective February 2024. The removal of the import duty is likely to support textile exporters achieve their export targets during the remainder of the season and plan their sourcing requirements for the long term. Trade sources indicate that imports of long staple cotton may also witness an increase as the staple length specified (above 32 mm) can be inclusive of long staple cotton from some foreign origins.

Marketing

The Government continues to promote [Kasturi Cotton India](#) as a premium brand by enhancing international perception and valuation of Indian cotton. The initiative plans to ensure that Indian cotton farmers will get higher value for their Kasturi Cotton due to branding, traceability, transparency, and quality assurance. This program will also sustain long term growth and competitiveness of Indian cotton farmers and the value chain.

Policy

As reported in [GAIN IN2024-0008](#), the government approved the continuation of Scheme for Rebate of State and Central Taxes and Levies (RoSCTL) for export of apparel/garments and made-ups (fabrics, blankets, linens, curtains etc.) up to March 31, 2026. The scheme provides rebates to exporters for the state and central taxes and levies in addition to the duty drawback scheme on export of apparel/garments and made-up and will likely increase exports of garments and home textiles.

Textile Sector

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 many women and rural populations (70 percent of the workforce in garment manufacturing and 73 percent in handloom). The textile industry contributes 11 percent of the country's industrial output in value terms, 2 percent of India's GDP, and 15 percent of the country's export earnings. The domestic textile and apparel production is estimated at USD \$140 billion including USD \$40 billion of textiles and apparel exports.

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 consumer markets are some of the key challenges faced by the sector. To address these problems, the GOI has introduced various [initiatives](#) to make the sector globally competitive, boost exports, and facilitate modernization, thereby increasing productivity and employment.

Extra Long Staple (ELS Cotton)

Consumption

Post estimates ELS cotton consumption in MY 2024/25 higher, as textile demand improves in major international markets. In addition, the expected lower crop from the United States will likely lead to higher demand for ELS from other exporting countries. 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 an average 50 percent market share of total ELS cotton imports in India since 2011. According to U.S. trade data, ELS exports from in January 2024

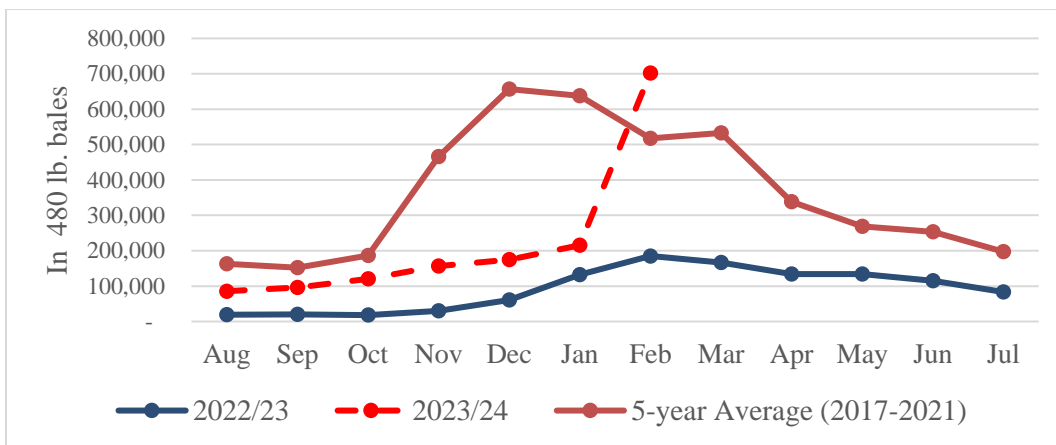
are 77 percent lower by value, and 74 percent lower by volume from last year indicating the slowdown in mill demand. Since 2018, U.S. Pima has maintained an average 31 percent share of total U.S. cotton exports to India.

Trade

On February 19, the GOI published a notification ([GAIN IN2024-0008](#)) that rescinded the import duty of 10 percent effective February 20, on cotton (HTS code 5201 00 25) with a staple length above 32 mm.

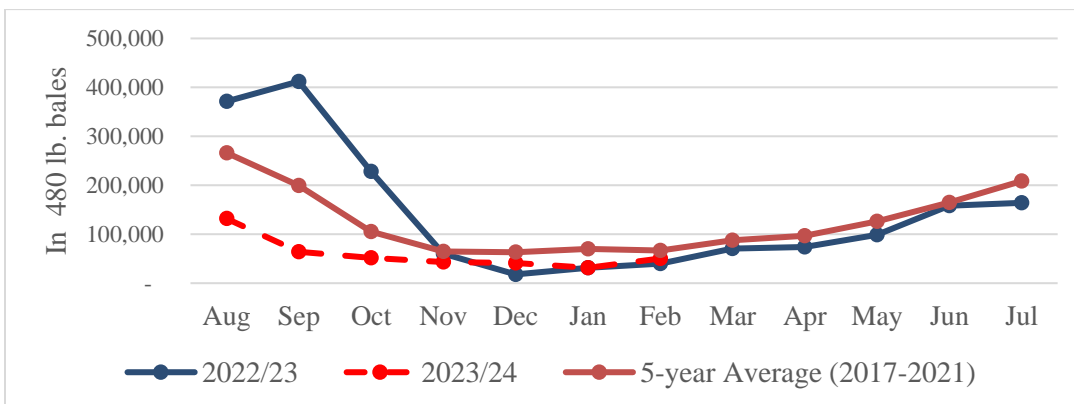
The share of U.S. ELS cotton (also known as Pima cotton (36 mm and above) in U.S. cotton imports has been rising. This indicates the specific requirements/parameters of international retailers can only be met using specific varieties of ELS cotton. ELS cotton is used to produce quality yarn, fabric, and dress material for a small but growing high-end domestic market segment, in addition 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.

Figure 4: Cotton Exports by Month



Source: Directorate General of Foreign Trade, Ministry of Commerce, and Industry

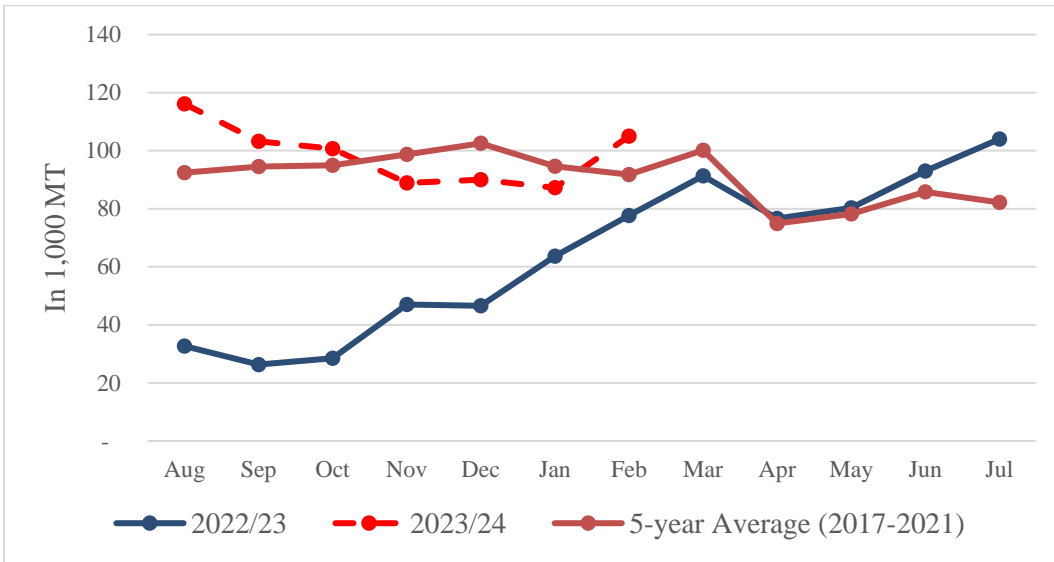
Figure 5: Cotton Imports by Month



Source: Directorate General of Foreign Trade, Ministry of Commerce, and Industry

**FAS estimate

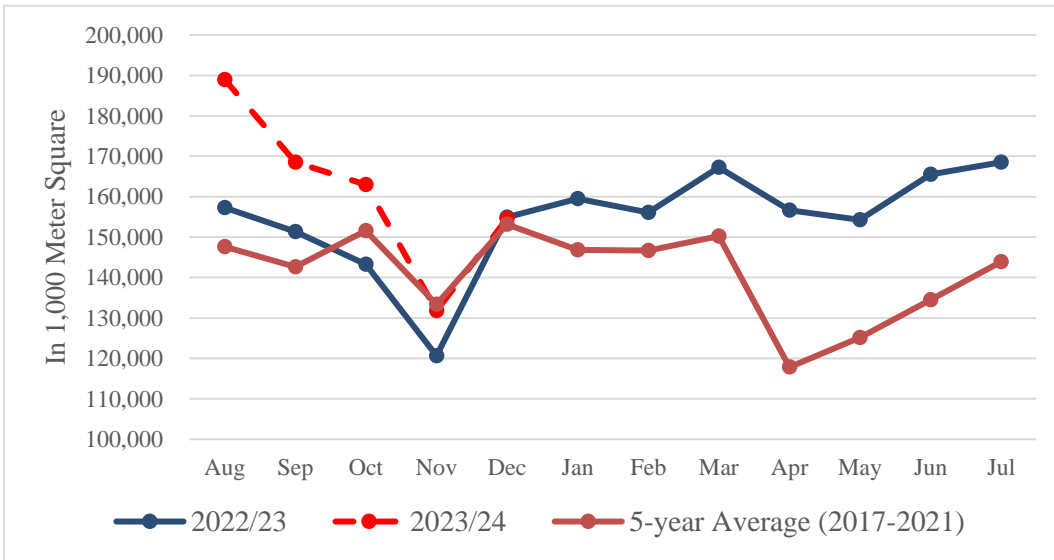
Figure 6: Cotton Yarn* Exports by Month



*HS code: 5204, 5205 and 5207

Source: Directorate General of Foreign Trade, Ministry of Commerce

Figure 7: Cotton Fabric* Exports by Month



*HS code: 5208 and 5209

Source: Directorate General of Foreign Trade, Ministry of Commerce, and Industry

Attachments:

No Attachments