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India

Cotton and Products

December Update

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Approved by:

Chad Russell

U.S. Embassy

Prepared by:

Santosh Kr. Singh

Report Highlights:

Post's 2002/03 cotton production estimate has been raised to 14.4 million bales (170 kg) on higher than originally estimated planted area.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1], IN

Note: All figures in the text are in 170 kg bales unless mentioned otherwise.

2002/03 Production Revised Up on Higher Planting Reports

Based on the provisional cotton planting estimates provided by various state departments of agriculture, cotton planted area for MY 2002/03 has been revised higher from 7.5 million hectares to 7.8 million hectares. Consequently, Post's estimate for MY 2002/03 cotton production has been raised to 14.4 million bales (including 900,000 bales of loose cotton). Statewise cotton area and production estimates have been adjusted to reflect the reported changes (see Table 3).

The Cotton Advisory Board in its meeting of November 29th estimated the 2002/03 cotton production at 15.2 million bales (including 850,000 bales of loose cotton). Typically, CAB supports a higher production estimate during this time of the year to ensure adequate availability of cotton at reasonable prices to the mills. Market sources report that current crop is progressing well under stable weather conditions for the cotton crop in most growing areas. However, late December rains can improve crop prospects for late picking in the rainfed cotton areas of central and southern India. A clearer picture will emerge only late January when picking accelerates in most growing areas.

2001/02 Planted Area Revised

Based on the provisionally revised estimates released by the Directorate of Economics and Statistics, Ministry of Agriculture, 2001/02 cotton area has been reduced from 8.9 million hectares to 8.7 million hectares.

Market Arrivals Lag

Market arrivals have been delayed on late planting in the rainfed cotton belt of central and southern India due to late revival of monsoon rains in September/early October after the long drought period of late July through August. Market sources expect arrivals to pickup during December/January. Arrivals through November 25, 2002, totaled 1.56 million bales compared to 2.08 million bales for the corresponding period last year. Although the current market arrivals support the lower current year crop estimates, the 'actual' decline in the size of the crop will become more definitive from the market arrival estimates through end-January.

Arrivals by state (in bales) with the previous year's figures in parentheses are: Punjab 240,000 (307,000); Haryana 160,000 (192,000); Rajasthan 100,000 (126,000); Gujarat 350,000 (225,000); Maharashtra 175,000 (300,000); Madhya Pradesh 275,000 (450,000); Andhra Pradesh 130,000 (300,000); Karnataka 45,000 (55,000); Tamil Nadu 24,000 (40,000); Others 10,000 (5,000) and loose cotton 50,000 (75,000).

Market Prices Firm

Market prices firmed up during October/November on subdued market arrivals and increased off take of the mills (see Price Table). With considerable speculation on the expected price

movement during the later part of the season due to 'low' domestic crop and 'firm' world market prices, many mills are comparatively aggressive in covering their consumption requirement for a longer period. Cotton prices for the common traded staple varieties are currently 44 - 76 cents per lbs., about 10 to 20 percent higher than a year ago. Market prices are expected to ease marginally as arrivals peak during December/January. The domestic cotton price movement during the later part of the season will depend on the 'actual' size of the local crop and relative movement of international cotton prices.

Current Lull in Imports

Market sources report a comparative lull in new imports by Indian mills as the international quotations of lower staple (below 28 mm) cottons are 5-6 cents above domestic prices. However, import contracts of higher staple (30 mm and ELS) cotton have been going on at a brisk pace. Market sources report that import contracts of higher staple cotton is 20-30 percent above last year, with most mills having covered for next 6-8 months requirement. The import prospects for lower staple (28 mm and below) cotton is expected to improve after December/January as the local prices firm after peaking of market arrivals. Despite marginally improved local production, Post does not foresee any significant change in the overall import prospects for the 2002/03 season.

Table 1: Commodity, Cotton, PSD Table (metric tons)

PSD Table							
Country:	India						
Commodity:	Cotton	(HECTARES) (METRIC TONS)					
		2000		2001		2002	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		08/2000		08/2001		08/2002	(MONTH/YE AR)
Area Planted	8576000	8576000	8851000	8730000	7510000	7790000	(HECTARES)
Area Harvested	8576000	8576000	8851000	8730000	7510000	7790000	(HECTARES)
Beginning Stocks	1069691	1069691	821484	821484	977157	977157	METRIC TONS
Production	2379969	2379969	2678037	2678036	2373219	2447889	METRIC TONS
Imports	341178	341178	381020	381021	457226	457226	METRIC TONS
TOTAL SUPPLY	3790838	3790838	3880541	3880541	3807602	3882272	METRIC TONS
Exports	20466	20466	13064	13064	10886	10886	METRIC TONS
USE Dom. Consumption	2734620	2734620	2686320	2686320	2757081	2757080	METRIC TONS
Loss Dom. Consumption	214268	214268	204000	204000	204000	204001	METRIC TONS
TOTAL Dom. Consumption	2948888	2948888	2890320	2890320	2961081	2961081	METRIC TONS
Ending Stocks	821484	821484	977157	977157	835635	910305	METRIC TONS
TOTAL DISTRIBUTION	3790838	3790838	3880541	3880541	3807602	3882272	METRIC TONS

Note: Production figures for MY 2000 include 900,000 bales, and for MY 2001 include 1.0 million bales, and MY2002 include 900,000 bales of loose cotton (170 kg bales) each.

Table 2: Commodity, Cotton, PSD Table (480 lbs bales)

PSD Table							
Country:					Conversion	0.004593	
Commodity:							
		2000		2001		2002	UOM
	Old	New	Old	New	Old	New	
Market Year Begin							(MONTH/YEAR)
Area Planted	8576000	8576000	8851000	8730000	7510000	7790000	(HECTARES)
Area Harvested	8576000	8576000	8851000	8730000	7510000	7790000	(HECTARES)
Beginning Stocks	4913	4913	3773	3773	4488	4488	1,000 480lb bales
Production	10931	10931	12300	12300	10900	11243	1,000 480lb bales
Imports	1567	1567	1750	1750	2100	2100	1,000 480lb bales
TOTAL SUPPLY	17411	17411	17823	17823	17488	17831	1,000 480lb bales
Exports	94	94	60	60	50	50	1,000 480lb bales
USE Dom. Consumption	12560	12560	12338	12338	12663	12663	1,000 480lb bales
Loss Dom. Consumption	984	984	937	937	937	937	1,000 480lb bales
TOTAL Dom. Consumption	13544	13544	13275	13275	13600	13600	1,000 480lb bales
Ending Stocks	3773	3773	4488	4488	3838	4181	1,000 480lb bales
TOTAL DISTRIBUTION	17411	17411	17823	17823	17488	17831	1,000 480lb bales

Note: Production figures for MY 2000 include 900,000 bales, and for MY 2001 include 1.0 million bales, and MY2002 include 900,000 bales of loose cotton (170 kg bales) each.

Table 3: Area, Production & Yield of cotton in Major States
(Area tha, production thousand bales of 170 kgs, yield kgs/ha)

						Final	Revised	Revised
STATE		1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03
Maharashtra	Area	3085	3139	3199	3254	3077	2980	2613
	Production	3300	2150	2650	3650	2050	3350	3000
	Yield	182	116	141	191	113	191	195
Gujarat	Area	1484	1519	1607	1516	1615	1687	1680
	Production	3425	4200	4750	2850	2400	3350	3200
	Yield	392	470	502	320	253	338	324
M.P.	Area	527	517	501	525	506	623	546
	Production	1875	2250	1875	1550	1750	1975	1700
	Yield	605	740	636	502	588	539	529
Punjab	Area	742	727	562	475	474	600	458
	Production	1600	725	500	800	900	900	850
	Yield	367	170	151	286	323	255	316
Haryana	Area	649	638	582	546	555	610	610
	Production	1350	900	700	1050	1000	525	1000
	Yield	354	240	204	327	306	146	279
Rajasthan	Area	654	645	645	583	510	347	333
	Production	1400	1100	1150	1300	1050	575	500
	Yield	364	290	303	379	350	282	255
A.P.	Area	1007	898	1278	1040	1022	1002	900
	Production	2650	2550	2500	2200	2500	2750	2100
	Yield	447	483	333	360	416	467	397
Karnataka	Area	668	518	608	600	560	591	400
	Production	900	750	875	800	800	800	550
	Yield	229	246	245	227	243	230	234
Tamil Nadu	Area	260	247	243	185	193	200	200
	Production	550	500	550	550	550	500	550
	Yield	360	344	385	505	484	425	468
Others	Area	46	56	62	67	64	90	50
	Production	100	100	125	150	100	75	50
	Yield	370	304	343	381	266	142	170
All-India	Area	9122	8904	9287	8791	8576	8730	7790
	Production	17150	15225	15675	14900	13100	14800	13500
	Yield	320	291	287	288	260	288	295

NOTE:

1: Production figures for 1996/97-1997/98 in the PS&D includes loose cotton estimates.

2: Loose Cotton estimate: 1996/97 (675,000 bales); 1997/98 (575,000 bales); 1998/99 (825,000

bales); 1999/2000 (700,000 bales); 2000/01 (900,000 bales); 2001/02 (1000,000 bales) and 2002/03 (900,000 bales) respectively.

Table 4: Month End Spot Prices of Popular Varieties (in rs./mt)

Year	Bengal	S.G.J.	H-4	Shankar-6	MCU-5	DCH-32
	Deshi	F-34	M.P.	Gujarat	A.P.	South
2001/02						
Aug	34590	51460	52580	54830	66080	88000
Sept	36560	46960	52300	54830	64680	87160
Oct	38240	40490	44990	46400	59050	77330
Nov	39650	39370	41340	44710	54830	73110
Dec	35710	37120	41340	44430	53430	71140
Jan	36560	36840	40210	43300	48370	70300
Feb	36560	36270	38810	41620	47800	66080
Mar	37960	36560	39650	44150	50620	70300
Apr	38520	39930	42180	44990	52020	73120
May	39650	39650	42180	44430	50050	71710
Jun	41340	42180	44990	49210	54270	76760
Jul	41340	44150	50050	52580	57370	77330
Avg Price	38057	40915	44218	47123	54881	75195
2002/03						
Aug	39930	41060	49210	51740	61580	81830
Sept	38520	40490	47800	50050	59610	77330
Oct	41620	43330	48930	50620	63270	78740
Nov	41060	46680	49770	52020	63270	80980

Source: East India Cotton Association, Mumbai