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Prepared By: Dhruv Sood

Approved By: Rhiannon Elms

Report Highlights:

FAS Mumbai estimates marketing year (MY) 2022/23 India cotton production at 27.5 million 480 lb. bales, on 13 million hectares. Widespread planting of unapproved hybrids in Central India is likely to improve yields due to its shorter maturity duration which will allow for fewer heavy infestations of pink bollworm. Farmers continue to store and hold supplies, as prices remain elevated. Consequently, new crop market arrivals are much lower than last year. Mill consumption is estimated at 23.8 million 480 lb. bales as textile demand from major export markets weakens. An import duty of ten percent on raw cotton has been reinstated since November 1, but mills continue to source extra-long staple cotton for export commitments.

India, Commodity, Cotton - Production, Supply and Distribution

Cotton	2020/2021		2021/2022		2022/2023	
Market Year Begins	Aug 2020		Aug 2021		Aug 2022	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	-	-	-	-	-	-
Area Harvested (1000 HA) (a)	13,286	13,286	12,150	12,150	13,000	13,000
Beginning Stocks 1000 480 lb. Bales	15,684	15,684	11,939	11,939	8,696	8,596
Production 1000 480 lb. Bales	27,600	27,600	24,500	24,400	27,500	27,500
Imports 1000 480 lb. Bales	844	844	1,000	1,000	1,550	1,500
MY Imports from U.S. 1000 480 lb. Bales	-	-	-	-	-	-
Total Supply 1000 480 lb. Bales	44,128	44,128	37,439	37,339	37,746	37,596
Exports 1000 480 lb. Bales	6,189	6,189	3,743	3,743	3,450	3,800
Use 1000 480 lb. Bales	26,000	26,000	25,000	25,000	24,000	23,800
Loss 1000 480 lb. Bales	-	-	-	-	-	-
Total Dom. Cons. 1000 480 lb. Bales	26,000	26,000	25,000	25,000	24,000	23,800
Ending Stocks 1000 480 lb. Bales	11,939	11,939	8,696	8,596	10,296	9,996
Total Distribution 1000 480 lb. Bales	44,128	44,128	37,439	37,339	37,746	37,596
Stock to Use % (PERCENT) (b)	37%	37%	30%	30%	38%	36%
Yield (KG/HA) (c)	452	452	439	437	461	461

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

Area and Production

Post estimates India cotton production at 27.5 million 480-lb bales (35.2 million 170-kilogram bales/6 million metric tons - MMT) MY 2022/2023 (August-July), on a forecasted harvested area of 13 million hectares. National yields are expected to rise by five percent to 461 kilograms per hectare as compared to last year.

According to India's Ministry of Agriculture and Farmers Welfare's (MOAFW) [September 29 report](#), overall cotton planting for the *Kharif* 2022 (monsoon crop planting) season reached 12.75 million hectares, eight percent higher than last year and three percent higher than the five-year average. Planting has now largely concluded in major parts of the country with an additional 200,000 hectares of winter planting in southern India forecasted by Post. Farmgate seed cotton (*kapas*) prices of new crop have risen by 12 percent since the beginning of the crop MY. Rising prices are prompting farmers to store and hold new crop supplies and bring limited product to market.

Table 1. Kharif 2022 Cotton Sowing Position (Million Hectares)

State	2022/23 as of September 29, 2022	2021/22 as of September 29, 2021	Normal Area as on date	Y-o-Y Change	Change from Normal
Andhra Pradesh	0.653	0.493	0.583	32%	12%
Telangana	2.024	2.062	2.011	-2%	1%
Gujarat	2.549	2.254	2.511	13%	2%
Haryana	0.650	0.688	0.689	-6%	-6%
Karnataka	0.822	0.644	0.581	28%	41%
Madhya Pradesh	0.599	0.600	0.630	0%	-5%
Maharashtra	4.229	3.957	4.217	7%	0%
Odisha	0.216	0.197	0.168	10%	29%
Punjab	0.248	0.254	0.278	-2%	-11%
Rajasthan	0.683	0.629	0.594	9%	15%
Tamil Nadu	0.051	0.046	0.062	11%	-18%
Others	0.026	0.035	0.027	-26%	-4%
All India	12.750	11.859	12.351	8%	3%

Note: (**) Normal Area is the five-year average during 2017 through 2021

Source: Ministry of Agriculture and Farmers Welfare

Post has adopted the MY 2021/22 production estimate of 24.4 million 480 lb. bales (31.2 million 170-kilogram bales – 5.3 million metric tons – MMT) as estimated by Committee on Cotton Production and Consumption (COCPC) in its [meeting held on November 15, 2022](#). MOAFW had also projected similar estimate in its Fourth Advance Estimates of Production of Oilseeds and Commercial Crops for 2021-22 on August 17, 2022.

Cotton Picking (Harvest) Underway Across the Country

According to the [weekly advisories](#) issued by the central government research institutes, cotton picking has completed in the north India states of Punjab and Haryana, while second picking is in progress in the state of Rajasthan. Farmers have been advised to remove cotton sticks from the fields once harvest is complete and destroy any rotten bolls and diseased crop debris outside the field.

In Gujarat, the cotton crop is in various stages of development (flowering, boll formation, boll development and opening) depending on when farmers had sown/re-sown the crop. However, recent Post travel to the state indicated widespread planting of unapproved hybrids which will likely improve yields due to its shorter maturity duration that leads to a reduction of heavy pink bollworm infestations. Although unapproved hybrid seeds cost twice the market price, pest control and shorter growing periods resulted in reduced spraying costs. Similar hybrid varieties were planted last season, but late rains led to significant plant damage and yield loss. Trade sources indicate that hybrid planted area could constitute up to 60 percent of total planted area in the state. Post estimates yields in the state to be 15 percent higher from last year, at 647 kilograms per hectare.

Farmers have been advised by central government research institutes to moderate irrigation and limit excess application of nitrogenous fertilizer to prevent pink boll worm infestation. Additional guidance

includes: allowance for farm animals like goats and sheep should be allowed to graze on unopened bolls and plant debris in fields after the last picking to prevent infestation in the subsequent year; and after grazing, farmers should chop and burry cotton stalk in soil to improve its biomass and health.

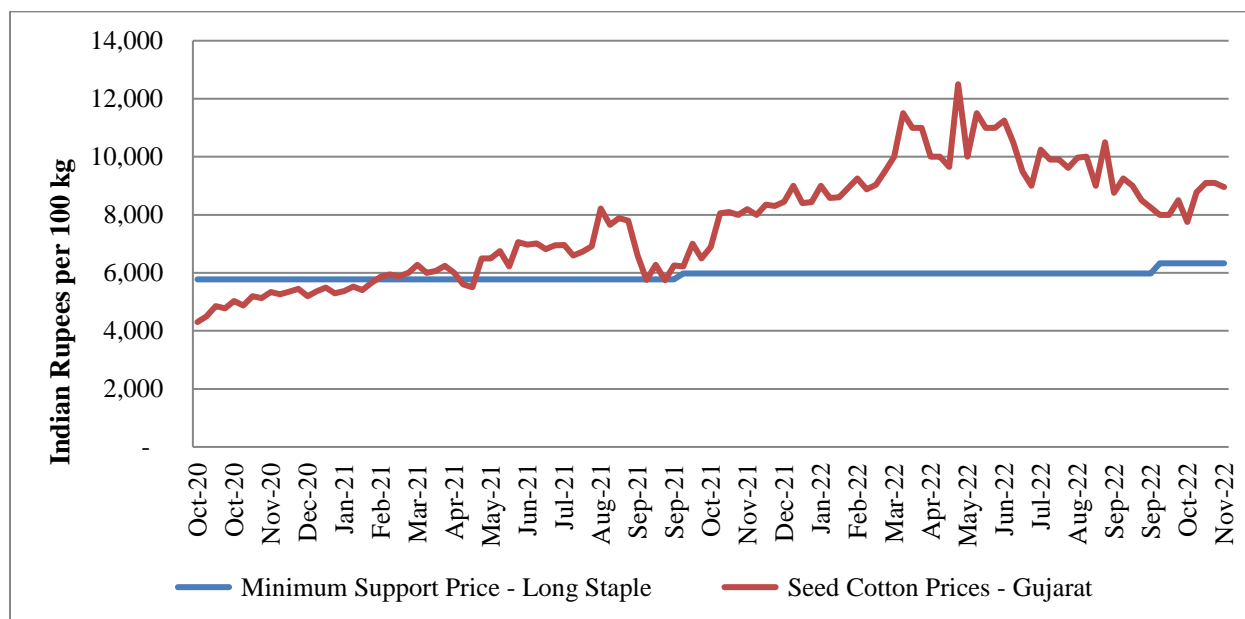
In central Maharashtra, the crop is at boll opening stage and ready for picking, and at boll formation and development stage in eastern Maharashtra. Trade sources have not indicated any major pest related issues, mainly due to consistently dry weather.

In Telangana, the crop is at boll opening stage and ready for picking. However, excess rains and high humidity and temperatures resulted in high incidence of boll rot and pink bollworm. Farmers have adequate irrigation water availability, as ground water and reservoir levels remain higher than last year. In Karnataka, early sown crop is in boll opening stage, and cotton picking is underway.

New Crop Market Arrivals Remain Slow

As of November 25, the Cotton Corporation of India (CCI) reported MY 2022/23 cotton arrivals have reached 2.8 million 480-lb. bales (3.5 million 170-kilogram bales/600,000 MT). Based on the production estimate of the Committee on Cotton Production and Consumption (COCPC), 10 percent of the crop has arrived in the market, slower than anticipated as farmers are holding cotton in anticipation of higher prices. Last year, farmers that held raw cotton saw better profits from March to May when supplies are limited. Current farmgate seed cotton prices are trading between \$97-110 (INR 8,000-9,000) per 100 kilograms, with farmer price expectations as high as \$145-185 (INR 12,000-15,000) per 100 kilograms. Seed cotton prices are trading at 40 percent above the [MY 2022/23 minimum support price \(MSP\)](#) effective from October 1, resulting in likely limited government procurements.

Figure 1: Seed Cotton (*Kapas*) Price vs. Minimum Support Price



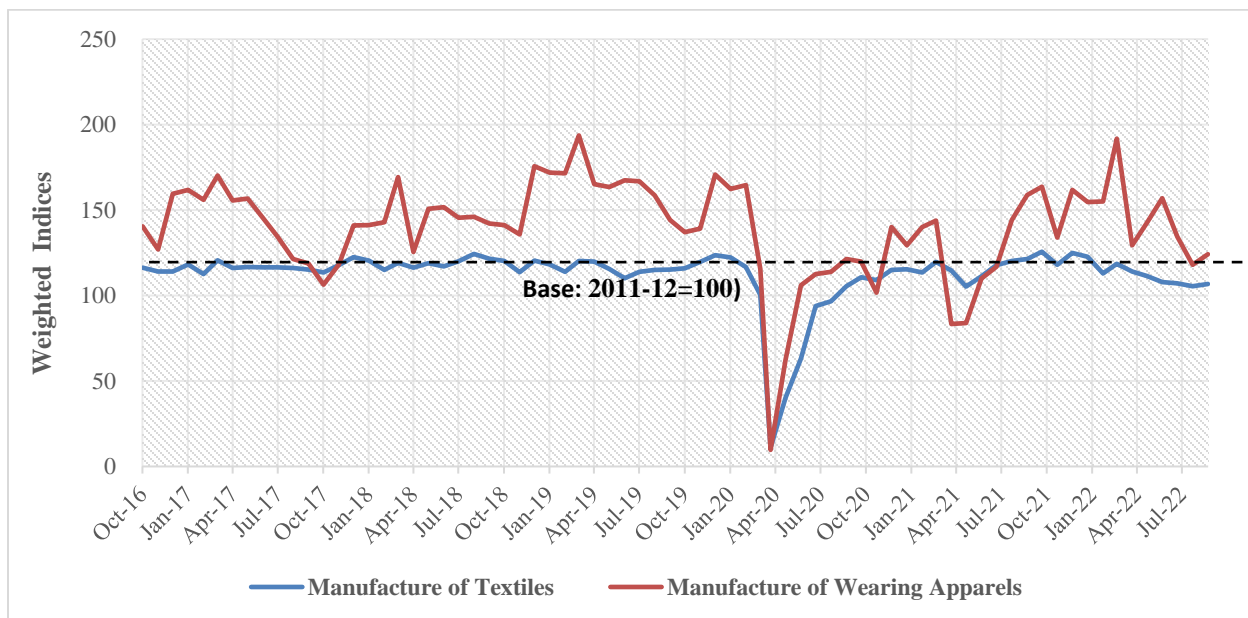
Source: Directorate of Marketing and Inspection (DMI), Ministry of Agriculture and Farmers Welfare

Consumption

FAS Mumbai estimates MY 2022/2023 cotton consumption at 23.8 million (480 lb.) bales (30.5 million 170-kilogram bales/5.2 MMT), one percent lower than USDA official estimate. Trade sources indicate that mills are currently operating at 60 percent capacity. The sharp decline in exports has led to limited operational capacity for textile mills, and competition for limited orders has intensified. The order flow from international retailers in Europe and the United States remains muted as excess inventory is impacting near-term demand.

In September 2022, the textile sector experienced a twelve percent decline in production volume as compared to the same period last year (based on the Index of Industrial Production (IIP) - [Quick Estimates of IIP September 2022](#)). Similarly, apparel manufacturing witnessed a decline of 22 percent as compared to its output last year. Cumulatively (April-September 2022), the production of textiles and apparels has declined by six percent, but apparel manufacturing increased by 15.6 percent, as compared to same period last year. According to IIP estimates, textile manufacturing data indicates that mills are facing higher inputs costs (fiber, fuel, and labor) which are eroding margins for cotton-based textile products. At the same time, apparel manufacturers using blends have benefitted from strong export demand in the first half of the year. The sharp decline in exports to western markets is affecting mill operations.

Figure 2: Monthly Index of Industrial Production, October 2016-September 2022



Source: Ministry of Statistics and Program Implementation

Trade

FAS Mumbai estimates MY 2022/23 cotton exports at 3.8 million (480-lb.) bales (4.9 million 170-kilogram bales - 827,000 MT), 350,000 bales higher than USDA official estimate. Higher production estimates will leave India with an exportable surplus, and an expected correction in domestic ex-gin or lint (ginned cotton is when fibers are separated from the cotton seeds) prices (due to new crop arrivals)

coupled with a weakening rupee will improve raw cotton export prospects as textile products exports slow down. According to Ministry of Commerce [provisional trade data](#), exports of cotton yarn/fabrics/made-ups and handloom products declined by 25 percent (by value) between April and October 2022 on a year-over-year basis. However, exports of readymade garments of all textiles were six percent higher between April and October 2022 on a year-over-year basis.

Since October 2022, India ex-gin fiber prices have fallen by three percent, while the Cotlook A-Index has remained unchanged. Indian prices are trading marginally higher than the index, but the differential between both has reduced from seven percent in early October to three percent by the last week of November. The reduced differential indicates domestic purchasing of India cotton remains sluggish, as mills can source foreign origin cotton despite a weakened rupee. According to trade data, exports of cotton yarn to China in MY 2022/23 (Aug/Sep) have declined by 96 percent as compared to last year. Bangladesh remains the only major buyer with positive year-on-year shipments. Provisional trade data for September 2022, indicates that Bangladesh, Vietnam, and Indonesia are India's major export markets for raw cotton. Bangladesh, Sri Lanka and China are major buyers of Indian cotton yarn.

Post estimates MY 2022/2023 imports at 1.5 million (480-lb.) bales (1.92 million 170-kilogram bales - 327,000 MT), 50,000 bales lower than the USDA official estimate. Post expects that mills will continue to procure imported cotton until domestic fiber prices correct to affordable rates. Provisional trade data for September 2022 indicates that the United States and Australia remain the top suppliers. Although there has been no official announcement, sources indicate the Government of India has reinstated a 10 percent import duty from November 1, 2022. In April 2022, the Indian government issued a notification exempting all cotton imports from custom duty through September 30, 2022, which was extended by a month. due to limited domestic supplies.

Stocks

Post estimates carryover stocks higher as compared to last year, on lower mill consumption and subdued export prospects.

Table 2: State Monthly Wholesale Prices for Seed Cotton (*Kapas*), November 2022*

State	Prices November 2022**	Prices October 2022	Prices November 2021	Change (Over Previous Month)	Change (Over Previous Year)
Andhra Pradesh	8,487	8,327	-	2%	-
Gujarat	8,867	8,508	7,872	4%	13%
Haryana	8,496	8,407	-	1%	-
Karnataka	8,787	8,190	8,887	7%	-1%
Madhya Pradesh	8,401	7,796	7,873	8%	7%
Maharashtra	8,762	7,820	8,111	12%	8%
Odisha	8,560	-	7,194	-	19%
Punjab	8,689	7,316	8,017	19%	8%
Rajasthan	8,767	8,508	8,155	3%	8%
Tamil Nadu	7,468	7,732	5,703	-3%	31%
Telangana	8,419	7,026	7,777	20%	8%
Uttar Pradesh	-	8,250	6,541	-100%	-100%
AVERAGE	8,518	7,989	7,613	7%	12%

Note: *Prices reported for the period from November 01-25, 2022 (India rupees/100 kilograms)
Source: Directorate of Marketing and Inspection, Ministry of Agriculture and Farmers Welfare

Table 3: India, State Seed Cotton Arrivals in Market Yards, November 2022*(metric tons)

State	Market Arrivals November 2022	Market Arrivals November 2021	Change (Over Previous Year)
Andhra Pradesh	9,352	8,042	16%
Gujarat	93,636	101,071	-7%
Haryana	17,890	6,806	163%
Karnataka	17,866	16,810	6%
Madhya Pradesh	73,405	81,965	-10%
Maharashtra	8,335	84,710	-90%
Odisha	278	788	-65%
Punjab	1,211	9,859	-88%
Rajasthan	93,224	79,667	17%
Tamil Nadu	175	201	-13%
Telangana	84,342	208,155	-59%
Uttar Pradesh	-	1,429	-100%
TOTAL	399,714	599,501	-33%

Note: * Arrivals reported for the period from November 01-25, 2022

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

Table 4a. Estimate of 2021/2022 Cotton Exports

	170 kg.	Metric Tons	480 lb.
August Exports 1\	344,927	58,638	269,321
September Exports 1\	275,838	46,893	215,376
October Exports 1\	251,628	42,777	196,472
November Exports 1\	641,973	109,135	501,255
December Exports 1\	955,329	162,406	745,925
January Exports 1\	741,447	126,046	578,925
February Exports 1\	547,006	92,991	427,104
March Exports 1\	384,212	65,316	299,994
April Exports 1\	308,135	52,383	240,593
May Exports 1\	170,488	28,983	133,118
June Exports 1\	111,347	18,929	86,940
July Exports 1\	61,994	10,539	48,405
TOTAL	4,794,326	815,035	3,743,428

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule (HS) code 5201 – raw cotton, Trade Data Monitor

Table 4b. Estimate of 2022/2023 Cotton Exports

	170 kg.	Metric Tons	480 lb.
August Exports 1\	24,888	4,231	19,433
September Exports 1\	26,312	4,473	20,544
PRELIMINARY TOTAL	51,200	8,704	39,977

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule (HS) code 5201 – raw cotton, Trade Data Monitor

Table 5a. Estimate of 2021/2022 Cotton Imports

	170 kg.	Metric Tons	480 lb.
August Imports 1\	78,373	13,323	61,194
September Imports 1\	92,771	15,771	72,436
October Imports 1\	81,072	13,782	63,301
November Imports 1\	48,444	8,235	37,825
December Imports 1\	84,229	14,319	65,766
January Imports 1\	54,341	9,238	42,430
February Imports 1\	62,659	10,652	48,924
March Imports 1\	85,976	14,616	67,131
April Imports 1\	69,012	11,732	53,885
May Imports 1\	136,229	23,159	106,368
June Imports 1\	186,371	31,683	145,519
July Imports 1\	301,594	51,271	235,486
TOTAL	1,281,071	217,782	1,000,265

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule (HS) code 5201 – raw cotton, Trade Data Monitor.

Table 5b. Estimate of 2022/2023 Cotton Imports

	170 kg.	Metric Tons	480 lb.
August Imports 1\	476,006	80,921	371,667
September Imports 1\	527,341	89,648	411,750
PRELIMINARY TOTAL	1,003,347	170,569	783,417

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule (HS) code 5201 – raw cotton, Trade Data Monitor

Table 6: India, Cotton Yarn* Exports by Month (Figures in Thousands Metric Tons)

Month/Year	2021/2022	2022/23
Aug	116	33
Sep	117	26
Oct	117	
Nov	111	
Dec	123	
Jan	111	
Feb	91	
Mar	95	
Apr	73	
May	47	
Jun	38	
Jul	35	
TOTAL	1,076	

Note: (*) **HS code:** 5204, 5205 and 5207

Source: Directorate General of Foreign Trade, Ministry of Commerce

Table 7: India, Cotton Fabric* Exports by Month (Figures in Thousands Square Meters)

Month/Year	2021/22	2022/23
Aug	185,041	134,782
Sep	167,888	151,294
Oct	199,174	
Nov	158,629	
Dec	194,641	
Jan	178,802	
Feb	188,930	
Mar	177,113	
Apr	159,372	
May	155,909	
Jun	138,910	
Jul	135,080	
TOTAL	2,039,490	

Note: (*) **HS code:** 5208 and 5209

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

Attachments:

No Attachments