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Report Name: Cotton and Products Update

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Prepared By: Dhruv Sood

Approved By: Rhiannon Elms

Report Highlights:

On November 5, the Ministry of Agriculture and Farmers Welfare published a marketing year 2024/25 production forecast at the lowest level in five years, at 23.4 million 480 lb. bales on an area of 11.4 million hectares. FAS Mumbai forecasts MY 2024/25 India cotton production at 25 million 480 lb. bales on an area of 11.8 million hectares, unchanged from the previous forecast. All India yields are forecast at 461 kilograms per hectare, the highest in four years on improved soil moisture and water availability, and no major reports of pest incidences. The government has begun procuring cotton under minimum support prices (MSP), as slow domestic demand is keeping prices low, although industry is showing resilience through export opportunities for value added textile products.

Production, Supply and Distribution

Cotton	2022/2023		2023/2024		2024/2025	
Market Year Begins	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	12,680	12,700	11,800	11,800
Beginning Stocks 1000 480 lb. Bales	8,396	8,396	10,824	10,824	9,799	10,599
Production 1000 480 lb. Bales	26,300	26,300	25,400	26,000	24,000	25,000
Imports 1000 480 lb. Bales	1,727	1,727	885	885	2,300	2,000
Total Supply 1000 480 lb. Bales	**36,423**	**36,423**	**37,109**	**37,709**	**36,099**	**37,599**
Exports 1000 480 lb. Bales	1,099	1,099	2,310	2,310	1,300	1,200
Domestic Use 1000 480 lb. Bales	24,500	24,500	25,000	24,800	25,500	25,500
Loss 1000 480 lb. Bales	-	-	-	-	-	-
Domestic Use and Loss 1000 480 lb. Bales	24,500	24,500	25,000	24,800	25,500	25,500
Ending Stocks 1000 480 lb. Bales	10,824	10,824	9,799	10,599	9,299	10,899
Total Distribution 1000 480 lb. Bales	**36,423**	**36,423**	**37,109**	**37,709**	**36,099**	**37,599**
Stock to Use % (PERCENT)	42	42	36	39	35	41
Yield (KG/HA)	443	443	436	446	443	461
(1000 HA),1000 480 lb. Bales, (PERCENT), (KG/HA)						

Area and Production
FAS Mumbai forecasts MY 2024/25 (Oct/Sep) planted area to remain at 11.8 million hectares. As mentioned in the October GAIN report IN2024-0062, sowing in southern states extends until November/December, and is reported as part of *Rabi* (winter) sowing and included in the final planted area estimates.. FAS Mumbai forecasts MY 2024/25 production at 25 million 480 lb. bales (32 million 170-kilogram bales/5.4 million metric tons), unchanged from the previous forecast. Government advisories indicate harvesting is in the latter stages in north India, with no incidences of pink bollworm infestation, while harvest in central India has begun in early sown crop only. In south India, almost 90 percent of the sown crop is in boll bursting to harvesting stage, with late sowing being carried out in a few locations. The all-India reservoir storage status bulletin dated November 7 indicates 26 percent higher water storage than last year, and 16 percent higher than the ten-year national average, portending advantageous prospects for crop growth and development.

On November 5, the Ministry of Agriculture and Farmers Welfare (MOAFW) released the first advance estimates of area and production for 2024/25. MY 2024/25 area is forecast at 11.4 million hectares, with production estimated at 23 million 480 lb. bales (30 million 170-kilogram bales/ 5 million metric tons). All India yields are estimated at 448 kilograms per hectare. Second, third and final advance estimates will be released throughout the growing season. Sources indicate that the Committee on Cotton Production and Consumption (COCPC) is scheduled to meet on November 25 to discuss the balance sheet for MY 2024/25 and finalize estimates for MY 2023/24.

Stock

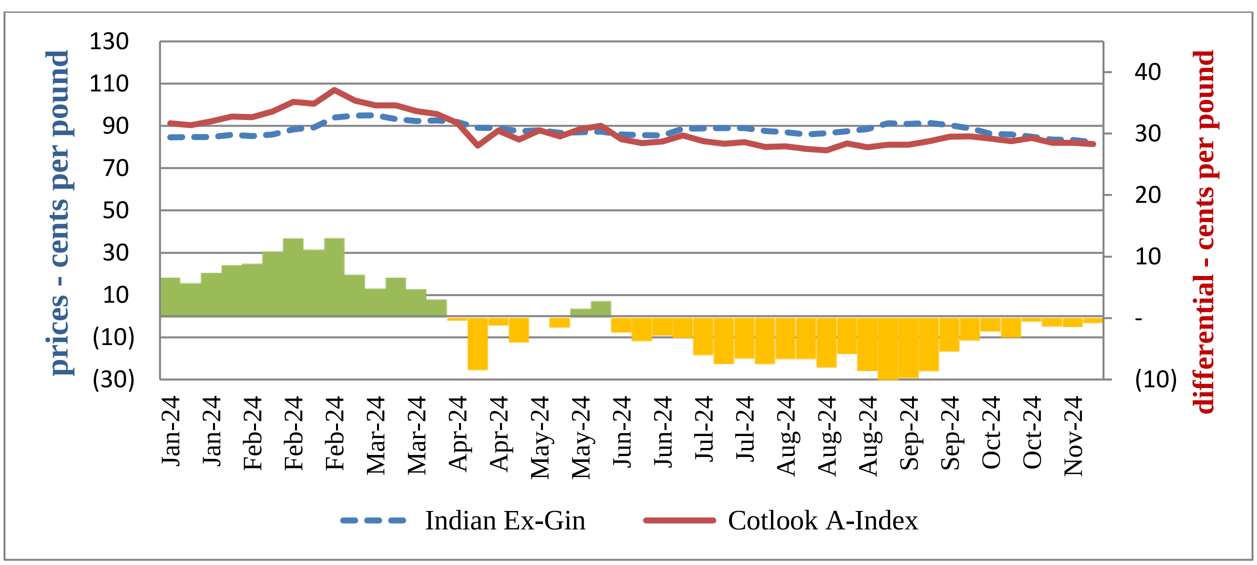
Higher carryover stocks will leave India with an exportable surplus, however, a lag in raw cotton export demand will likely keep prices subdued. MY 2024/25 (Oct/Sep) cotton arrivals reported in October are at 1.2 million 480 lb. bales (1.5 million 170-kilogram bales), 23 percent lower than last year. Farmers are transporting raw cotton to market yards in a phased manner, as farmgate prices are currently trading below MSP. The Cotton Corporation of India has begun small scale MSP procurement operations across five states and procured 176,000 480 lb. bales (225,000 170-kilogram bales) to date. Trade sources expect a larger-scale MSP procurement program to begin during peak arrivals between December and February. MY 2023/24 market arrivals as reported by Ministry of Textiles are 25.7 million 480 lb. bales (32.9 million 170-kilogram bales), surpassing the official cotton production estimate which will likely increase MY2024/25 carryover stocks.

Consumption

Post forecasts MY 2024/25 mill consumption to remain at 25.5 million 480 lb. bales (32.6 million 170-kilogram bales/5.6 million metric tons). Preliminary textile [export data published] by the Ministry of Commerce and Industry shows cotton-based yarn, fabrics and home textile shipments rose nearly seven percent by value in October, as compared to last year, while readymade garment shipments are up by 35 percent. The domestic market remains subdued as mills catering to local industries face slow demand in the apparel sector that is further exasperated by tighter margins (refer figure 1) due to rising input costs. According to the [Index of Industrial Production - Quick Forecasts of IIP September 2024] report, textile production remained flat, while apparel production fell by eight percent in September 2024 from the previous month.

India ex-gin prices have fallen by nine percent over the past month to 82 cents, while Cotlook-A Index has fallen by four percent to an average price of 81 cents. Lower international prices are prompting mills to import higher quality contamination-free cotton.

Figure 1: Weekly Indian Ex-Gin Price* vs Cotlook A-Index



*Spot rate for long staple 29 mm cotton in Gujarat

Source: Cotton Association of India, Cotlook A-Index

Marketing

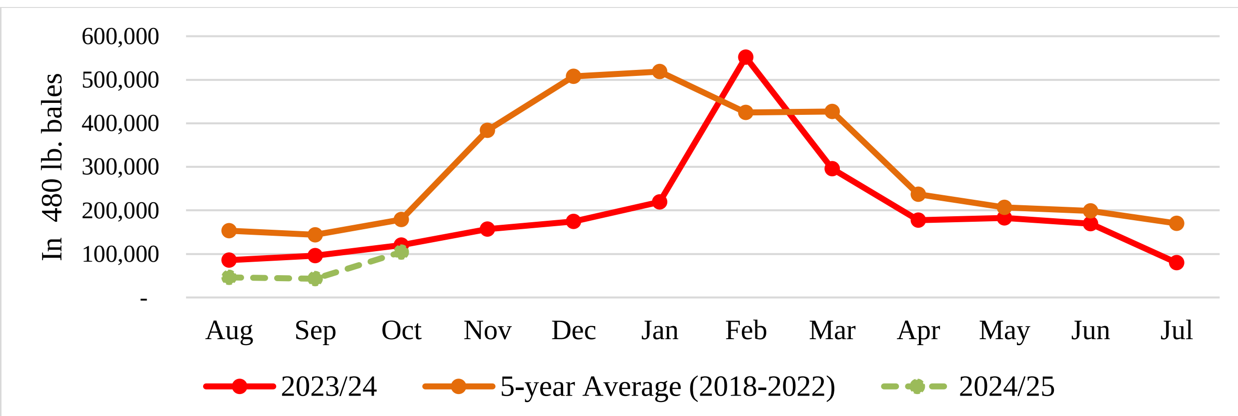
Second Edition of Bharat Tex – India's Largest Textile Event

The second edition of the Bharat Tex Show will be held in New Delhi from February 14-17, 2025. The event will feature pavilions for apparel, home furnishings, floor coverings, fibers, yarns, threads, fabrics, carpets, silk, handlooms, handicrafts, technical textiles, apparel machinery, dyes and chemicals.

Exports

The Post forecast for MY 2024/25 raw cotton exports remains at 1.2 million 480-lb. bales (1.5 million 170-kilogram bales/262,000 metric tons). Cotton lint prices are trading one to two cents higher than the Cotlook A-Index, prompting larger mills to import cotton for the foreseeable future. Preliminary export data for October shows a 13 percent drop in shipments from the same period last year. Bangladesh remained the top export market with 90 percent market share. Cumulatively, MY2024/25 shipments between August and October also witnessed a 36 percent drop (refer figure 2).

Figure 2: Cotton Exports by Month

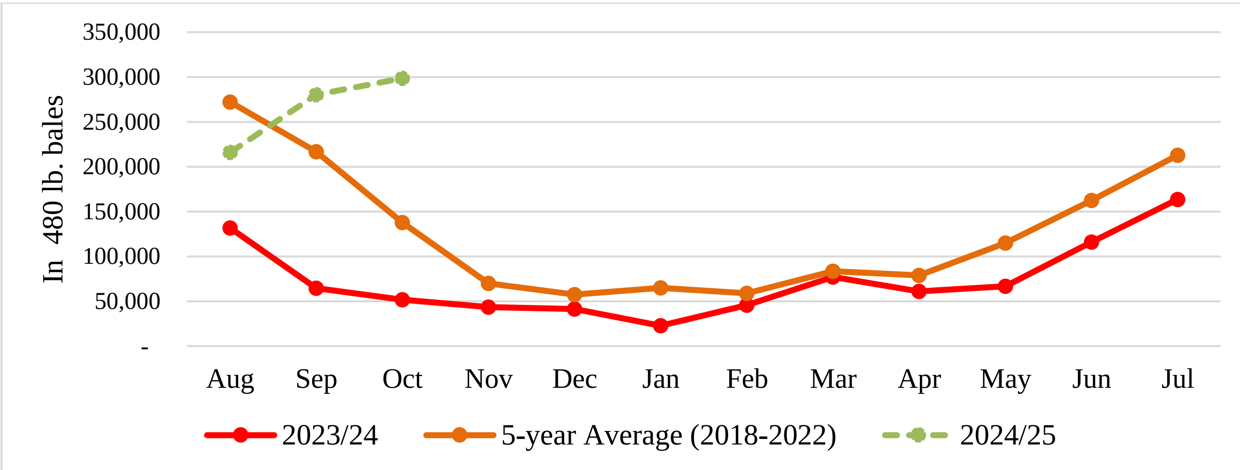


Source: Directorate General of Foreign Trade, Ministry of Commerce, and Industry

Imports

Post forecasts MY 2024/25 cotton imports at two million (480-lb.) bales (2.6 million 170-kilogram bales/436,000 metric tons), unchanged from the previous forecast, as imported cotton is two percent cheaper than domestic long staple shankar-6 variety. Preliminary import data indicates raw cotton shipments in October are up 479 percent in value from last year. Cumulatively, MY2024/25 shipments between August and October surged by 221 (refer figure 3). Top suppliers of imported cotton in October were Australia, Mali, Brazil, and the United States. Almost 44 percent of total imports in October landed in south Indian ports indicating the strong preference for foreign origin cotton by south India textile mills. According to U.S. trade data, U.S. exports during August and September have risen by 252 percent as compared last year due to strong demand for duty free extra-long staple (Pima) cotton for value added products.

Figure 3: Cotton Imports by Month



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

Attachments:

No Attachments