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India

Cotton and Products Annual

2016/17 cotton production forecast is 28.5 million 480 lb. bales on marginally lower acreage of 11.8 million hectares.

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Report Highlights:

India's 2016/17 cotton production forecast is 28.5 million 480 lb. bales on marginally lower acreage of 11.8 million hectares. Yields are expected higher through a combination of better crop, pest, and weed management practices and assume a "normal" monsoon after two consecutive years of deficient rain. Mill consumption is forecast lower than the 2015/16 marketing year as demand remains weak. Exports are forecast at 5.0 million 480 lb. bales while imports are forecast at 900,000 480 lb. bales.

Executive Summary:

Production

Acreage Reductions and Yield Gains Anticipated for MY 2016/17

India's 2016/17 cotton production is forecast at 28.5 million 480 lb. bales (36.5 million 170 kg bales/6.2 MMT) on 11.8 million harvested hectares. Planting decisions are largely driven by expected price realization, but additional factors such as the relative cost of production of competing crops, water availability, central/state government support (including anticipated minimum support prices (MSP)) and a timely monsoon are crucial factors.

The Post estimate for MY 2015/16 production is increased 500,000 480 lb. bales higher than the USDA estimate to 27.3 million 480 lb. bales (35 million 170 kg bales/ 5.9 MMT). While reported arrivals may be lagging compared to previous years, field travel observations, lower farm-gate prices, higher year-on-year exports, and limited coverage by textile mills indicates larger supplies being held in the supply chain amongst various stakeholders. MY 2014/15 production estimates remain provisional per the Cotton Advisory Board (CAB) at about 29.6 million 480 lb. bales (38 million 170 kg bales/6.4 mmt) which is higher than the USDA estimate.

Farmers Mulling Crop Choices

Farmers consistently exhibit strong preference for cotton relative to other crops. However, as the MY 2016/17 planting season approaches, a farmer's planting decision whether to expand/contract cotton acreage is difficult as, even though prices of competing crops dropped, soil conditions and yields may favor grains, pulses, and oilseeds. Assuming a normal monsoon, the nationwide yield for MY 2016/17 is forecast at 526 kg per hectare. This is higher than the MY 2015/16 estimated yield of 502 kg per hectare when significant pest pressures across various states and prolonged warmer and drier temperatures affected plants. India's cotton yields remain significantly lower than the global average of 800 kg per hectare; a difference attributed largely to the relatively low plant populations that farmers seed in order to create rows that are wide enough for bullocks and workers to traverse. Industry experts believe the advent of biotech cotton has improved the predictability and stability of cotton as a crop which has supported the expansion of cotton area in recent years.

Post estimates minimal acreage changes in the short-term, but area may decrease over the long-term as rising food demand and government efforts to encourage food crop production should prompt farmers to shift to other crops. Sources suggest the only reason to maintain cotton acreage would be to shift away from viewing the plant for its fiber and, instead, viewing it for its protein, oil, and feed (hull) use.

Several central government agencies and research institutes state that increasing cotton productivity needs to be emphasized. Various production systems, such as a high density planting system (HDPS) with short duration varieties, intercropping with legumes, and mechanical picking under rain-fed conditions have been undertaken in various states on a trial basis as a means of support farmer income diversification.

Northern India

Cotton planting in the northern states of Punjab, Haryana and Rajasthan is irrigated and the area is stable from year to year. Punjab cotton acreage is forecast lower compared to last year as farmers may shift from cotton and towards maize, paddy and pulses. Additionally, many Punjab growers reported

yield losses from sucking pest infestations in MY 2015/16. Moreover, unseasonal rains in February delayed the harvest of the existing wheat crop and may delay the planting of cotton in certain districts. Government agencies are recommending farmers finish planting cotton in Punjab and Haryana by May 15 as early sown crops exhibited fewer pest and disease incidences. Government sources indicate whitefly is already present in vegetable crops; especially, eggplant (brinjal) in certain areas and that it may require farmers to monitor and treat by regular weeding and chemical control for their cotton crop. Sources report farmers in Punjab and Haryana are buying indigenous cotton seed species known as desi cotton (*Gossypium arboreum*) due to reported resistance to whitefly and cotton leaf curl virus which it transmits. Yields are anticipated at 383 kg per hectare for the area which is lower than the five year average. The 2015/16 season was significantly affected by pest pressures which led to lower yields. In the state of Haryana, cotton acreage is expected higher than last year as farm gate prices for competing crops such as guar and bajra (millets) are low. Cotton acreage in Rajasthan is expected to be the same as last year.

Central India

The planted area in Gujarat, the largest cotton growing state, is expected to remain the same, with yields forecast much higher. In Gujarat, cotton remains an important crop as the area is a hub for cotton and cotton product exports and has a large ginning and spinning industry. In MY 2015, farmers reported yield losses and cotton quality damage due to pink bollworm in several of the major cotton growing districts. The pink bollworm damage was attributed to increasing Bt protein resistance in addition to inadequate management practices where farmers did not adopt scientific advice for refugia planting and crop residue management. The number of incidences in recent years has prompted government research agencies to focus on developing alternatives such as non-Bt and indigenous varieties that are less susceptible to bollworm infestations. Farmers nevertheless indicate that there is no practical, existing alternative to Bt cotton hybrids since yields of the non-Bt hybrids are much lower and have other pest infestation problems.

In Maharashtra, cotton acreage is forecast marginally lower than last year. Cotton area in central Maharashtra (Marathwada) is expected to shift to soybean and pigeon pea, but will be offset by increases in cotton planting in eastern Maharashtra (Vidarbha). Cotton's relative drought tolerance gives it an edge over competing crops as 65 percent of India's cotton area is rain fed. As of March 11, the overall water stored in reservoirs in Gujarat and Maharashtra was 26 percent of capacity. At the same time last year, reservoir levels were 45 percent. The ten-year average capacity level is 50 percent. Marginal gains in Madhya Pradesh cotton area are expected as farmers view it as one of their best planting options.

Southern India

Combined planted area in the states of Andhra Pradesh and Telangana was 2.38 million hectares in 2015/16. The area forecast for MY 2016/17 is effectively the same. Both cotton growing states of Andhra Pradesh and Telangana face the threat of annual cyclones. Consequently, MSP operations are undertaken often by government procurement agencies as the cotton can still meet the MSP parameters and signifies an assured payment unlike for other crops when damaged. Yields in both states are forecast higher than the three-year average. In Karnataka, the area under cotton is forecast to remain the same with yields closer to the five-year average.

Cotton Disappearance Continues Affecting Production and Stock Estimates

Cotton disappearance remains a major issue affecting crop production estimates. The picking, transportation and sale of seed cotton are based on a 'per kilo' basis. Stakeholders at nearly every stage in the fragmented supply chain attempt to increase the delivery weight. At the farm level, a hired laborer or cotton picker may add immature bolls or pick at a time of day when moisture content is highest. A recurring phenomenon is that transporters may add additional water/moisture so that s/he can remove some seed cotton, combine it with other loads, and extend their total volumes and get additional profit by selling the wet seed cotton to ginner.

In addition, increasingly, sources report that at the ginning and pressing stage, ginner are sourcing seed cotton directly from farmers and bypassing wholesale market yards so as to avoid market committee fees. Consequently, market arrivals are not registered. As such, volumes are unreported and using this metric could lead to lower than expected overall production estimate as arrivals at fixed dates in comparison to prior years becomes a less reliable tool. In addition, blending of cotton grades and misreporting of gin and mill stocks are other factors affecting production estimates and carryover.

CCI Reports Slow Arrivals for the MY 2015/16 Crop

Although the above text describes the problem of using market yard arrivals for production estimation, it remains important to track market yard arrivals to know what raw cotton is available on the "spot" market. For MY 2015/16, total arrivals as a percentage of the total Cotton Advisory Board (CAB) production estimate have reached 71 percent as of March 29, 2016. MY 2015/16 all India cotton arrivals, as reported by the Cotton Corporation of India (CCI), reached 19.6 million 480 lb. bales (25.1 million 170 kg bales/4.2 mmt). Daily arrivals are averaging around 48,000 480 lb. bales (62,000 170 kg bales/10,540 MT) at the end of March.

MSP Procurement Remains Likely for MY 2016/17 Season

For MY 2014/15 and MY 2015/16, CCI was active in purchasing seed cotton under MSP operations. In 2014/15, CCI purchased 6.8 million 480 lb. bales (8.7 million 170 kg bales/1.4 mmt) and in 2015/16, CCI has purchased around 655,000 480 lb. bales (840,000 170 kg bales/143,000 MT) so far. With sluggish demand from China and increasing competitiveness from machine picked cotton, CCI is expected to be active in the market in 2016/17.

With Post's forecast of mill consumption in MY 2016/17 remaining similar to the current year and the prospect of even a small increase in MSP prices, farmers will continue planting cotton; especially, in Andhra Pradesh and Telangana even though supplies remain much higher than area mill demand.

General Production Outlook – Small Holders Choosing Improved Varieties

Cotton, a predominantly monsoon-season or Kharif crop, is planted from the end of April through September and harvested in the fall and winter. With the area under Bt cotton and improved varieties now reaching an estimated 92 percent of total area, prospects for future growth in productivity are limited as most cotton is grown under rain-fed conditions and on small farms. Cotton plant populations are relatively low density in India because farmers leave rows large enough to traverse with a bullock and cultivator for weed control purposes. Lower plant populations are offset to some extent by the multiple pickings farmers obtain through manual, rather than machine, harvesting.

Researchers are working on production schemes with higher plant populations that could improve yields. There are an estimated 5.8 million cotton farmers with the average farm size of 1.5 hectares.

Small holdings are seen to limit the ability to adopt capital intensive production technologies and infrastructure. Even without changing holdings, yields would likely benefit from improved irrigation, fertilizer, micronutrients, pests and disease management. Future growth in cotton production is more likely to come from higher yields rather than area expansion.

India accounts for about a third of global cotton area. Within India, two-thirds of cotton is produced in the central cotton growing zone; including, 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 have been replaced by biotech hybrids, farmers can still extract 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.

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 and over 95 percent of India's cotton production. The Government of India has approved six biotech events and more than 300 hybrids for cultivation in different agro-climatic zones. In addition to the approved varieties, there are estimated 40-50 Bt cotton hybrids that are developed and multiplied informally outside of regulated marketing channels and sold at cheaper rates relative to approved hybrids. 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 increasingly augment their extra-long staple and short staple cotton requirements through imports.

Consumption

Weak Demand for Cotton and Cotton Yarn Lowers Expectations

Since 2003, India's cotton production has been much higher than its consumption and the country has generated a large exportable surplus. Domestic mill consumption was growing for the past few years with additional capacity being added in many cotton growing states. The growth was supported by favorable textile policies at the federal and state levels of government. Another trend has been forward integration by ginners that set up small spinning units to focus on production of cotton and blended yarns. The fiber share in textile mill consumption is heavily skewed in favor of cotton (70 percent) as compared to man-made fiber (30 percent). However, volatile cotton prices, weak demand, and cheaper man-made fibers are pushing consumption towards more blends and cotton waste.

MY 2016/17 consumption is forecast at 24.2 million 480 lb. bales. Post forecasts cotton and cotton yarn prices will remain competitive as mills will have ample fiber supplies to cater to both domestic and export markets. The textile sector remains in relatively good condition compared to a few years ago and industry capacity continues expanding though utilization for many mills is expected lower as slack capacity is being generated. Despite China reducing its volume of cotton yarn purchases from India in MY 2015/16, exports of cotton yarn, fabrics, and made-ups (blankets, bed linens, furnishing articles, etc.) remained strong (refer to table 14a and 14b).

Post's estimate for MY 2015/16 and MY 2014/15 cotton consumption are 24.6 million 480 bales and 24.759 million 480 bales; respectively. The MY 2015/16 estimate is based on Post analysis and is 100,000 bales greater than the current USDA official estimate whereas the MY 2014/15 estimate is based on data from the Textile Commissioner and is 259,000 bales greater than the USDA official estimate.

For MY 2016/17, the average monthly cotton consumption is forecast at 1.95 million 480 lb. bales (2.50 million 170 kg bales/424,998 MT). Per month average cotton consumption for MY 2015/16 is estimated at 1.98 million 480 lb. bales (2.54 million 170 kg bales/432,562 MT).

Man-Made Fibers and Yarns – More Active wear and Sportswear

The man-made fiber and yarns (MMF) industry (synthetic and cellulosic fibers) in India has not experienced as rapid growth as other countries due to the government policy skewed towards natural fibers. While the national textile policy discusses fiber neutrality, the GOI has set schemes geared towards promoting natural fibers. India produced 2.44 MMT of MMF and yarn in India fiscal year (IFY) 2014/15 (Apr/Mar) (refer table 9 and 10), while consumption of MMF fibers and yarns in IFY 2014/15 was 1.94 MMT. Trade indicates there is low capacity utilization in India as demand is low, but consumption is rising and is expected to reach significant volumes in the next five years as younger generations are adapting to newer fashion styles.

Competition from man-made fibers has become more pronounced in recent years with a buildup of capacity in India. Within the segment of man-made fibers, polyester is by far the most dominant fiber type. Price volatility and high cotton prices compared to man-made fibers led to a certain level of demand destruction. Additionally, there is an increase in sales of active wear and functional sportswear. In terms of cost, Indian MMF production is competitive relative to other major producing countries like China, where energy and labor costs are on the rise. However, infrastructure issues, capital costs, and central and state taxation at the fiber level make MMF a costly option for textile mills. With cotton being relative expensive and man-made fiber prices remaining attractive, many retail brands reported increasing the share of polyester in poly-cotton fabrics. In addition to price competitiveness of man-made fibers, the progress in the functionalities of these fibers is significant. For example stretch fibers such as elastane are found in many textile products including sports apparels. The share of denim jeans containing stretch fibers is increasing, too. Lower crude oil prices continue making MMF competitive and, in particular, MY 2015/16 witnessed particularly sharp decreases in polyester prices.

Cotton Price Declines Keeps the Market Guessing

The farm-gate and spot price in most of the major cotton wholesale market yards dropped two percent from August 2015. At the same time the Cotlook A-Index declined by 7 percent.

Ex-gin prices are currently trading much higher than Cotlook A-Index making Indian cotton more expensive. With domestic and global demand for Indian cotton remaining sluggish, supply is not expected to be an issue till next season and prices are forecast to remain flat.

Currency Fluctuations

During the past twelve months, the U.S. dollar has risen in value by around 7 percent against the Indian rupee. During the same period the dollar denominated Cotlook A-Index declined by 7 percent. In dollar terms cotton prices have shown relative stability, but in the local currency, the impact of a weakening Indian rupee has had major impact on exports and continues to affect the international competitiveness of Indian cotton.

Trade

Export Market Diversification Essential for Indian Cotton Industry

MY 2016/17 exports are forecast at 5 million 480 lb. bales (6.4 million 170 kg bales/1 mmt). Indian merchants and exporters are increasingly diversifying trade to newer markets such as Indonesia, Taiwan, Turkey and Thailand, but their dependence on traditional exports markets in South Asia especially Pakistan and Bangladesh remains important (refer table 1). While Bangladesh is completely dependent on cotton imports for its textile industry, Pakistan imports limited quantities as domestic production is able, generally, to cater to its local mill demand. Sources report that poor rains and pest issues in 2015 drove mills in Pakistan to import the second highest quantity of cotton from India since 2007. In the past decade, China has been the largest market for Indian raw cotton exports, but with large carryover stocks, limited mill demand and preference for machine picked cotton, Indian exporters among others have had to explore new markets in a short span of time. India's share of exports to China has dropped from almost 80 percent in 2011 to 30 percent in 2014, while at the same time the share of exports to neighbors Pakistan and Bangladesh has risen from 14 percent in 2011 to over 70 percent in 2014. The neighboring export markets have become even more important for India as Vietnam the next largest export market for Indian cotton enters into the TPP free trade agreement creating additional competition with other major cotton exporting countries.

As for MY 2015/16, with ex-gin prices remaining as low as they have throughout the season due to low demand and Indian ex-gin prices currently 4-5 cents lower than the Cotlook A Index, Post estimates that export demand will remain stable through the remainder of the marketing year with exports finishing unchanged from the USDA official estimate at 5.5 million 480 lb. bales.

Imports in MY 2016/17 are forecast at 900,000 480 lb. bales (1.1 million 170 kg bales/195,000 MT). Despite the new announcements on additional incentives for textile exports in the 2016 GOI budget, imports by mills for processing and re-export to cover export commitments are expected to be same as the current year. The import estimate for MY 2015/16 is 100,000 480 lb. bales lower than USDA estimate as mills report limited demand in export markets with more focus on production of blended yarns reducing cotton offtake.

Increasing Payment Defaults Could Curb and Threaten Exports

While Bangladesh remains a long-term opportunity for Indian exporters due to increasing consumption by domestic mills; changing government policies, volatile prices/currencies, and increasingly unpredictable counterparty (default) risk has created a fiercely competitive low margin business for Indian cotton. Amongst Indian trade sources, there is a growing lack of trust when dealing with

Bangladesh mills and sources report that confidence needs to be restored in the export market.

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 ELS and quality long staple cotton (28-34 mm) with occasional imports of medium or short-staple cotton (below 22 mm) when international prices are favorable. The United States is a leading supplier of cotton to India over the past few years.

Indian mills importing U.S. Pima and upland cotton recognize its quality and consistency and are ready to pay a premium over competing origins. However, U.S. cotton faces competition from suppliers like Egypt and Australia due to occasional freight advantages and shorter delivery periods. Due to warm weather conditions and tradition, cotton is typically the preferred fiber in India. However, poly-cotton blends are popular due to their durability and ease of maintenance.

Policy

Trade Policy – Taking Steps to Facilitate Trade

The GOI has enacted a variety of trade policies to ensure that 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.

Budget announcements highlight Make in India but primarily focused on exports

In the 2016 Union Budget, the GOI announced measures to incentivize value addition by making changes in customs and excise duty rates on certain inputs, raw materials, and intermediate or component goods. In addition the budget called for simplifying procedures, so as to reduce costs and improve domestic industry competitiveness under the Make in India program.

India's current trade policy also supports textile exports such as an excise duty on branded readymade garments, made-up articles (blankets, bed linens, curtains), and man-made fibers and yarn. In addition, import duties on specified fibers, yarns and fabrics that are imported for manufacturing of garments and for re-export have been reduced. The announced textile benefits are less targeted on increasing domestic consumption. Firms with export oriented unit status and firms importing against an advance export license receive a duty drawback on imports of raw materials for the export of value-added goods.

Trans Pacific Partnership (TPP) Agreement to hurt Indian exports

In February 2016, the Trans Pacific Partnership (TPP) Agreement was signed by twelve countries across the Pacific Rim. One of the features of the agreement will have major trade implications for the India market. In terms of raw cotton, cotton yarn and fabric exports to Vietnam, India will now be competing directly with the United States. Under the TPP, Vietnam will eliminate these tariffs, giving U.S. textile industry an opportunity to increase their already significant exports to the Vietnamese market. The Yarn Forward rule requires the TPP member countries to source raw materials for garment production either locally or from other TPP members.

Production Policy – Price Supports through MSP

The GOI establishes a MSP for seed cotton and sells the processed/baled cotton at market prices. Any losses incurred in the operation are borne by the government. New MSP prices are announced annually and may or may not precede the start of planting. The CCI, a government-run procurement and

distribution company, is responsible for price support operations in all states. 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) that also purchase cotton to support local producers. State officials in Gujarat, too, have added a premium in the past on top of the MSP to support local producers.

Value Addition to Cotton Critical to Indian Economy

The textile and clothing industry is largely cotton-based. The industry accounts for 14 percent of total industrial production, 17 percent of total export earnings, 4 percent of GDP and provides direct employment to over 35 million people and indirect employment to an additional 55 million people.

After agriculture, the textile industry is India's largest employer. The "organized" or modern textile sector accounts for 80 percent of the industry. Domestic demand is primarily supported by a rising consumer class with greater disposable income that want readymade garments and home textiles.

Cotton faces competition from India's large man-made fiber industry.

India's textile industry would benefit from increased value addition by weaving and garment manufacturing, but the industry continues emphasizing spinning sector expansion. The Indian textile industry includes both an "organized" sector (large-scale spinning units and composite mills) and an "unorganized" sector (small-scale spinning units, power looms, handlooms, hosiery units). More than 95 percent of yarn is from the organized sector. The weaving industry is represented more by the unorganized sector as power looms account for 59 percent of cloth production while hosiery units and handlooms represent; respectively, 26 percent and 11 percent of total cloth production. The organized sector weaving mills account for the remaining four percent of cloth production.

According to the GOI, India ranks third in global exports of textiles and sixth in global exports of clothing with market shares of 5.3 percent and 3.3 percent respectively. The United States and China are the top markets for textile exports with Bangladesh emerging as a strong market. Cotton and cotton blend- textile exports account for 45 percent of total textile exports. Cotton ready-made garments account for the major share of cotton textile exports followed by cotton yarn and cotton fabric. Cotton yarn exports have been on OGL (i.e., not subject to quotas) since April 2011. For additional information on textile exports and production see the tables at the end of this report.

For the GOI 2016/17 fiscal year (Apr/Mar), the government continued major schemes in an effort to: 1) promote the export of value-added cotton textiles; 2) ensure affordable credit; 3) technology improvement; 4) skill development; and, 5) duty relief for the textile sector. India's current trade policy provides incentives to encourage textile exports. The policies include favorable interest rates on pre-shipment credit; duty-free import of trimmings required by the garment industry; expanding the scope of the Merchandise Export from India Scheme (MEIS) to include new tariff lines and increased rates or country coverage or both; Increased Duty Drawback rates for some textile articles; Market Development Assistance and Market Access Initiative (see below).

The Technology Upgradation Fund Scheme (TUFS): TUFS has provided support for the modernization of the textile industry since 1999 through lower loan interest rates for the purchase of capital goods and improved technology. TUFS was approved for the entire 12th Five Year Plan (2012-2017) under a Revised Restructured TUFS (RR- TUFS) with a budgetary allocation of \$1.8 billion. The major focus of the scheme under the 12th Plan is the Modernization of the Powerloom Sector. Of the

Ministry of Textiles allocation of \$227 million under the scheme for fiscal year 2015/16 (Apr/Mar), \$132 had been disbursed by September 2015.

Cabinet Approves Amended Technology Upgrade Fund Scheme (ATUFS) for Textiles

On December 30, 2015, the Government of India approved the "Amended Technology Upgrade Fund Scheme (ATUFS)" for technological improvements in the textiles industry. The amended scheme targets employment generation by promoting exports, technical textiles, and supports the upgrading of looms, and processing in the garment sector. Under ATUFS, there are two broad categories. The first is for "apparel, garment and technical textiles". This category will be provided a 15 percent subsidy on capital investments, subject to a ceiling of \$4.4 million (Rs. 30 crore) per establishment over a period of five years. The remaining categories will be eligible for a 10 percent of capital subsidy with a ceiling of \$2.9 million (Rs. 20 crore) on similar terms.

Scheme for Integrated Textile Parks (SITP): SITP provides the textile industry with infrastructure facilities for setting up textile units. SITP has sanctioned 72 new textile parks. The scheme is based on a public-private partnership model where the GOI's share is restricted to 40 percent of the project cost or \$6.3 million (Rs. 400 million) whichever is lower. An additional grant of \$1.6 million (Rs. 100 million) will soon be available to each new project to assist firms in the apparel sector. In 2014, 20 new textile parks were approved by the new government that will receive a government grant worth \$83 million (Rs. 5.2 billion). Another 3 new textile parks were sanctioned in 2015.

Scheme for Integrated Processing Development (IPD): IPD is a new scheme with an initial annual outlay of \$80 million (Rs. 5 billion) to address the environmental concerns relating to effluent treatment.

Various Schemes for Handloom Sector: For the overall development of the handloom sector, the GOI has taken various policy initiatives to sustain and develop the industry. This is in addition to two existing programs, the \$710 million Comprehensive Handloom Package (Comprehensive Handloom Development Scheme which includes Marketing and Export Promotion); Cluster Development and Development and Strengthening of Handloom Institutions; Revival, Reform and Restructuring Package (RRR); and, institutional credit. The GOI also implements various training programs under the Integrated Skill Development Scheme to upgrade skills and employability of handloom weavers and a \$430 million Revival, Reform and Restructuring Package.

Scheme to Promote usage of Geotechnical Textiles in the North Eastern Region of India: The GOI launched a new scheme in 2015 to promote usage of Geotechnical Textiles in the North Eastern Region of India. The scheme is intended to boost infrastructure development by giving a particular thrust to the usage of geotechnical textiles in roads and highways construction.

Market Access Initiative

The Market Access Initiatives (MAI) Scheme is an export promotion effort designed to be a catalyst for sustaining India's exports. Assistance is provided to Export Promotion Organizations/ Trade Promotion Organizations/ National Level Institutions/ Research Institutions/ Universities/ Laboratories, Exporters, etc., for export enhancement through new market access or through increasing existing market share. For India Fiscal Year (IFY) (Apr/Mar) 2016-17, 32 proposals of various textiles Export Promotion Councils (EPCs) worth \$5.4 million (INR 36.60 crore) for participation in/organization of National and

International textiles fairs, exhibitions were approved by the Department of Commerce for the textiles sector under this scheme.

Market Development Assistance

The Marketing Development Assistance (MDA) Scheme supports exporters/EPCs to undertake marketing activities for their product(s) and commodities through targeted export promotion programs in specific regions like Latin America, Africa, the CIS, or ASEAN+2.. The incentives under this Scheme support efforts in countries with existing market access. Exporting companies with an f.o.b. value of exports of up to \$4 million (INR 30 crore) in the preceding year are eligible for MDA assistance for participation in fairs and exhibitions abroad.

For additional schemes information, see the [Ministry of Textiles - Policies/Schemes/Initiatives](#)

Production, Supply and Demand Data Statistics Extra Long Staple Cotton:

Table 1: India's Extra Long Staple (ELS) Cotton
PSD Table - ELS COTTON (1-3/8" or 35mm staple length)

Units : 480 lbs. bales									
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Beginning Stocks	170,073	92,646	126,363	83,647	52,321	82,311	47,264	67,155	51,539

Production	140,54 6	132,73 8	171,77 8	187,39 4	163,97 0	156,16 2	152,258	124,930	117,122
Imports	86,544	209,39 9	117,35 0	109,22 0	225,19 2	128,92 3	218,998	171,778	163,970
Total Supply	397,16 2	434,78 3	415,49 2	380,26 1	441,48 4	367,39 6	418,519	363,863	332,630
Exports	-	-	-	-	-	-	-	-	-
Domestic Consumption	304,51 6	308,42 0	331,84 4	327,94 0	359,17 3	320,13 2	351,365	312,324	296,708
Ending Stocks	92,646	126,36 3	83,647	52,321	82,311	47,264	67,155	51,539	35,922
Total Distribution	397,16 2	434,78 3	415,49 2	380,26 1	441,48 4	367,39 6	418,519	363,863	332,630

India's ELS production is forecast to decline slightly as farmers shift to higher yielding long and medium staple varieties. There are very few Indian cotton varieties (DCH-32, TCH-213, and *Suvin* grown mostly in southern India) that 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) which have higher yields and fewer quality problems. Efforts to improve the productivity of ELS parent lines had limited success. There are some early efforts to develop biotech ELS varieties.

ELS cotton consumption is forecast marginally lower reflecting lower imports and production. India's domestic consumption requirement for ELS cotton is largely met through imports. The United States, Egypt, Israel and Australia are the major suppliers. ELS cotton is used for the production of quality yarn, fabric, and dress material for a small but growing high-end domestic market segment and 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 the production of quality yarn and fabric.

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

REGION	STATES	COTTON GROWN	PLANTING SEASON AND IRRIGATION STATUS
North	Punjab, Haryana, Rajasthan	Medium & 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-February in South India

Table 3: India's Cotton Consumption (Mill & Small Sector Units) By Month

(Figures in Million 480 lb. Bales)

Month	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Aug	1.452	1.697	1.455	1.723	1.892	1.910	2.019
Sep	1.428	1.673	1.694	1.676	1.851	2.015	1.917
Oct	1.415	1.725	1.387	1.706	1.876	1.886	1.914
Nov	1.442	1.647	1.432	1.647	1.793	1.955	1.820
Dec	1.522	1.762	1.572	1.768	1.965	2.022	1.947
Jan	1.526	1.726	1.587	1.819	1.967	2.012	2.027
Feb	1.469	1.580	1.585	1.737	1.814	1.919	
Mar	1.562	1.699	1.591	1.843	1.957	2.044	
Apr	1.603	1.575	1.586	1.813	1.898	1.997	
May	1.634	1.455	1.662	1.784	1.904	2.000	
Jun	1.617	1.423	1.653	1.758	1.882	2.000	
Jul	1.726	1.484	1.728	1.883	1.916	1.996	
Loss*	1.327	1.045	0.390	0.611	0.493	1.003	0.781
Total	19.723	20.491	19.323	21.767	23.208	24.759	

Source: Figures in Bold are Provisional

*Loss estimate from the Cotton Advisory Board added into total consumption

Source: Textile Commissioner's Office, GOI

Table 4: Month End Spot Prices of Popular Indian Varieties (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)
2013/14						
Aug	0.78	0.86	0.93	0.93	0.96	1.07
Sept	0.79	0.86	0.97	0.98	1.00	1.17
Oct	0.86	-	0.85	0.85	0.88	1.10
Nov	0.83	-	0.78	0.80	0.82	1.16
Dec	0.82	0.83	0.81	0.83	0.87	1.31
Jan	0.84	0.86	0.86	0.87	0.90	1.30
Feb	0.80	0.85	0.83	0.86	0.88	1.26
Mar	0.82	0.90	0.86	0.89	0.92	1.29
Apr	0.82	0.93	0.86	0.90	0.94	1.25
May	0.87	0.93	0.84	0.88	0.97	1.27
Jun	0.87	0.94	0.88	0.91	0.96	1.26
Jul	0.81	0.81	0.82	0.84	0.90	1.25
2014/15						
Aug	0.82	0.83	0.82	0.84	0.92	1.18
Sept	0.77	0.69	0.70	0.72	0.79	0.96
Oct	0.79	0.65	0.67	0.69	0.73	0.91
Nov	0.69	0.63	0.66	0.68	0.71	0.90
Dec	0.66	0.64	0.65	0.66	0.71	0.89
Jan	0.62	0.62	0.60	0.62	0.70	0.87
Feb	0.63	0.64	0.62	0.64	0.71	0.82
Mar	0.64	0.65	0.62	0.63	0.71	0.82
Apr	0.72	0.72	0.68	0.70	0.75	0.94
May	0.71	0.70	0.67	0.69	0.74	0.90
Jun	0.70	0.71	0.66	0.68	0.72	0.88
Jul	0.68	0.66	0.68	0.68	0.71	0.86
2015/16						
Aug	0.67	0.67	0.64	0.68	0.69	0.83
Sept	0.59	0.61	0.61	0.64	0.66	0.86
Oct	0.62	0.63	0.61	0.63	0.65	0.88
Nov	0.59	0.61	0.61	0.63	0.64	0.87
Dec	0.63	0.63	0.63	0.65	0.69	0.91
Jan	0.59	0.62	0.63	0.64	0.69	0.93
Feb	0.57	0.61	0.60	0.62	0.68	0.92
Mar	0.56	0.61	0.60	0.62	0.69	0.92

Source: Cotton Association of India (formerly East India Cotton Association), Mumbai

Table 5a: India's Cotton Exports by Month
(Figures in 480 lb. Bales)

Month/Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Aug	77,355	340,780	44,423	203,455	77,823	216,480
Sep	15,556	740,873	81,916	103,801	100,044	269,469
Oct	19,915	543,692	125,324	109,942	144,931	347,522
Nov	1,410,798	1,635,913	599,005	1,496,006	572,766	1,016,147
Dec	2,004,301	1,266,216	1,434,190	1,920,943	791,400	1,384,494
Jan	285,940	1,970,873	1,855,089	1,605,062	523,736	
Feb	917,215	1,814,992	1,689,627	1,108,448	525,086	
Mar	450	399,840	938,806	1,021,562	592,088	
Apr	294	1,069,467	271,481	746,972	298,956	
May	501	623,467	221,509	516,153	184,701	
Jun	3,858	462,677	282,628	313,791	162,729	
Jul	252,484	203,790	217,063	115,283	225,120	
TOTAL	4,988,666	11,072,579	7,761,062	9,261,418	4,199,379	3,234,112

Source: Directorate General of Foreign Trade, Ministry of Commerce

Table 5b: India's Cotton Imports by Month
(Figures in 480 lb. Bales)

Month/Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Aug	4,689	6,821	49,140	84,189	126,284	138,313
Sep	5,535	1,966	158,710	75,664	256,917	142,607
Oct	8,212	9,875	244,589	88,529	154,374	77,924
Nov	7,317	11,450	166,435	42,963	97,614	40,804
Dec	11,257	10,031	81,397	13,761	39,114	36,629
Jan	11,533	29,096	47,781	30,419	40,657	
Feb	25,124	62,639	35,559	32,463	56,516	
Mar	20,131	72,252	43,707	38,135	57,072	
Apr	26,570	76,868	57,903	51,207	63,888	
May	34,704	61,886	62,386	46,435	76,946	
Jun	21,752	24,485	111,375	55,713	95,203	
Jul	10,270	20,544	127,942	115,729	161,654	
TOTAL	187,094	387,913	1,186,923	675,207	1,226,239	436,276

Source: Directorate General of Foreign Trade, Ministry of Commerce

Table 6a: India's Cotton Export Trade Matrix
(Figures in 480 lb. Bales)

2013/14 (Aug/Jul)		2014/15 (Aug/Jul)		2015/16 (Aug/Dec)	
United States	234	United States	2,053	United States	211
China	5,091,944	Bangladesh	1,590,539	Pakistan	1,307,672
Bangladesh	1,719,987	China	1,298,289	Bangladesh	997,541
Pakistan	754,459	Vietnam	585,355	China	379,563
Vietnam	606,285	Pakistan	287,244	Vietnam	252,765
Indonesia	258,814	Indonesia	101,367	Indonesia	115,072
Turkey	256,292	Taiwan	98,055	Turkey	47,606
Hong Kong	149,956	Thailand	57,504	Singapore	37,515
Thailand	110,158	Ethiopia	48,300	Thailand	26,010
Taiwan	107,466	Malaysia	37,773	Taiwan	20,604
South Korea	45,663	Turkey	25,780	Malaysia	9,218
<i>Total of Top 10</i>	<i>9,101,257</i>	<i>Total of Top 10</i>	<i>4,130,204</i>	<i>Total of Top 10</i>	<i>3,193,777</i>
Others	160,161	Others	69,175	Others	40,336
Grand Total	9,261,418	Grand Total	4,199,379	Grand Total	3,234,113

Source: Directorate General of Foreign Trade, Ministry of Commerce

Table 6b: India's Cotton Import Trade Matrix
(Figures in 480lb Bales)

2013/14 (Aug/Jul)		2014/15 (Aug/Jul)		2015/16 (Aug/Dec)	
United States	167,299	United States	182,272	United States	59,254
Mali	148,261	Mali	207,584	Pakistan	73,625
Cote d Ivoire	72,008	Pakistan	115,178	Mali	71,407
Pakistan	56,709	Cote d Ivoire	113,001	Australia	51,574
Australia	45,686	Australia	109,042	Cameroon	47,206
Egypt	31,058	Burkina Faso	88,130	Argentina	26,501
Benin	26,699	Benin	54,509	Chad	17,352
Tanzania	24,164	Egypt	53,260	Benin	14,982
Burkina Faso	21,256	Cameroon	46,531	Togo	15,708
Chad	18,161	Tanzania	36,969	Egypt	11,933
Israel	16,525	Togo	36,046	Cote d Ivoire	10,444
<i>Total of Top 10</i>	<i>460,527</i>	<i>Total of Top 10</i>	<i>860,248</i>	<i>Total of Top 10</i>	<i>399,987</i>
Others	214,680	Others	365,995	Others	36,289
Grand Total	675,207	Grand Total	1,226,243	Grand Total	436,276

Source: Directorate General of Foreign Trade, Ministry of Commerce

Table 7: Growth of the Indian Textile Industry*

Item	2000	2003	2004	2005	2008	2009	2010	2011	2012	2013	2014	2015-16 (Apr-Feb)
Organized Mills												
• Spinning	1,565	1,564	1,566	1,570	1,653	1,673	1,692	1,761	1,769	1,757	1,776	1,779
• Composite	281	223	223	210	177	180	186	194	198	197	200	201
• Exclusive Weaving	203	206	202	204	184	183	182	173	173	174	174	175
Small Scale Spinning Units	996	1,135	1,161	1,173	1,247	1,260	1,398	1,338	1,350	1,307	1325	1,335
Power Loom Units ('000s)	373	413	425	433	494	505	513	520	523	530	543	-
Spindles (millions)	38	37	37	38	41	42	48	43	44	44	45	46
Rotors ('000s)	454	482	500	520	659	675	750	523	542	553	565	581
Looms ('000s)	140	105	103	92	71	71	70	52	52	51	52	53
Power Loom ('000s)	1,661	1,836	1,902	1,943	2,205	2,246	2,278	2,299	2,323	2,368	2,475	-

* - Indian Fiscal Year (April/March)

na - not available

P - Provisional

Source: The Textile Commissioner's Office, GOI

Table 8: India's Production of Spun Yarn (Million Kg.)

Year/1	COTTON	BLENDED	100% 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 (P)	3,450	806	465	4,721

/1: Indian fiscal year (April-March)

P: Provisional estimate for April 2015 to Jan 2016

Source: Textile Commissioner's Office, GOI

Table 9: India's Production of Manmade Fiber (Million Kg.)

Year /1	Viscose	Acrylic	Polyester	Poly-Propylene	Total
1995-96	194	74	228	2	498
1997-98	188	79	439	2	708
1998-99	178	79	523	2	782
1999-00	202	79	551	2	835
2000-01	236	99	566	2	904
2001-02	185	95	551	2	834
2002-03	225	105	582	2	914
2003-04	221	117	613	3	953
2004-05	248	128	644	3	1,023
2005-06	229	108	628	3	968
2006-07	247	97	792	4	1,139
2007-08	280	81	880	3	1,244
2008-09	233	80	750	3	1,066
2009-10	302	90	872	3	1,268
2010-11	305	79	896	4	1,285
2011-12	323	78	830	4	1,234
2012-13	337	74	848	4	1,263
2013-14	361	96	846	4	1,307
2014-15	365	89	743	4	1,201
2015-16 (P)	282	89	743	4	1,118

/1: Indian fiscal year (April-March)

P: Provisional estimate for April 2015 to Jan 2016

Source: Textile Commissioner's Office, GOI

Table 10: India's Production of Manmade Filament Yarn (Million Kg.)

Year/1	Viscose	Polyester	Nylon	Poly- Propylene	Total
1995-96	61	376	42	15	493
1997-98	57	668	30	14	769
1998-99	61	745	29	15	850
1999-00	49	801	26	17	894
2000-01	55	820	26	18	920
2001-02	48	866	28	20	962
2002-03	51	995	30	24	1,100
2003-04	53	1,013	31	21	1,118
2004-05	54	1,004	35	16	1,109
2005-06	53	1,076	37	14	1,179
2006-07	54	1,271	32	13	1,370
2007-08	51	1,420	28	11	1,509
2008-09	42	1,330	28	15	1,416
2009-10	43	1,434	30	15	1,522
2010-11	41	1,462	33	13	1,550
2011-12	42	1,380	28	13	1,463
2012-13	43	1,288	23	17	1,371
2013-14	44	1,213	24	13	1,294
2014-15	44	1,157	32	13	1,247
2015-16 (P)	38	895	31	11	974

/1: Indian fiscal year (April-March)

P: Provisional estimate for April 2015 to Jan 2016

Source: Textile Commissioner's Office, GOI

Table 11: India's Production of Fabric (Fiber-Wise) in million square meters

Year/1	COTTON	BLENDED	KHADI/ WOOL/ SILK	100% NON-COTTON	TOTAL
1995-96	18,900	4,025	498	8,535	31,958
1996-97	19,841	4,888	540	9,569	34,838
1997-98	19,992	5,751	545	11,153	37,441
1998-99	17,948	5,700	559	11,895	36,102
1999-00	18,989	5,913	575	13,725	39,202
2000-01	19,718	6,351	581	13,606	40,256
2001-02	19,769	6,287	644	15,334	42,034
2002-03	19,300	5,876	662	16,135	41,973
2003-04	18,040	6,068	662	17,613	42,383
2004-05	20,655	6,032	693	17,998	45,378
2005-06	23,873	6,298	769	18,637	49,577
2006-07	26,238	6,882	724	19,545	53,389
2007-08	27,196	6,888	768	21,173	56,025
2008-09	26,898	6,766	768	20,534	54,966
2009-10	28,914	7,767	812	22,840	60,333
2010-11	31,718	8,278	798	21,765	62,559
2011-12	30,570	8,648	848	20,567	60,633
2012-13	33,870	9,282	843	18,797	62,792
2013-14	35,513	10,062	876	17,049	63,500
2014/15	36,959	10,449	944	16,924	65,276
2015/16 (P)	31,802	8,941	786	13,105	54,634

/1: Indian fiscal year (April-March)

P: Provisional estimate for April 2015 to Jan 2016

Source: Textile Commissioner's Office, GOI

Table 12: India's Per Capita Availability of Cloth in India (Square Meters)

Year/1	Cotton	Blended/Mixed	100% Non-Cotton	Total
1980	12.84	2.18	2.28	17.30
1990	15.05	3.00	6.09	24.14
1991	13.71	2.90	6.26	22.87
1992	15.57	2.57	6.36	24.50
1993	15.92	3.58	6.72	26.22
1994	15.24	3.27	7.47	25.98
1995	16.32	3.48	8.19	27.99
1996	16.24	3.98	9.08	29.30
1997	15.94	4.57	10.41	30.92
1998	13.07	4.13	10.99	28.19
1999	14.16	4.48	11.91	30.55
2000	14.22	4.50	11.96	30.68
2001	14.82	4.69	12.46	31.97
2002	14.40	4.38	12.59	31.37
2003	13.41	4.51	13.09	31.01
2004	14.08	4.11	15.32	33.51
2005	16.37	4.32	15.41	36.10
2006	17.90	4.69	17.01	39.60
2007	19.01	4.81	18.03	41.85
2008	17.89	4.50	16.62	39.01
2009	19.70	5.29	18.13	43.12
2010	21.35	5.57	17.04	43.96
2011	19.76	5.47	15.23	40.46
2012	19.88	5.45	13.14	38.47
2013	19.80	5.61	10.75	36.16
2014	23.57	6.66	10.38	40.61

/1: Indian fiscal year (April-March)

P: Provisional estimate

Source: Textile Commissioner's Office, GOI

Table 13: India's Exports of Textile Products (U.S. \$ Million)
Indian Fiscal Year (April-March)

Item	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Cotton Textiles						
Yarn/Fabric/Made-up	3,695	5,792	6,811	7,525	9,669	9,453
Readymade Garments	8,048	8,577	9,631	8,423	9,106	9,281
<i>Sub-total</i>	11,743	14,369	16,442	15,948	18,775	18,734
Man-made Textiles						
Yarn/Fabric/Made-up	3,613	4,705	5,085	4,536	5,183	5,275
Readymade garments	1,215	1,479	2,206	2,521	3,149	3,994
<i>Sub-total</i>	4,828	6,184	7,291	7,057	8,332	9,269
Wool Textiles (Yarn/Fabric/Made-up)	470	442	501	415	435	513
Silk Textiles (Yarn/Fabric/Made-up)	596	632	476	404	379	430
Handloom Products	265	346	552	515	373	370
Handicrafts	962	1,294	2,706	3,305	3,885	4,538
Coir & Coir Manufacturers	161	160	212	196	230	285
Jute	218	460	465	390	400	365
Other Textiles Items (Carpets, floor covering, etc.)	2,374	2,892	3,408	5,246	3,467	1,068
Other Textiles Readymade garments	802	971	1,258	1,454	2,191	2,940
Total Exports	22,419	27,748	33,310	34,930	38,467	38,513

Export statistics in the table exclude exports of fiber & fiber waste (cotton/ manmade/ silk/ wool/ others)

P - Provisional estimates

Source: Textile Commissioner's Office and Directorate General of Commercial Intelligence and Statistics, Ministry of Commerce

Table 14a: India's Cotton Yarn* Exports by Month
(Figures in thousand Metric Tons)

Month/Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014/15	2015/16
Aug	46	63	58	93	113	94	117
Sep	46	57	100	65	108	98	112
Oct	56	57	48	76	119	101	105
Nov	49	77	58	87	106	125	105
Dec	55	79	66	108	113	125	115
Jan	53	31	75	99	131	113	
Feb	62	2	63	102	108	119	
Mar	73	68	66	107	117	122	
Apr	72	51	88	80	94	104	
May	65	47	94	95	93	99	
Jun	60	50	78	103	76	103	
Jul	60	62	107	111	87	118	
TOTAL	696	646	900	1,126	1,266	1,321	554

*HS code: 5204, 5205 and 5207

Source: Directorate General of Foreign Trade, Ministry of Commerce

Table 14b: India's Cotton Fabric* Exports by Month
(Figures in thousand square meters)

Month/Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014/15	2015/16
Aug	48,805	160,275	69,847	77,093	78,908	92,491	101,323
Sep	45,256	54,091	78,881	72,827	101,017	98,636	103,947
Oct	46,080	58,393	57,317	70,553	101,327	108,182	117,531
Nov	41,361	44,896	59,584	66,084	85,897	103,471	94,983
Dec	46,324	58,806	84,697	75,412	100,335	105,335	120,529
Jan	51,374	69,052	79,762	74,008	91,169	93,192	
Feb	47,950	70,709	80,219	65,141	87,377	96,586	
Mar	51,344	61,286	80,233	75,329	98,696	105,169	
Apr	41,967	74,807	69,011	65,683	88,629	86,833	
May	44,634	68,259	72,021	65,469	81,581	103,443	
Jun	45,597	65,899	83,716	67,760	94,572	103,909	
Jul	53,521	82,835	68,767	78,547	87,284	97,115	
TOTAL	564,213	869,309	884,055	853,906	1,095,904	1,194,361	538,313

*HS code: 5208 and 5209

Source: Directorate General of Foreign Trade, Ministry of Commerce

Table 15: 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 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 registration on October 10, 2010 when the quota limit was reached. The TCO issued 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 kg 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

kg 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 kg bales (1,700 MT) of cotton for established exporters and to 1,500 170 kg bales for exporters who have not exported previously.
- On May 10, 2012, the DGFT issued 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 1 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 kg 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 kg bales (1,700 MT) of cotton for established exporters and to 1,500 170 kg 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 kg 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 kg bales. Exporters must export 50 percent (15,000 170 kg bales) of a registration before they can register an additional 30,000 170 kg 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 ginnerers 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, ginnerers, 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 and 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 refugia) 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.

Table 16: Area, Production & Yield of Cotton in Major States
(Area 000 ha; Production 000 bales, Yield kg/ha)

		Estimated	Estimated	Estimated	FAS Forecast	FAS Forecast
STATE		2012/13	2013/14	2014/15	2015/16	2016/17
Maharashtra	Area	4,146	4,192	4,190	3,827	3,750
	Production	7,525	7,825	7,225	7,400	6,838
	Yield	309	317	293	329	310
Gujarat	Area	2,497	2,519	2,773	2,761	2,740
	Production	8,980	12,080	10,480	9,400	10,500
	Yield	611	815	642	579	651
Madhya Pradesh	Area	608	514	547	547	560
	Production	1,830	1,830	1,730	1,600	1,800
	Yield	512	605	538	497	546
Punjab	Area	480	446	420	450	400
	Production	1,850	1,850	950	900	900
	Yield	655	705	385	340	383
Haryana	Area	614	536	648	576	600
	Production	2,300	2,100	1,750	1,500	1,800
	Yield	637	666	459	443	510
Rajasthan	Area	450	393	487	447	450
	Production	1,590	1,290	1,590	1,410	1,500
	Yield	601	558	555	536	567
Andhra Pradesh	Area	2,400	2,389	821	663	700
	Production	7,750	7,150	2,110	2,000	2,000
	Yield	549	509	437	513	486
Telangana	Area	-	-	1,713	1,694	1,700
	Production	-	-	5,640	5,350	5,800
	Yield	-	-	560	537	580
Karnataka	Area	485	662	875	612	610
	Production	1,590	2,190	3,040	2,100	1,900
	Yield	557	562	591	583	530
Tamil Nadu	Area	128	152	187	129	130
	Production	380	280	280	300	300
	Yield	505	313	255	395	392
Others	Area	170	157	158	175	160
	Production	595	595	595	500	552
	Yield	595	644	640	486	587
Loose	Production	2,610	2,610	2,610	2,610	2,610
All-India	Area	11,978	11,960	12,819	11,881	11,800
	Production	37,000	39,800	38,000	35,070	36,500
	Yield	525	566	504	502	526