

Voluntary Report – Voluntary - Public Distribution

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Prepared By: Dhruv Sood

Approved By: Lazaro Sandoval

Report Highlights:

Post forecasts MY 2021/22 cotton production at 29 million 480 lb. bales on an area of 12.9 million hectares. Kharif cotton planting is underway across India, however the pace of sowing is lagging in all states due to delayed winter crop harvest and delayed monsoon. The cotton minimum support price (MSP) was recently increased by four percent for MY 2021/22. Cotton shipments in May were the highest on record in the past eight years, indicating strong recovery in export demand. Post expects domestic consumption to rebound gradually as states relax lockdown measures that will allow retail stores to operate again.

Production, Supply and Demand Data Statistics:

Cotton	2019/2020		2020/2021		2021/2022	
Market Year Begins	Aug 2019		Aug 2020		Aug 2021	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	-	-	-	-	-	-
Area Harvested (1000 HA) (a)	13,500	13,400	13,000	13,000	13,000	12,900
Beginning Stocks 1000 480 lb. Bales	9,004	9,004	16,884	16,882	16,784	15,982
Production 1000 480 lb. Bales	28,800	28,800	28,500	28,300	29,000	29,000
Imports 1000 480 lb. Bales	2,280	2,280	800	800	1,000	1,000
MY Imports from U.S. 1000 480 lb. Bales	-	-	-	-	-	-
Total Supply 1000 480 lb. Bales	40,084	40,084	46,184	45,982	46,784	45,982
Exports 1000 480 lb. Bales	3,200	3,202	5,900	6,000	6,000	6,200
Use 1000 480 lb. Bales	20,000	20,000	23,500	24,000	25,000	25,500
Loss 1000 480 lb. Bales	-	-	-	-	-	-
Total Dom. Cons. 1000 480 lb. Bales	20,000	20,000	23,500	24,000	25,000	25,500
Ending Stocks 1000 480 lb. Bales	16,884	16,882	16,784	15,982	15,784	14,282
Total Distribution 1000 480 lb. Bales	40,084	40,084	46,184	45,982	46,784	45,982
Stock to Use % (PERCENT) (b)	73	73	57	53	51	45
Yield (KG/HA) (c)	464	468	477	474	486	489

Figures in Thousand 480-lb Bales,
Except Where Indicated: (a) Thousand Hectares, (b) Percent, (c) Kilograms/Hectares

Area and Production

Post estimates MY 2021/22 cotton production at 29 million 480 lb. bales (37.1 million 170-kilogram bales/6.4 MMT), same as official USDA estimate, but planted on an area of 12.9 million hectares, one percent lower than last year. India's average yield estimated at 489 kilograms per hectare, one percent higher than the official USDA estimate. According to the Ministry of Agriculture and Farmers Welfare's (MOAFW) July 2, 2021 report, the overall cotton planting for *Kharif* 2021 season reached 6.37 million hectares, 30 percent lower than last year, and 48 percent lower than the five-year area average. The pace of sowing has picked up in recent weeks, however, it still lags due to the delayed harvest of winter crops coupled with delayed monsoon, which has affected the overall sowing of *Kharif* crops. Sowing of *Kharif* crops is 15 percent lower than last year, and 68 percent lower than five-year average

Farmers in North India have been experiencing extremely high temperatures, and advisories have been issued to provide adequate irrigation to avoid moisture stress, and monitor whitefly pest incidence on cotton. In Gujarat, Maharashtra, and Karnataka, sowing is underway, as farmers have been advised to keep the land and inputs ready in order to sow after sufficient rainfall. Farmers have also been advised to adopt intercropping with sesame, groundnut, soybean, pulses, and maize along with cotton for risk management purposes under rainfed and partial irrigation areas. In Telangana, advisories have been issued to farmers not to sow cotton and soybean in light soils under rainfed conditions. They have been advised to consider planting red gram, cotton, jowar, soybeans, or green gram as rainfed crops only if there is sufficient moisture in the soil. This moisture threshold should be 50-60 mm of rainfall in light soils and 60-75 mm in heavy soils or the soil should be wet up to 15-20 cm. According to state officials,

the sowing of rainfed cotton in the state will continue until July 20, while irrigated cotton planting will occur between June 15 to July 15.

Government of India Increases *Kharif* 2021/22 Cotton Support Price

On June 9, the Cabinet Committee on Economic Affairs approved an increase in the Minimum Support Prices (MSPs) for all mandated *Kharif* crops for marketing season 2021-22.

In the case of cotton, there has been an increase of Rs 211 per 100 kilogram (3.8 percent increase) for medium staple cotton, and Rs 200 per 100 kilogram (3.4 percent increase) for long staple cotton, respectively, in comparison to last year. For more details, please refer to [Minimum Support Price for *Kharif* Crops 2021-22 marketing season](#).

Arrivals and Stocks

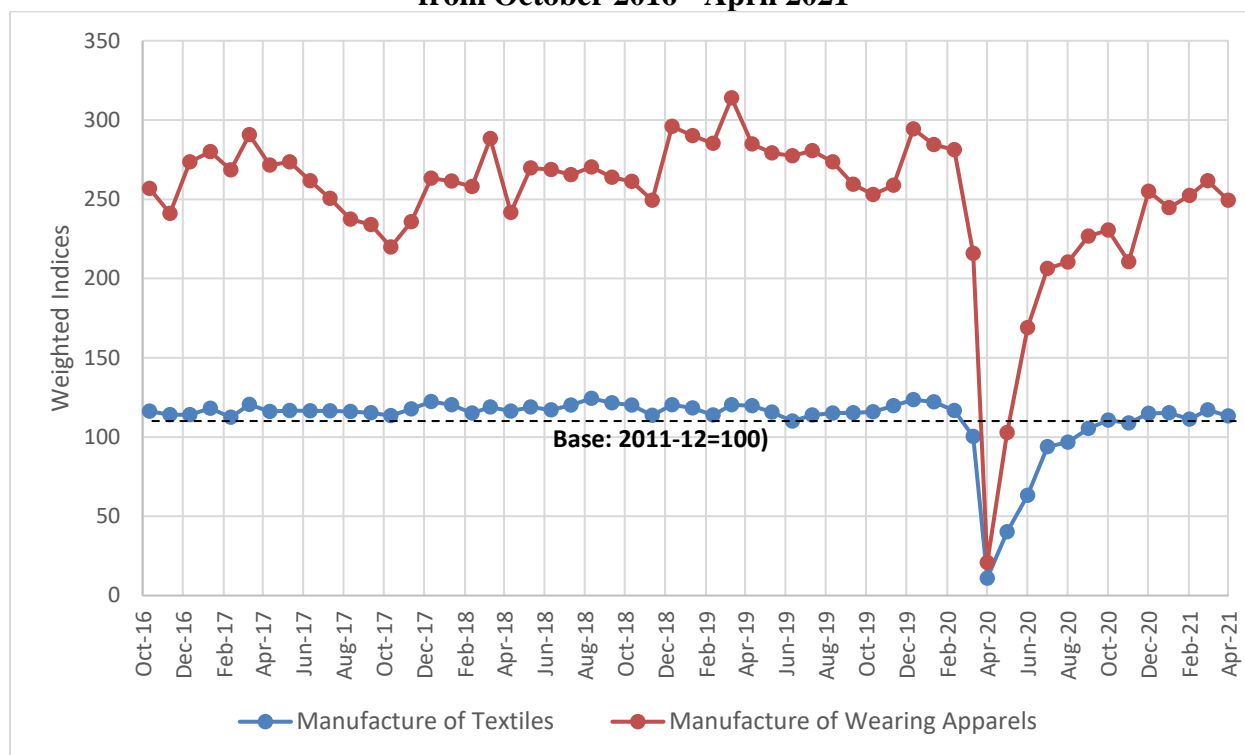
According to the Cotton Corporation of India (CCI), new crop arrivals as of June 25 are estimated at 26.7 million 480 lb. bales (34.2 million 170-kilogram bales /5.8 MMT). Current crop arrivals represent 95 percent of total estimated production for marketing year 2020/21. The pace of arrivals is four percent higher than the same period last year. Trade sources indicate unsold stocks with government agencies are 1.7 million 480-lb. bales (2.3 million 170-kilogram bales)

Consumption

Post estimates MY 2021/22 consumption at 25.5 million 480-lb. bales (32.7 million 170-kilogram bales/5.6 MMT). Mill consumption is estimated to increase by two percent compared to official USDA estimate. The Indian textile sector is showing strong resilience amid the pandemic and has been posting strong results while catering to the export demand of garments and home textiles. As of June 24, Indian ex-gin cotton prices are almost eight cents lower than Cotlook A-Index, but are five percent higher since May, and almost 36 percent higher than beginning of India marketing year in October 2020. Trade sources indicate that large mills are carrying inventory for 2-3 months until the end of September, and so mill offtake has slowed down considerably however, the demand for exports remains strong.

For the month of April 2021, the quick estimates of the Index of Industrial Production (IIP), indicate that the textile manufacturing sector witnessed a three percent decline in production volume compared to March 2021. Cumulatively, Indian fiscal year 2020/21 (Apr/Mar) witnessed a 21.6 percent decline compared to 2019/20. The manufacturing of apparels was six percent lower compared to March 2021, and cumulatively was 29.8 percent lower in 2020-21(Apr/Mar) as compared to 2019/20. According to the Ministry of Statistics and Programme Implementation, the nationwide lockdown and other measures implemented to restrict the spread of the COVID-19 pandemic led to the shutdown of many manufacturing established during April 2020, which resulted in 'Nil' production for many unites, impacting the comparison of indices for the months of April 2020 and April 2021. For more details, please refer to [Quick Estimates of IIP April 2021](#).

**Image 1: India's Monthly Index of Industrial Production (IIP)
from October 2016 - April 2021**



Source: Ministry of Statistics and Programme Implementation, Government of India

Trade

Post estimates MY 2021/22 cotton exports at 6.2 million 480-lb. bales (7.7 million 170-kilogram bales/1.3 MMT). Post's estimate is almost 200,000 480-lb bales higher than the official USDA estimate. India is expected to retain large exportable surplus, which will be used satisfy demand from major consuming countries as Indian prices remain competitive compared to other origins. According to trade data published by the Ministry of Commerce and Industry, India's MY 2020/21 cotton exports for August 2020 through May 2021 totaled 5.47 million 480-lb. bales (7 million 170-kilogram bales/1.2 MMT), 114 percent higher from the same period last year. FAS analysis indicates that raw cotton shipments in May are the highest in the past eight years indicating strong recovery in demand. Bangladesh, China, Vietnam, and Turkey were the top export destinations for shipments during the month

Provisional [trade estimates](#) published by the Ministry of Commerce indicate that exports of cotton yarn/fabrics/made-ups and handloom products were 138 percent higher (by value) in May 2021 as compared to the same period last year. Similarly, exports of readymade garments of all textiles were 114 percent higher in May 2021 compared to the same month last year. Exports of man-made yarn/fabrics/made-ups were up by 146 percent in May compared to the same month last year. During May last year, strict lockdown measures across the country disrupted international trade including exports which came to a standstill, so the inflated figures only indicate a recovery in demand from a low base.

Imports

Post estimates MY 2021/22 imports at 1 million 480-lb. bales (1.28 million 170-kilogram bales/218,000 MT). Post's estimate is similar to the official USDA estimate. FAS analysis indicates that more than 50 percent of imports in May were shipped to ports in Southern India. Egypt, United States, Australia and Greece were the top suppliers to the Indian mills.

Post estimates that shipments of extra-long staple (ELS) cotton will continue to grow in MY 2021/22, given the strong demand outlook in export markets, however the Indian textile sector continues to urge the Government of India to rescind the ten percent import duty on cotton. These additional duties are increasing costs for textile manufactures and exporters who use imported cotton for yarn, apparels, and home textile products, and may hurt the industry in the long term.

Table 1. India: Kharif 2021 Cotton Sowing Position (area in hectares)

State	2021/22 as of June 25, 2021	2020/21 as of June 25, 2020	Normal Area	Y-o-Y Change	Change from Normal
Andhra Pradesh	39,000	90,100	612,200	-57%	-94%
Telangana	1,054,900	1,539,500	1,809,000	-31%	-42%
Gujarat	1,146,100	1,571,800	2,608,600	-27%	-56%
Haryana	685,400	737,000	656,200	-7%	4%
Karnataka	164,700	203,600	646,800	-19%	-75%
Madhya Pradesh	423,100	540,000	605,800	-22%	-30%
Maharashtra	1,958,700	3,307,900	4,213,500	-41%	-54%
Odisha	28,500	43,700	146,600	-35%	-81%
Punjab	303,400	501,000	286,200	-39%	6%
Rajasthan	539,100	627,800	578,400	-14%	-7%
Tamil Nadu	4,600	4,900	154,000	-6%	-97%
Tripura	-	-	2,000	-	-100%
Uttar Pradesh	29,900	-	21,000	-	42%
West Bengal	-	-	19,000.000	-	-100%
All India	6,377,400	9,167,300	12,359,300	-30%	-48%

Source: Ministry of Agriculture and Farmers Welfare, Government of India

**Normal Area is the five-year average during 2015 through 2019

Table 2. India: State Monthly Wholesale Prices for Seed Cotton in June 2021**
(Prices in Indian Rupees per 100 kilograms)

State	Prices, June 2021**	Prices, May, 2021	Prices, June, 2020	Change (Over Previous Month)	Change (Over Previous Year)
Gujarat	6,905	6,373	4,290	8%	61%
Haryana	7,000	-	-	-	-
Karnataka	6,386	5,137	4,494	24%	42%
Madhya Pradesh	5,513	5,296	4,727	4%	17%
Maharashtra	5,499	5,984	4,899	-8%	12%
Pondicherry	6,144	-	3,948	-	56%
Tamil Nadu	6,775	5,599	4,369	21%	55%
Average	6,318	5,678	4,454	11%	42%

Source: Directorate of Marketing and Inspection, Ministry of Agriculture and Farmers Welfare
**Prices reported for the period from June 01-30, 2021

Table 3. India: State Seed Cotton Arrivals in Market Yards in June 2021 (in metric tons)**

State	Market Arrivals June, 2021	Market Arrivals June, 2020	Change (Over Previous Year)
Andhra Pradesh	290	1,250	-76.81%
Gujarat	8,852	41,403	-78.62%
Haryana	2	-	-
Karnataka	1,652	16,926	-90.24%
Madhya Pradesh	625	15,021	-95.84%
Maharashtra	36	67,630	-99.95%
Odisha	-	1	-100.00%
Pondicherry	9	78	-89.10%
Punjab	-	858	-100.00%
Rajasthan	-	5,896	-100.00%
Tamil Nadu	1,099	2,593	-57.62%
Telangana	4,601	52,928	-91.31%
Total	17,165	204,584	-91.61%

Source: Directorate of Marketing and Inspection, Ministry of Agriculture and Farmers Welfare
**Arrivals reported for the period from June 01-30, 2021

Table 4a. India: Estimate of 2019/20 Cotton Exports

	170 kg	Metric Tons	480 lb.
August Exports 1\	78,033	13,266	60,929
September Exports 1\	74,995	12,749	58,557
October Exports 1\	115,015	19,552	89,804
November Exports 1\	342,382	58,205	267,333
December Exports 1\	604,606	102,783	472,079
January Exports 1\	946,865	160,967	739,316
February Exports 1\	566,959	96,383	442,684
March Exports 1\	361,059	61,380	281,916
April Exports 1\	33,792	5,745	26,385
May Exports 1\	158,009	26,861	123,374
June Exports 1\	381,766	64,900	298,085
July Exports 1\	436,861	74,266	341,103
Total	4,100,343	697,058	3,201,563

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

Table 4b. India: Estimate of 2020/21 Cotton Exports

	170 kg	Metric Tons	480 lb.
August Exports 1\	339,733	57,755	265,264
September Exports 1\	448,626	76,266	350,289
October Exports 1\	529,193	89,963	413,196
November Exports 1\	782,566	133,036	611,030
December Exports 1\	711,686	120,987	555,687
January Exports 1\	773,840	131,553	604,217
February Exports 1\	820,468	139,480	640,625
March Exports 1\	1,074,065	182,591	838,634
April Exports 2\	823,529	140,000	643,015
May Exports 2\	705,882	120,000	551,156
Preliminary Total (Aug-May)	7,009,588	1,191,630	5,473,113

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

2\ FAS Analysis

Table 5a. India: Estimate of 2019/20 Cotton Imports

	170 kg	Metric Tons	480 lb.
August Imports 1\	974,913	165,735	761,216
September Imports 1\	543,860	92,456	424,648
October Imports 1\	360,272	61,246	281,301
November Imports 1\	222,081	37,754	173,402
December Imports 1\	124,683	21,196	97,353
January Imports 1\	99,325	16,885	77,553
February Imports 1\	96,118	16,340	75,050
March Imports 1\	112,053	19,049	87,491
April Imports 1\	86,721	14,743	67,712
May Imports 1\	114,727	19,504	89,580
June Imports 1\	107,271	18,236	83,758
July Imports 1\	77,978	13,256	60,886
Total	2,920,003	496,400	2,279,949

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

Table 5b. India: Estimate of 2020/21 Cotton Imports

	170 kg	Metric Tons	480 lb.
August Imports 1\	60,682	10,316	47,381
September Imports 1\	88,401	15,028	69,024
October Imports 1\	62,071	10,552	48,466
November Imports 1\	42,453	7,217	33,147
December Imports 1\	76,437	12,994	59,683
January Imports 1\	135,034	22,956	105,435
February Imports 1\	81,981	13,937	64,011
March Imports 1\	94,613	16,084	73,875
April Imports 2\	75,000	12,750	58,560
May Imports 2\	123,529	21,000	96,452
Preliminary Total (Aug-May)	840,204	142,835	656,035

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

2\ FAS Analysis

**Table 6: India's Cotton Yarn* Exports by Month
(Figures in thousand Metric Tons)**

Month/Year	2014/15	2015/16	2016-17	2017-18	2018/19	2019/20	2020/21
Aug	94	117	66	79	108	67	92
Sep	98	112	77	99	98	66	93
Oct	101	106	76	98	97	78	86
Nov	125	105	103	111	95	89	87
Dec	125	115	129	116	92	91	91
Jan	113	104	132	87	91	102	82
Feb	119	100	103	95	100	91	82
Mar	122	112	89	118	117	73	98
Apr	104	105	66	106	89	18	92**
May	99	94	65	109	76	58	
Jun	103	92	78	117	58	96	
Jul	118	75	71	101	59	101	
TOTAL	1,321	1,237	1,055	1,236	1,080	929	

*HS code: 5204, 5205 and 5207

**Provisional data estimate

Source: Directorate General of Foreign Trade, Ministry of Commerce

**Table 7. India's Cotton Fabric* Exports by Month
(Figures in thousand square meters)**

Month/Year	2014-15	2015-16	2016-17	2017-18	2018-19	2019/20	2020/21
Aug	92,491	101,609	113,364	107,497	147,673	150,882	146,826
Sep	98,636	104,032	104,666	123,688	126,498	139,365	155,768
Oct	108,182	117,744	105,449	109,769	142,260	146,139	160,681
Nov	103,471	95,225	87,711	118,256	119,215	126,143	144,410
Dec	105,335	121,134	112,030	132,635	132,049	142,892	162,945
Jan	93,192	116,656	107,852	125,493	136,899	140,226	151,973
Feb	96,586	107,487	110,875	113,399	135,495	148,992	146,288
Mar	105,169	120,461	113,507	133,927	162,676	121,661	155,649
Apr	87,666	109,535	94,383	114,876	126,001	21,311	
May	104,169	103,373	89,117	119,821	141,129	69,665	
Jun	104,505	97,043	93,410	122,381	131,541	127,795	
Jul	97,421	98,914	94,399	113,614	140,850	154,068	
TOTAL	1,196,821	1,293,214	1,226,764	1,435,355	1,642,288	1,489,140	

*HS code: 5208 and 5209

Source: Directorate General of Foreign Trade, Ministry of Commerce

Attachments:

No Attachments.