

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## India

**Post:** New Delhi

### **Cotton and Products Update May 2019**

**Report Categories:**

Cotton and Products

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**Report Highlights:**

FAS Post estimates India's marketing year (MY) 2019/20 cotton production at 29.3 million 480 lb. bales (37.5 million 170-kilogram bales/6.4 MMT) from 12.45 million hectares of planted area. Domestic wholesale cotton prices were lower by five percent from last month, but mill buying is slow due to price volatility. MY 2018/19 cotton exports are down by eight percent, while yarn exports have remained the same and fabric exports have risen by 13 percent.

**General Information:**

Cotton Market Begin Year	2017/2018		2018/2019		2019/2020	
	Aug 2017		Aug 2018		Aug 2019	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	-	-	-	-	-	-
Area Harvested (a)	12,450	12,450	12,250	12,350	12,350	12,455
Beginning Stocks	7,880	7,880	9,225	9,357	7,125	8,457
Production	29,000	29,000	25,500	26,500	28,500	29,300
Imports	1,677	1,677	1,400	1,600	1,400	1,500
MY U.S. Imports	-	-	-	-	-	-
Total Supply	38,557	38,557	36,125	37,457	37,025	39,257
Exports	5,182	5,200	4,200	4,000	4,500	5,200
Use	24,150	24,000	24,800	25,000	25,300	25,300
Loss	-	-	-	-	-	-
Total Dom. Cons.	24,150	24,000	24,800	25,000	25,300	25,300
Ending Stocks	9,225	9,357	7,125	8,457	7,225	8,757
Total Distribution	38,557	38,557	36,125	37,457	37,025	39,257
Stock to Use (b)	31	32	25	29	24	29
Yield (c)	507	507	453	467	502	512

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

**Production**

FAS Post estimates India's marketing year (MY) 2019/20 cotton production at 29.3 million 480 lb. bales (37.5 million 170-kilogram bales/6.4 MMT) from 12.45 million hectares of planted area. Assuming a normal monsoon, the nationwide average yield estimates for MY 2019/20 is 512 kilograms per hectare.

Cotton planting is underway in the northern states of Punjab, Haryana and Rajasthan. According to the Indian Meteorological Department (IMD), all three states have received normal to excess rains during the pre-monsoon season (March-May), providing adequate soil moisture. Post estimates cotton acreage to rise in Punjab and Rajasthan with similar area planted in Haryana, while yields are expected to improve by two percent in Punjab, and by six percent in Haryana. The Ministry of Agriculture and

Farmers Welfare (MOAFW) has not published any planting progress reports for the *Kharif* 2019 season.

### **Post MY 2018/19 production estimates revised**

Post has revised the MY2018/19 production estimate down to 26.5 million 480-lb bales (34 million 170-kilogram bales/ 5.8 MMT). Post's estimate is 1 million 480-lb bales higher than the official USDA estimate of 25.5 million 480-lb bales. Post continues to project a higher number as trade sources indicate that farmers and ginneries continue to hold stocks in anticipation of higher prices. Late planting in the southern states of Karnataka and Tamil Nadu is also expected to add to production numbers, as market arrivals might be delayed due to this late planting. Various industry sources estimate the production between 24.5 million to 27 million 480 lb. bales.

### **Market arrivals slow, but four months remaining**

On May 13, 2019, as reported by the Cotton Corporation of India (CCI), MY 2018/19 cotton arrivals reached 22.6 million 480-lb. bales (28.9 million 170-kilogram bales/4.9 MMT). CCI reported arrivals constitute 80 percent of the total production estimate of the Cotton Advisory Board (CAB), while industry estimates of market arrivals are five percent higher than CCI figures. Historically, CCI market arrivals from May to September average around 3.4 million 480 lb. bales (4.4 million 170-kilogram bales) based on a ten-year average, and around 4 million 480 lb. bales (5.2 million 170-kilogram bales) based on the five-year average.

In MY 2018/19, CCI has procured approximately 843,000 480-lb bales (1.1 million 170-kilogram bales/183,600 MT) under the Minimum Support Price (MSP) program which is equivalent to three percent of total estimated production.

### **Consumption**

FAS Post estimates MY 2019/20 cotton consumption at 25.3 million 480 lb. bales (32.4 million 170-kilogram bales/5.5 MMT). Post anticipates cotton and cotton yarn prices will remain competitive as mills will have ample fiber supplies (domestic and imports) to cater to both the domestic and export markets.

Domestic wholesale cotton prices have fallen by 5 percent from last month. However, Indian ex-gin prices are higher than Cotlook A-Index, prompting mills to augment their requirements with imports. Mills are reluctant to buy and stock domestic cotton for a longer duration due to the price volatility for domestic cotton.

### **Trade**

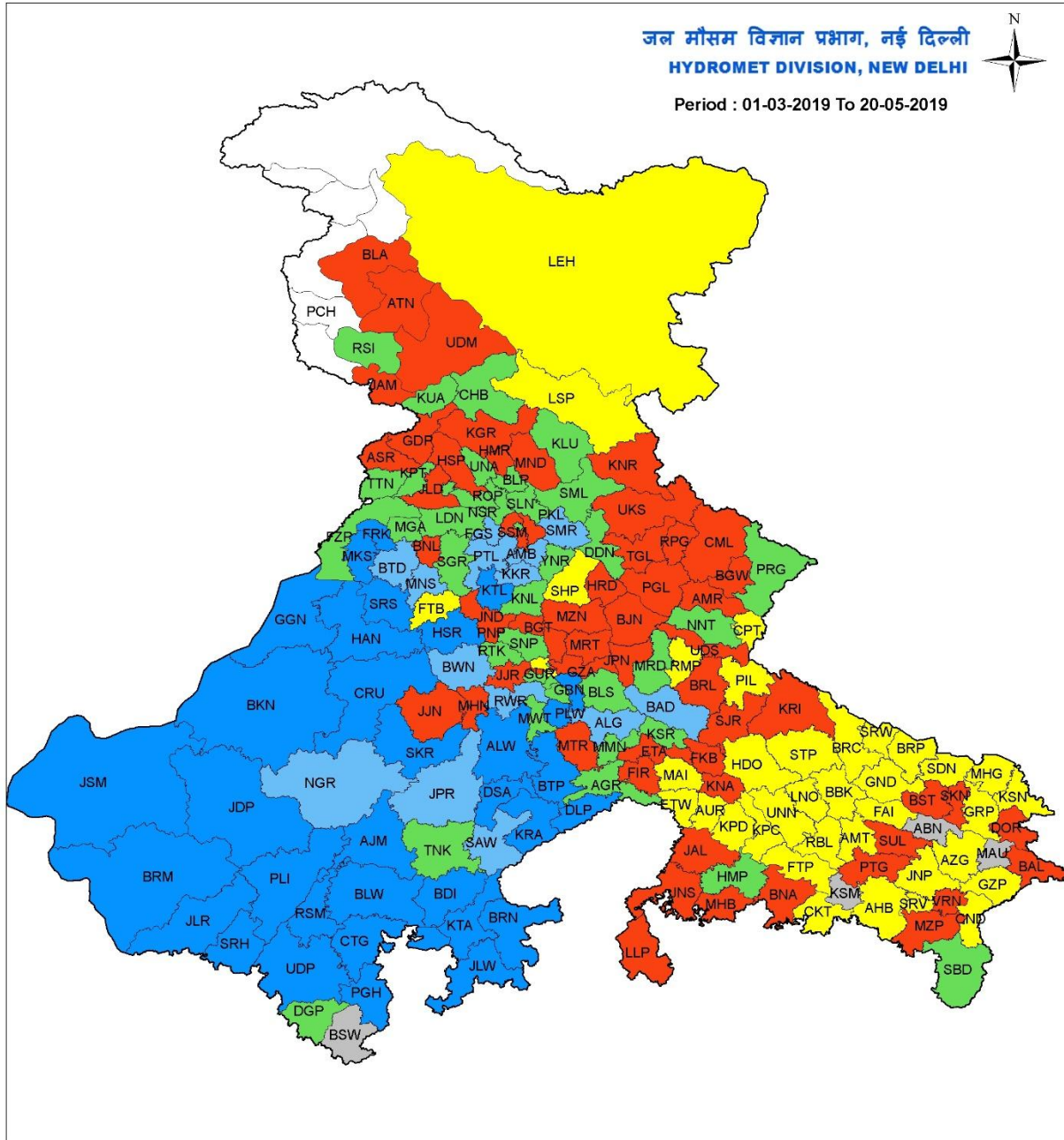
FAS Post estimates MY 2019/20 exports at 5.2 million 480-lb bales (6.6 million 170-kilogram bales/1.1 MMT). The prospects of a larger crop would allow India to export this large surplus, thus meeting the demand of neighboring countries. FAS Mumbai estimates MY 2018/19 exports at 4 million 480-lb bales (5.1 million 170-kilogram bales/914,400 MT), 200,000 480-lb bales lower than the official USDA estimate. Post estimates are reflected in the slow pace of raw cotton exports in MY2018/19 which is eight percent slower than last year. Indian cotton remains expensive in the global markets as average cotton prices are twenty percent higher than last year, even though domestic prices were five percent lower in May than the previous month.

Yarn and fabric exports continue to maintain a strong export trend. According to the March 2019 preliminary data published by the Ministry of Commerce, yarn exports were primarily shipped to China, followed by Bangladesh and Egypt. Similarly, fabric exports have risen by thirteen percent since August 2018. Shipments from August 2018 to February 2019, are the highest in the past decade. Major destinations include China, Bangladesh and Pakistan.

FAS Post estimates MY 2019/20 imports at 1.5 million 480 lb. bales (2 million 170-kilogram bales / 327,000 MT). Even though a large crop is expected, imports will remain strong as mills import for processing and re-export to cover yarn export commitments.



**DISTRICT RAINFALL DEPARTURE MAP - NORTH WEST INDIA**



Legend

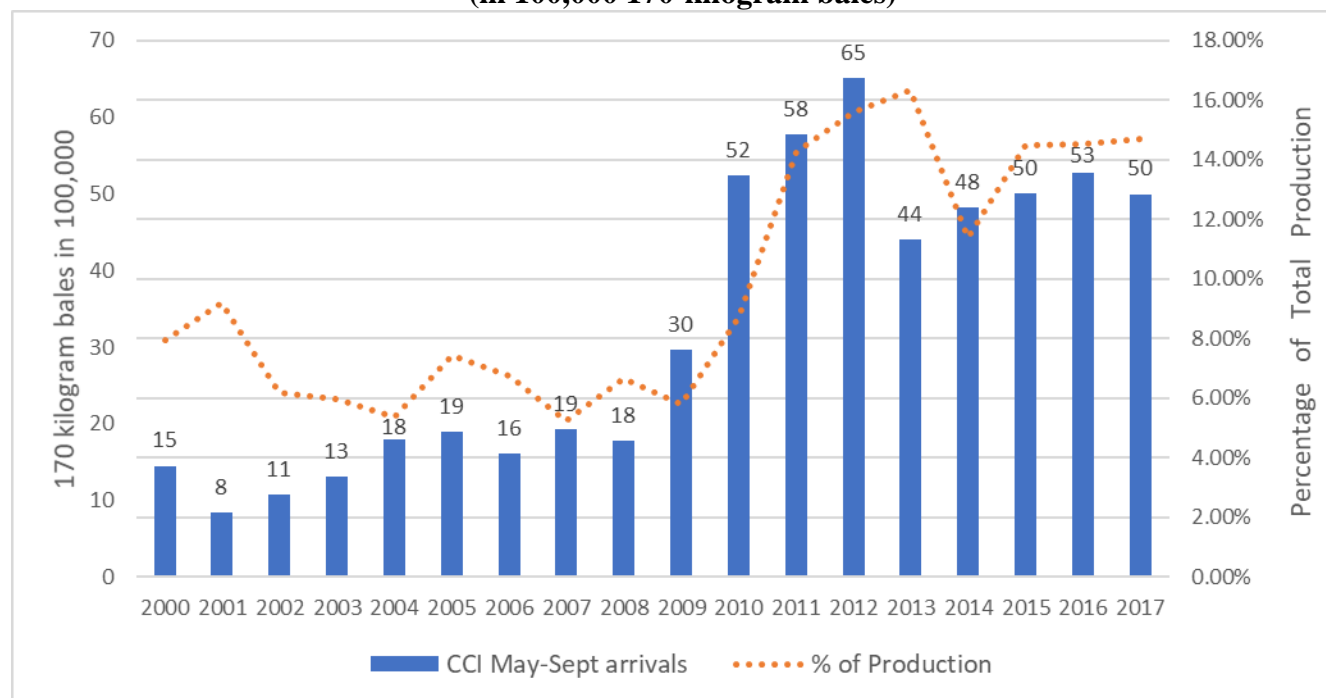
Large Excess [ 60% or more] Excess [ 20% to 59%] Normal [-19% to 19%] Deficient [-59% to -20%] Large Deficient [-99% to -60%] No Rain [-100%] NO DATA

**Table 1. India: State-wise monthly wholesale prices for cotton in May 2019**  
(Prices in Indian Rupees per 100 kilograms)

State	Prices May, 2019	Prices April, 2019	Prices May, 2018	Change (Over Previous Month)	Change (Over Previous Year)
Andhra Pradesh	5,877	5,789	-	1.52%	
Gujarat	5,794	5,901	4,624	-1.80%	25.32%
Haryana	6,267	6,081	5,051	3.06%	24.06%
Karnataka	6,181	5,762	4,414	7.28%	40.05%
Madhya Pradesh	5,840	5,814	4,690	0.44%	24.50%
Maharashtra	6,252	6,080	4,551	2.82%	37.38%
Odisha			4,309		
Punjab	1,840	5,903	4,270	-68.83%	-56.91%
Rajasthan	6,462	6,196	5,019	4.30%	28.75%
Tamil Nadu	5,883	5,760	5,149	2.14%	14.24%
Telangana	5,942	5,850	4,602	1.57%	29.13%
<b>Average</b>	<b>5,634</b>	<b>5,914</b>	<b>4,668</b>	<b>-4.73%</b>	<b>20.69%</b>

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

**Image 1. India: Cotton market arrivals from May-September**  
(in 100,000 170-kilogram bales)



Source: Cotton market arrival data from Cotton Corporation of India, Ministry of Textiles

Production estimate from Cotton Advisory Board, Ministry of Textiles

**Table 2a. India: Estimate of 2017/18 Cotton Exports**

	<b>170 kg</b>	<b>Metric Tons</b>	<b>480 lb</b>
August Exports 1\	86,664	14,733	67,667
September Exports 1\	78,481	13,342	61,279
October Exports 1\	70,773	12,031	55,260
November Exports 1\	564,847	96,024	441,035
December Exports 1\	1,032,618	175,545	806,272
January Exports 1\	934,086	158,795	729,338
February Exports 1\	830,966	141,264	648,821
March Exports 1\	887,481	150,872	692,948
April Exports 1\	823,273	139,956	642,815
May Exports 1\	569,878	96,879	444,963
June Exports 1\	499,588	84,930	390,080
July Exports 1\	280,885	47,750	219,316
<b>Total</b>	<b>6,659,538</b>	<b>1,132,121</b>	<b>5,199,793</b>

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

**Table 2b. India: Estimate of 2018/19 Cotton Exports**

	<b>170 kg</b>	<b>Metric Tons</b>	<b>480 lb</b>
August Exports 1\	192,083	32,654	149,979
September Exports 1\	96,376	16,384	75,251
October Exports 1\	228,609	38,863	178,499
November Exports 1\	653,622	111,116	510,351
December Exports 1\	901,197	153,204	703,658
January Exports 1\	689,854	117,275	538,640
February Exports 1\	546,359	92,881	426,599
March Exports 2\	705,882	120,000	551,156
<b>Preliminary Total (Aug-Mar)</b>	<b>4,013,983</b>	<b>682,377</b>	<b>3,134,133</b>

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

2\ FAS Analysis

**Table 3a. India: Estimate of 2017/18 Cotton Imports**

	<b>170 kg</b>	<b>Metric Tons</b>	<b>480 lb</b>
August Imports 1\	438,406	74,529	342,309
September Imports 1\	416,553	70,814	325,246
October Imports 1\	85,605	14,553	66,841
November Imports 1\	46,761	7,949	36,511
December Imports 1\	59,805	10,167	46,696
January Imports 1\	72,186	12,272	56,363
February Imports 1\	99,149	16,855	77,416
March Imports 1\	118,180	20,091	92,276
April Imports 1\	212,332	36,096	165,789
May Imports 1\	198,388	33,726	154,902
June Imports 1\	217,114	36,909	169,524
July Imports 1\	182,849	31,084	142,770
<b>Total</b>	<b>2,147,329</b>	<b>365,046</b>	<b>1,676,643</b>

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

**Table 3b. India: Estimate of 2018/19 Cotton Imports**

	<b>170 kg</b>	<b>Metric Tons</b>	<b>480 lb</b>
August Imports 1\	153,248	26,052	119,656
September Imports 1\	134,210	22,816	104,792
October Imports 1\	87,296	14,840	68,161
November Imports 1\	57,035	9,696	44,533
December Imports 1\	59,322	10,085	46,319
January Imports 1\	86,485	14,702	67,528
February Imports 1\	85,275	14,497	66,583
March Imports 2\	141,176	24,000	110,231
<b>Preliminary Total (Aug-Mar)</b>	<b>804,048</b>	<b>136,688</b>	<b>627,803</b>

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

2\ FAS Analysis



**Table 4: India's Cotton Yarn\* Exports by Month**  
(Figures in thousand Metric Tons)

Month/Year	2012-13	2013-14	2014/15	2015/16	2016-17	2017/18	2018/19
Aug	93	113	94	117	66	79	108
Sep	65	108	98	112	77	99	98
Oct	76	119	101	106	76	98	97
Nov	87	106	125	105	103	111	95
Dec	108	113	125	115	173	116	92
Jan	99	131	113	104	132	87	91
Feb	102	108	119	100	107	95	100
Mar	107	117	122	112	89	118	119**
Apr	80	94	104	105	66	106	
May	95	93	99	94	65	109	
Jun	103	76	103	92	78	117	
Jul	111	87	118	75	71	101	
<b>TOTAL</b>	<b>1,126</b>	<b>1,266</b>	<b>1,321</b>	<b>1,237</b>	<b>1,102</b>	<b>1,236</b>	

\*HS code: 5204, 5205 and 5207

Source: Directorate General of Foreign Trade, Ministry of Commerce

\*\* Provisional estimate

**Table 5: India's Cotton Fabric\* Exports by Month**  
(Figures in thousand square meters)

Month/Year	2012-13	2013-14	2014/15	2015/16	2016-17	2017/18	2018/19
Aug	77,093	78,908	92,491	101,473	114,071	107,441	147,670
Sep	72,827	101,017	98,636	103,974	104,661	123,563	126,496
Oct	70,553	101,327	108,182	117,801	105,404	109,572	142,180
Nov	66,084	85,897	103,471	95,082	87,723	118,218	119,191
Dec	75,412	100,335	105,335	120,598	111,894	132,634	132,016
Jan	74,008	91,169	93,192	116,656	107,512	125,357	136,852
Feb	65,141	87,377	96,586	107,487	115,131	113,085	135,721
Mar	75,329	98,696	105,169	120,461	112,033	133,115	
Apr	65,683	88,629	86,833	109,559	94,314	114,617	
May	65,469	81,581	103,443	103,401	89,070	119,819	
Jun	67,760	94,572	103,909	97,017	93,372	122,381	

Jul	78,547	87,284	97,115	98,890	94,399	113,613	
<b>TOTAL</b>	<b>853,906</b>	<b>1,095,904</b>	<b>1,194,361</b>	<b>1,292,397</b>	<b>1,229,584</b>	<b>1,433,457</b>	

\***HS code:** 5208 and 5209

Source: Directorate General of Foreign Trade, Ministry of Commerce