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India

Cotton and Products Annual

Higher Production Should Lead to Changing Trade Flows with Exports Expected Higher Next Season

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Report Highlights:

India's 2017/18 cotton production forecast is 28 million 480 lb. bales on acreage of 11 million hectares.

The yield forecast is lower than last year but remains above the three-year average. The mill consumption forecast is lower as demand for cotton yarn remains subdued since demonetization although cotton yarn exports in December were the highest on record in the past decade. The export and import forecasts are 4.5 million and 1.5 million 480 lb. bales, respectively.

Commodities:

Cotton

Production:

Cotton	2015/2016		2016/2017		2017/2018	
Market Begin Year	Aug 2015		Aug 2016		Aug 2017	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	-	-	-	-	-	-
Area Harvested	11,900	11,877	10,500	10,500	-	11,000
Beginning Stocks	13,486	13,486	10,944	10,731	-	12,531
Production	26,400	26,391	27,000	27,000	-	28,000
Imports	1,072	1,072	2,200	2,000	-	1,500
MY Imports from U.S.	-	-	-	-	-	-
Total Supply	40,958	40,949	40,144	39,731	-	42,031
Exports	5,764	5,768	4,500	3,900	-	4,500
Use	24,250	24,450	23,750	23,300	-	23,500
Loss	-	-	-	-	-	-
Total Dom. Cons.	24,250	24,450	23,750	23,300	-	23,500
Ending Stocks	10,944	10,731	11,894	12,531	-	14,031
Total Distribution	40,958	40,949	40,144	39,731	-	42,031

(1000 HA) ,1000 480 lb. Bales

Production**Acres Gains and Marginal Yield Reductions Anticipated for MY 2017/18**

India's 2017/18 cotton production forecast is 28 million 480 lb. bales (36.5 million 170 kg bales/6.2 MMT) on 11 million harvested hectares. Planting decisions are driven by expected price realization although additional factors such as the relative cost of production of competing crops, water availability, central/state government support (including the anticipated minimum support price) and a timely monsoon are crucial factors.

The Post estimate for MY 2016/17 production remains the same as the USDA estimate of 27 million 480 lb. bales (34.6 million 170 kg bales/ 5.9 MMT). MY 2016/17 production estimates remain provisional per the Cotton Advisory Board (CAB) at about 27.4 million 480 lb. bales (35.1 million 170 kg bales/6 mmt). Farm-gate prices remain high and the pace of reported arrivals remains ahead of last year. Trade sources indicate large supplies remain held by various stakeholders along the value chain.

Farmers Mulling Crop Choices – Cotton Remains King

Farmers consistently exhibit strong preference for cotton relative to other crops. As seed cotton prices for MY 2016/17 are almost 18 percent higher than the previous year, Post forecasts MY 2017/18 cotton acreage should expand. High “farm gate” prices at this time coupled with lower price realization from competing crops will favor increased cotton acreage even though the Government of India is emphasizing pulse crop planting.

Assuming a normal monsoon, the nationwide yield forecast for MY 2017/18 is 554 kg per hectare. This is marginally lower than the MY 2016/17 estimated yield of 560 kg per hectare, but much higher than a three-year average yield of 534 kg/hectare. There are marginal yield reductions expected in a few cotton-growing states from last year; namely, Punjab, Gujarat, and Andhra Pradesh. The cotton crop in these states was damaged by various pest (whitefly in Punjab, and pink bollworm in Gujarat and Andhra Pradesh) infestations in each of the past two years. Crops are particularly susceptible when they are under water and nutrient stress and thus not healthy enough to sustain immunity and recover their vigor. Such stress conditions are found in subsistence-oriented, low-input cropping systems where farmers often have limited capacity to mitigate crop damage or even prevent total crop loss. Additionally whitefly problems are usually more severe in water stressed cotton and cotton grown with excessive nitrogen.

In MY 2016/17, the Government of India, through research institutes and state government agricultural offices, limited the spread of various pests and diseases across the cotton growing regions that affected yields in MY 2015/16. Similar programs are expected to continue in MY 2017/18 as state governments educate farmers and other stakeholders on cotton management; particularly, pest and disease susceptibility, plant protection measures, refugia, crop residue management, and sanitation during ginning to avoid major crop losses.

Post anticipates that 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 have stated that increasing cotton productivity is essential. Various production trials, such as a high-density planting system (HDPS) with short duration varieties, intercropping with legumes, and mechanical picking under rain-fed conditions are under exploration in various states.

Northern India

Cotton planting in the northern states of Punjab, Haryana and Rajasthan receives irrigation and the area is stable from year to year. The forecast of Punjab cotton acreage is higher than last year as farmers should switch back to cotton from paddy (non-basmati) due to better price realization. Many Punjab growers reported yield losses from sucking pest infestations in the past two years, which lead to declining acreage. However, the government proactively took steps to manage possible whitefly attacks 2016 though continuous monitoring and management, issuing advisories, crop diversification programs, and promoting desi cotton or indigenous cotton seed species. 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. The yield forecast for the area is 541 kg per hectare, which is higher than the five-year average. The 2016/17 season witnessed a significant recovery from pest pressures that

reportedly attributed to lower yields in 2015/16. In the states of Haryana and Rajasthan, the cotton acreage forecast is similar to last year as farm gate prices for competing crops such as guar and bajra (millets) are low.

Central India

The forecast for Gujarat planted area, the largest cotton growing state, is higher with yields marginally below those of last year. 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 2016, farmers planted the lowest cotton area of the past five years, but reported yield gains due to better pink bollworm infestation management in several of the major cotton growing districts. The area under cotton is expected to recover in MY 2017 from oilseeds especially groundnut and castor. Seed cotton prices remain firm offering farmers the highest return on their investment.

The cotton acreage forecast for Maharashtra is higher slightly than last year. Cotton area in central Maharashtra (Marathwada) and Eastern Maharashtra (Vidarbha) should shift from soybean and pigeon pea to cotton. 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 27, the overall water stored in reservoirs in Gujarat and Maharashtra was 45 percent of capacity. At the same time last year, reservoir levels were 23 percent of capacity. (Note: The ten-year average is 44 percent). A marginal reduction in Madhya Pradesh cotton area is expected as farmers switch to pulses because of steady demand from grain mills.

Southern India

Combined planted area in the states of Andhra Pradesh and Telangana was 1.71 million hectares in 2016/17. The area forecast for MY 2016/17 is 1.75 million hectares. Area in Andhra Pradesh effectively remains the same while there should be an increase in cotton acreage in Telangana. Both Andhra Pradesh and Telangana face erratic weather threats (i.e. cyclones) along India's southeastern coastline. Consequently, government procurement agencies often deploy MSP procurement operations as the cotton, despite any weather damage, can still meet the MSP specification parameters and represents a nearly assured payment to producers unlike other crops that get damaged. The forecast yields in both states are higher than the three-year average.

In Karnataka, the cotton area forecast is higher with yields lower than last year but well above the five-year average. As of March 27, the overall water stored in reservoirs in Southern states of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Kerala was 16 percent of capacity. At the same time last year, reservoir levels were 18 percent. The ten-year average capacity level is 29 percent.

Consumption:

Quality Remains a Concern for Mills

The MY 2017/18 consumption forecast is 23.5 million 480 lb. bales. Post anticipates cotton and cotton yarn prices will remain competitive as mills will have ample fiber supplies (domestic and imports) 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 is expected to drop as slack capacity is being generated. Trade sources indicated that close to 20 percent of total mill capacity in Southern India was shut down as laborers returned to their native villages during the period of demonetization. Volume of cotton yarn purchases by China from India remained strong in MY

2016/17. Exports of cotton fabrics and made-ups (blankets, bed linens, furnishing articles, etc.) were lower (refer to table 14a and 14b).

Post's estimate for MY 2016/17 and MY 2015/16 cotton consumption are 23.3 million 480 bales and 24.5 million 480 bales, respectively. The MY 2016/17 estimate is based on Post analysis and is 450,000 bales lower than the current USDA official estimate whereas the MY 2015/16 estimate is based on revised data from the Textile Commissioner and is 200,000 bales greater than the USDA official estimate.

For MY 2017/18, the average monthly cotton consumption is forecast at 1.89 million 480 lb. bales (2.42 million 170 kg bales/412,590 MT). Per month average cotton consumption for MY 2016/17 is estimated at 1.85 million 480 lb. bales (2.37 million 170 kg bales/404,430 MT).

Since 2003, India's has been a net cotton producer as production outpaced consumption and the country generated a large exportable surplus. Domestic mill consumption was growing for the past few years with additional capacity added in many cotton-growing states. The growth was championed 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.

Prices and Currency Fluctuations

While domestic prices have fallen by three percent since October 2016, Cotlook A-Index rose by twelve percent during the same period making Indian ex-gin cotton prices on par with international prices. However, mills have been importing and using imported cotton mostly Australian and American due to minimal contamination, higher yarn realization and more importantly due to quality concerns with domestic crop. A number of trade associations have reported and raised concerns regarding the large-scale adulteration of domestic cotton by ginners in the state of Gujarat who are allegedly blending cotton waste (comber noil) into cotton bales.

Since October 2016, the U.S. dollar has weakened in value by around 2.4 percent against the Indian rupee. In the local currency, the impact of a stronger Indian rupee has had major impact on exports and continues to affect the international competitiveness of Indian cotton.

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 2.51 MMT of MMF and yarn in India fiscal year (IFY) 2015/16 (Apr/Mar) (refer table 9 and 10), while consumption of MMF fibers and yarns in IFY 2015/16 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.

Trade:

Export Market Diversification Essential for Indian Cotton Industry

Since November 2016, domestic demand for yarn has been low and mills began exporting yarn to international markets. Cotton yarn exports have remained strong with bulk of the shipments going to China followed by Bangladesh and Pakistan. Portugal and Egypt are the other key export markets. Cotton yarn exports in December 2016 were the highest on record with almost 173,000 mt exported of which, 60 percent of shipments were to China.

MY 2017/18 cotton exports are forecast at 4.5 million 480 lb. bales (5.76 million 170 kg bales/979,760 mt). Indian merchants and exporters are 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 (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. 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 10 percent in 2015, 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 2015. As mentioned above, however, China has increased its imports of cotton yarn from India to cater to its domestic demand and sources anticipate that there is a new shift to source more yarn and less fiber from India.

As for MY 2016/17, with ex-gin prices remaining on par with the Cotlook A Index, Post estimates that export demand will remain slow through the remainder of the marketing year with exports remaining 600,000 480 lb. bales lower from the USDA official estimate at 3.9 million 480 lb. bales.

The imports forecast for MY 2017/18 is 1.5 million 480 lb. bales (1.9 million 170 kg bales/326,587 MT). Despite no new announcements on additional incentives for textile exports, in the 2017 GOI budget, the cotton trade views the budget as a positive one focusing on improving infrastructure, labor and tax reforms as well as making industry competitive. Imports by mills for processing and re-export to cover export commitments should be lower than the current year due to an expected larger domestic crop. The import estimate for MY 2016/17 is 200,000 480 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 (refer table 8).

Stocks:

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 determined 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 ginners.

In addition, increasingly, sources report that at the ginning and pressing stage, ginners are sourcing seed cotton directly from farmers and bypassing wholesale market yards 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.

Cotton and Cotton Yarn Stocks

According to the data provided by the Textile Commissioner's Office (TCO), cotton stocks in MY 2016/17 between Aug –Jan were at the lowest since MY 2011/12. The Government of India decision on demonetizing the currency in November 2016 affected large and small-scale mills as they were unable to move yarn stocks and were unable to build cotton inventories due to limited cash availability. The impact of demonetization worsened the existing situation where mills had to initiate major production cuts in yarn resulting in larger inventories of yarn stocks as demand became weaker. There are however signs of recovery with mills starting to increase their stock levels. The TCO data on cotton stocks indicates that from January onwards, the level of cotton stocks increased though it remains 13 percent lower than the five-year average. Cotton yarn stocks between Aug-Dec were higher than last year as export demand gained momentum and mills started building inventories.

Steady Arrivals for MY 2016/17 Crop Reported by CCI

For MY 2016/17, total arrivals as a percentage of the total Cotton Advisory Board (CAB) production estimate have reached 73 percent as of March 23, 2016. MY 2016/17 all India cotton arrivals, as reported by the Cotton Corporation of India (CCI), reached 19.6 million 480 lb. bales (25.7 million 170 kg bales/4.2 mmt). Daily arrivals are averaging around 117,000 480 lb. bales (150,000 170 kg bales/25,500 MT) at the end of March.

MSP Procurement Remains Highly Unlikely for MY 2017/18 Season

In MY 2016/17, CCI has not been involved in any MSP procurement; however, CCI has purchased around 78,080 480 lb. bales (100,000 170 kg/17,000 MT) bales under commercial operations. CCI remains active in the market and is establishing a buffer stock of 1.1-1.5 million 480 lb. bales (1.5-2 million 170 kg bales) through commercial procurement. Their efforts are targeted to support small mills

and preventatively arrest any price distortions by maintaining these strategic stocks to keep market prices above MSP when the pace of arrivals increases. 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 purchased around 659,400 480 lb. bales (844,531 170 kg bales/143,570 MT).

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.

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. 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.

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. With the objective of doubling farmers' income by 2022, the Government of India intends to maintain a price stabilization fund to deal with abrupt price increases in commodities by creating buffer stocks through its state parastatals and ensuring highest returns for the farmer.

Value Addition to Cotton Critical to Indian Economy

The textile and clothing industry is largely cotton-based and is the second largest provider of employment after agriculture. The industry accounts for 12 percent of total industrial production, 15 percent of total export earnings, 2 percent of GDP and provides direct employment to over 45 million people and indirect employment to an additional 55 million people. The "organized" or modern textile sector accounts for 80 percent of the industry. Domestic demand is supported by a rising consumer class with greater disposable income that wants readymade garments and home textiles. Cotton faces competition from India's large man-made fiber industry.

The amount of the Foreign Direct Investment (FDI) made in the textile sector during each of the last three years is given below:

Year	FDI (in US\$ million)
2013-14	198.86

2014-15	197.42
2015-16	230.13

Source: DIPP, Ministry of Commerce

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. 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.

GST set to make the textile sector fiber neutral

With the introduction of the Goods and Services Tax (GST) Bills in Parliament, the government has made progress towards meeting the July 1 deadline for the implementation of the indirect tax reform. Trade sources indicate that while natural fibers like cotton do not attract any duties, the GST bill will lower input costs and reduce prices of synthetic/man-made fibers as manufacturers will be able to claim an input credit. Meanwhile, introduction of the GST should boost Indian textile exports and ease overall prices and make this industry internationally competitive,

GOI emphasis on Job Creation in Textile and Apparel Sector

In June 2016, the cabinet approved a \$923 million (6,000 crore) package of reforms announced by the Government for boosting the employment generation and export potential of the Textile and Apparel Sector over the next 3 years. The special package is expected to generate employment to the tune of 10 million more jobs, generate investment of \$11 billion (Rs. 74,000 crore) and increase exports by \$30 billion. The package includes a number of measures that are labor friendly, would promote employment generation, economies of scale and boost exports.

For the GOI 2017/18 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 million had been disbursed by September 2015.

Additional incentives under ATUFS

The subsidy provided to garmenting units, under Amended-TUFS, is being increased from 15 percent to 25 percent, providing a boost to employment generation. The package breaks new ground in moving from input-based to outcome-based incentives; a unique feature of the scheme will be to disburse subsidy only after expected jobs have been created.

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. The Ministry of Textiles is implementing 'Amended Technology Upgradation Fund Scheme (ATUFS)' with effect from January 13, 2016, for a period of seven years. Under ATUFS, there are two broad categories. The first is for "apparel, garment and technical textiles". Initially, this category was providing a 15 percent subsidy on capital investments, subject to a ceiling of U.S. \$4.4 million (Rs. 30 crore) per establishment over a period of five years. The subsidy provided to garmenting units, under Amended-TUFS, is being increased from 15% to 25%, providing a boost to employment generation. The package breaks new ground in moving from input-based to outcome-based incentives; a unique feature of the scheme will be to disburse subsidy only after expected jobs have been created.

The remaining categories (weaving, processing, jute, silk and handloom segments) will be eligible for a 10 percent of capital subsidy with a ceiling of \$2.9 million (Rs. 20 crore) on similar terms. The segments which have achieved desired level of modernization, i.e. spinning etc., have been excluded under ATUFS.

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.

Traditional weaving on handlooms is manual activity for which power is not required. To enable handloom sector to compete with machine-produced items, Government of India is implementing Yarn Supply Scheme to provide yarn at mill gate price at the door step of weavers; the Government is also giving 10% subsidy on cotton hank yarn, domestic silk yarn and wool with quantity caps.

The Government is implementing a scheme to provide subsidized loan to handloom weavers at the rate of 6% for a period of three years. The interest subsidy is borne by the Government of India. Provision of electricity at concessional rates comes within the jurisdiction of the State Governments.

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](#)

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.

**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						
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Beginning Stocks	51,582	58,924	9,422	5,521	7,384	7,586
Production	163,970	171,778	179,586	163,970	140,546	136,642
Imports	143,984	83,236	109,316	150,217	168,076	195,203
Total Supply	359,535	313,938	298,325	319,708	316,006	339,430
Exports	-	-	-	-	-	-
Domestic Consumption	300,612	304,516	292,804	312,324	308,420	324,036
Ending Stocks	58,924	9,422	5,521	7,384	7,586	15,394
Total Distribution	359,535	313,938	298,325	319,708	316,006	339,430

The forecast for India’s ELS production is a slight decline 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.

Post forecasts ELS cotton consumption higher despite expected lower imports and lower production. India’s domestic consumption requirement for ELS cotton is met through imports. The United States, Egypt, and Israel 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.

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 land holdings seem 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 one-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 are replaced by biotech hybrids, farmers can still manage 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 augment their extra-long staple and short staple cotton requirements through imports.

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	2016/17
Aug	1.452	1.697	1.455	1.723	1.892	1.910	2.020	1.903
Sep	1.428	1.673	1.694	1.676	1.851	2.015	1.920	1.808
Oct	1.415	1.725	1.387	1.706	1.876	1.886	1.929	1.690
Nov	1.442	1.647	1.432	1.647	1.793	1.955	1.822	1.805
Dec	1.522	1.762	1.572	1.768	1.965	2.022	1.990	1.907
Jan	1.526	1.726	1.587	1.819	1.967	2.012	1.972	1.938
Feb	1.469	1.580	1.585	1.737	1.814	1.919	1.924	
Mar	1.562	1.699	1.591	1.843	1.957	2.044	2.000	
Apr	1.603	1.575	1.586	1.813	1.898	1.997	1.948	
May	1.634	1.455	1.662	1.784	1.904	2.001	1.982	
Jun	1.617	1.423	1.653	1.758	1.882	2.000	1.982	
Jul	1.726	1.484	1.728	1.883	1.916	1.997	1.953	
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	24.149	24.456	

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)
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
Apr	0.62	0.65	0.65	0.67	0.73	0.95
May	0.63	0.70	0.69	0.70	0.74	0.99
Jun	0.66	0.78	0.80	0.81	0.86	1.02
Jul	0.65	0.85	0.87	0.88	0.94	1.08
2016/17						
Aug	0.61	0.84	0.82	0.84	0.90	1.04
Sept	0.57	0.78	0.86	0.86	0.95	1.04
Oct	0.54	0.71	0.72	0.73	0.76	1.01
Nov	0.52	0.72	0.72	0.73	0.76	1.02
Dec	0.58	0.74	0.73	0.74	0.77	1.01
Jan	0.63	0.80	0.78	0.79	0.82	1.05
Feb	0.68	0.84	0.81	0.82	0.85	1.08
Mar*	0.70	0.87	0.83	0.85	0.90	1.14

* As on March 27, 2017

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	2016/17
Aug	77,355	340,780	44,423	203,455	77,823	216,480	52,369
Sep	15,556	740,873	81,916	103,801	100,044	271,072	51,836
Oct	15,556	543,692	125,324	109,942	144,931	348,133	40,097
Nov	1,410,798	1,635,913	599,005	1,496,006	572,766	1,016,147	483,488
Dec	2,004,301	1,266,216	1,434,190	1,920,943	791,400	1,384,494	822,600
Jan	285,940	1,970,873	1,855,089	1,605,062	523,736	770,704	
Feb	917,215	1,814,992	1,689,627	1,108,448	525,086	636,686	
Mar	450	399,840	938,806	1,021,562	592,088	441,058	
Apr	294	1,069,467	271,481	746,963	298,956	261,955	
May	501	623,467	221,509	516,148	184,701	228,307	
Jun	3,858	462,677	282,628	313,791	162,729	133,940	
Jul	252,484	203,790	217,063	115,283	225,120	67,360	
TOTAL	4,984,307	11,072,579	7,761,062	9,261,404	4,199,379	5,776,336	1,450,389

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	2016/17
Aug	4,689	6,821	49,140	84,189	126,284	138,313	353,585
Sep	5,535	1,966	158,710	75,664	256,917	142,607	634,068
Oct	8,212	9,875	244,589	88,529	154,374	77,924	296,503
Nov	7,317	11,450	166,435	42,963	97,614	40,804	126,821
Dec	11,257	10,031	81,397	13,761	39,114	36,629	85,108
Jan	11,533	29,096	47,781	30,419	40,657	32,785	-
Feb	25,124	62,639	35,559	32,463	56,516	35,237	-
Mar	20,131	72,252	43,707	38,135	57,072	75,945	-
Apr	26,570	76,868	57,903	51,207	63,888	109,349	-
May	34,704	61,886	62,386	46,435	76,946	99,015	-
Jun	21,752	24,485	111,375	55,713	95,203	119,357	-
Jul	10,270	20,544	127,942	115,729	161,654	164,653	-
TOTAL	187,094	387,913	1,186,923	675,207	1,226,239	1,072,618	1,496,084

Source: Directorate General of Foreign Trade, Ministry of Commerce

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

2014/15 (Aug/Jul)		2015/16 (Aug/Jul)		2016/17 (Aug/Dec)	
United States	2,053	United States	1,258	United States	-
Bangladesh	1,590,539	Pakistan	2,131,227	Bangladesh	533,239
China	1,298,289	Bangladesh	1,959,652	China	475,211
Vietnam	585,355	China	552,782	Vietnam	202,651
Pakistan	287,244	Vietnam	524,732	Indonesia	96,866
Indonesia	101,367	Indonesia	238,283	Pakistan	49,099
Taiwan	98,055	Turkey	99,213	Thailand	28,320
Thailand	57,504	Singapore	55,713	Taiwan	15,708
Ethiopia	48,300	Thailand	48,203	Turkey	14,215
Malaysia	37,773	Taiwan	40,831	Malaysia	12,782
Turkey	25,780	Malaysia	26,152	Bahrain	5,365
<i>Total of Top 10</i>	4,130,204	<i>Total of Top 10</i>	5,676,788	<i>Total of Top 10</i>	1,433,455
Others	69,175	Others	98,289	Others	16,934
Grand Total	4,199,379	Grand Total	5,776,336	Grand Total	1,450,389

Source: Directorate General of Foreign Trade, Ministry of Commerce

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

2014/15 (Aug/Jul)		2015/16 (Aug/Jul)		2016/17 (Aug/Dec)	
United States	182,272	United States	227,398	United States	307,655
Mali	207,584	Mali	164,841	Australia	641,035
Pakistan	115,178	Australia	117,006	Mali	78,439
Cote d Ivoire	113,001	Benin	78,140	Tanzania	44,745
Australia	109,042	Pakistan	73,625	Cameroon	44,671
Burkina Faso	88,130	Cote d Ivoire	69,684	Egypt	44,129
Benin	54,509	Cameroon	62,584	Greece	39,495
Egypt	53,260	Argentina	49,099	Pakistan	33,515
Cameroon	46,531	Egypt	46,972	Brazil	31,843
Tanzania	36,969	Chad	33,790	Turkmenistan	29,363
Togo	36,046	Togo	22,230	Cote d Ivoire	28,605
<i>Total of Top 10</i>	860,248	<i>Total of Top 10</i>	717,972	<i>Total of Top 10</i>	1,015,840
Others	183,719	Others	127,248	Others	172,590
Grand Total	1,226,239	Grand Total	1,072,618	Grand Total	1,496,084

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	2016-17 (Apr- Jan)
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	1,803
• Composite	281	223	223	210	177	180	186	194	198	197	200	201	205
• Exclusive Weaving	203	206	202	204	184	183	182	173	173	174	174	175	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	1,350
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	47
Rotors ('000s)	454	482	500	520	659	675	750	523	542	553	565	581	587
Looms ('000s)	140	105	103	92	71	71	70	52	52	51	52	53	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	4,138	973	555	5,665
2016-17 (P)	3,377	859	491	4,727

/1: Indian fiscal year (April-March)

P: Provisional estimate for April 2016 to Jan 2017

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	93	882	5	1,344
2015-16 (P)	342	107	894	5	1,347
2016-17 (P)	305	82	759	3	1,149

/1: Indian fiscal year (April-March)

P: Provisional estimate for April 2016 to Jan 2017

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	1,158	33	13	1,248
2015-16 (P)	45	1,069	37	13	1,164
2016-17 (P)	39	880	33	10	962

/1: Indian fiscal year (April-March)

P: Provisional estimate for April 2016 to Jan 2017

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)	38,440	10,809	921	15,335	65,505
2016-17 (P)	32,263	9,132	768	12,118	54,281

/1: Indian fiscal year (April-March)

P: Provisional estimate for April 2016 to Jan 2017

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
2015 (P)	24.59	6.92	8.99	40.50

/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	2015-16
Cotton Textiles							
Yarn/Fabric/Made-up	3,695	5,792	6,811	7,525	9,669	9,853	9,196
Readymade Garments	8,048	8,577	9,631	8,423	9,106	9,283	9,090
<i>Sub-total</i>	11,743	14,369	16,442	15,948	18,775	19,136	18,286
Man-made Textiles							
Yarn/Fabric/Made-up	3,613	4,705	5,085	4,536	5,183	5,275	4,673
Readymade garments	1,215	1,479	2,206	2,521	3,149	3,997	4,178
<i>Sub-total</i>	4,828	6,184	7,291	7,057	8,332	9,272	8,851
Wool Textiles (Yarn/Fabric/Made-up)	470	442	501	415	435	510	462
Silk Textiles (Yarn/Fabric/Made-up)	596	632	476	404	379	447	344
Handloom Products	265	346	552	515	373	370	369
Handicrafts	962	1,294	2,706	3,305	3,885	4,594	4,852
Coir & Coir Manufacturers	161	160	212	196	230	285	262
Jute	218	460	465	390	400	367	577
Other Textiles Items (Carpets, floor covering, etc.)	2,374	2,892	3,408	5,246	3,467	2,452	2,478
Other Textiles Readymade garments	802	971	1,258	1,454	2,191	2,942	3,184
Total Exports	22,419	27,748	33,310	34,930	38,467	40,374	39,664

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

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	2016-17
Aug	46	63	58	93	113	94	117	66
Sep	46	57	100	65	108	98	112	77
Oct	56	57	48	76	119	101	106	76
Nov	49	77	58	87	106	125	105	103
Dec	55	79	66	108	113	125	115	173
Jan	53	31	75	99	131	113	104	
Feb	62	2	63	102	108	119	100	
Mar	73	68	66	107	117	122	112	
Apr	72	51	88	80	94	104	105	
May	65	47	94	95	93	99	94	
Jun	60	50	78	103	76	103	92	
Jul	60	62	107	111	87	118	75	
TOTAL	696	646	900	1,126	1,266	1,321	1,237	495

*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	2016-17
Aug	48,805	160,275	69,847	77,093	78,908	92,491	101,473	113,395
Sep	45,256	54,091	78,881	72,827	101,017	98,636	103,974	104,170
Oct	46,080	58,393	57,317	70,553	101,327	108,182	117,801	104,920
Nov	41,361	44,896	59,584	66,084	85,897	103,471	95,082	86,989
Dec	46,324	58,806	84,697	75,412	100,335	105,335	120,598	114,481
Jan	51,374	69,052	79,762	74,008	91,169	93,192	116,656	
Feb	47,950	70,709	80,219	65,141	87,377	96,586	107,487	
Mar	51,344	61,286	80,233	75,329	98,696	105,169	120,461	
Apr	41,967	74,807	69,011	65,683	88,629	86,833	109,998	
May	44,634	68,259	72,021	65,469	81,581	103,443	102,558	
Jun	45,597	65,899	83,716	67,760	94,572	103,909	97,093	
Jul	53,521	82,835	68,767	78,547	87,284	97,115	98,710	
TOTAL	564,213	869,309	884,055	853,906	1,095,904	1,194,361	1,291,889	523,954

*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 ginners 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, ginners, 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)**

STATE		Estimated	Estimated	Estimated	FAS Forecast	FAS Forecast
		2013/14	2014/15	2015/16	2016/17	2017/18
Maharashtra	Area	4,192	4,190	3,827	3,850	3,900
	Production	7,825	7,225	6,925	7,320	7,240
	Yield	317	293	308	323	316
Gujarat	Area	2,519	2,773	2,719	2,400	2,680
	Production	12,080	10,480	9,080	9,000	10,000
	Yield	815	642	568	638	634
Madhya Pradesh	Area	514	547	547	610	600
	Production	1,830	1,730	1,730	1,900	1,850
	Yield	605	538	538	530	524
Punjab	Area	446	420	339	256	380
	Production	1,850	950	500	900	1,210
	Yield	705	385	251	597	541
Haryana	Area	536	648	603	497	500
	Production	2,100	1,750	1,200	1,390	1,400
	Yield	666	459	338	476	476
Rajasthan	Area	393	487	448	386	390
	Production	1,290	1,590	1,390	1,500	1,550
	Yield	558	555	527	661	676
Andhra Pradesh	Area	2,389	821	666	449	450
	Production	7,150	2,110	1,810	2,000	1,800
	Yield	509	437	462	757	680
Telangana	Area	-	1,713	1,778	1,261	1,300
	Production	-	5,640	5,890	4,978	5,100
	Yield	-	560	563	671	667
Karnataka	Area	662	875	633	464	480
	Production	2,190	3,040	1,890	2,150	2,250
	Yield	562	591	508	788	797
Tamil Nadu	Area	152	187	142	150	150
	Production	280	280	280	300	300
	Yield	313	255	335	340	340
Others	Area	157	158	175	177	170
	Production	595	595	495	552	550
	Yield	644	640	481	530	550
Loose	Production	2,610	2,610	2,610	2,610	2,610
All-India	Area	11,960	12,819	11,877	10,500	11,000
	Production	39,800	38,000	33,800	34,600	35,860
	Yield	566	504	484	560	554

