

Commodity Profile for Cotton- May, 2016

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1. Cotton Estimates for India (Crop Year: October 2015 to September 2016)

(Unit:Lakh Bales)

2014-15	2015-16 (Estimated)	Particular	March, 2016	Source
Supply				
40.2	36.40	Opening stock	-	Textile Commissioner
348.05	349.76	Crop Size	305.24#	DAC
15.27	12.8	Total Imports	4.45**	DoC
403.52	398.96	Total Availability	309.69	
Demand				
241.8	249.98	Mill Consumption		Textile Commissioner
23.3	23.44	Small-Mill Consumption		Textile Commissioner
8.3	11.1	Non-Mill Consumption		Textile Commissioner
273.4	284.52	Total Consumption		Textile Commissioner
67.20	99.97	Total Exports	60.49**	DoC

Sources: Department of Agriculture and Cooperation (DAC), Department of Commerce (DoC), Textile Commissioner.

As per 3rd Advance Estimates for 2015-16, DES of 09.05.2016

For preparing estimated figure for 2015-16, Opening Stock, Mill Consumption, Small Mill Consumption, Non-mill Consumption, Exports, and Imports have been taken for last three years' average.

**Export and import is for October- March, 2015-16.

2. Cotton Estimates for World

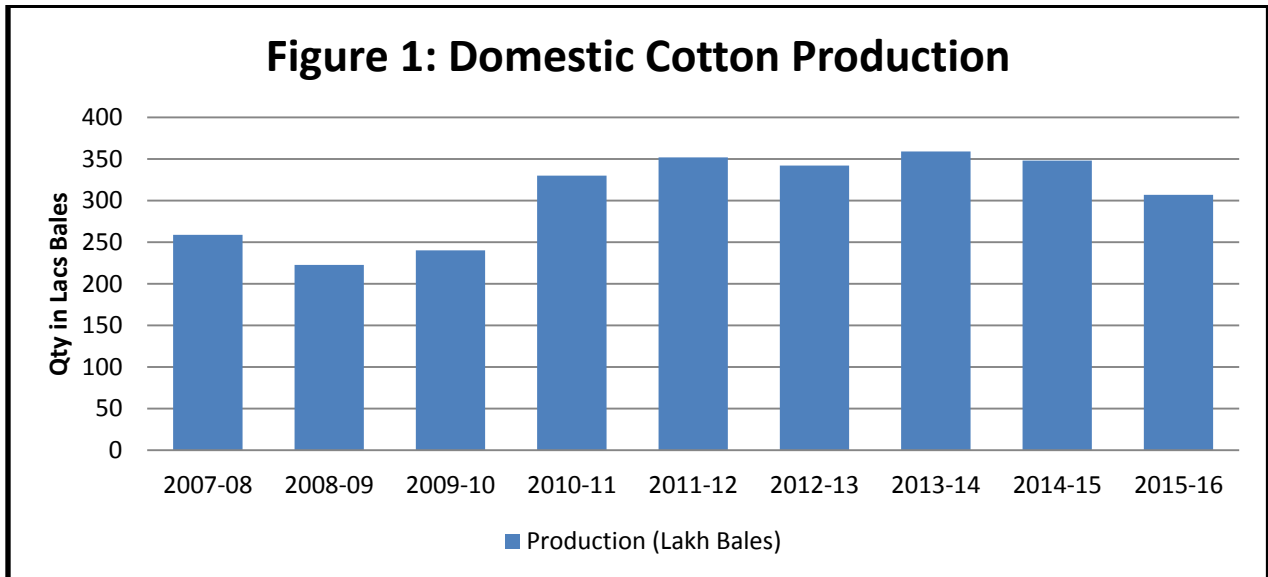
(Unit: lakh Bales)

Year Beginning August 1	2012-13	2013-14	2014-15	2015-16*
Beginning stock	859	1158	1311	1421
Cotton Production	1582	1542	1528	1425
Cotton Consumption	1377	1396	1427	1477
Cotton Exports	597	512	433	431
Ending stocks	1158	1311	1421	1361

Source: USDA *: Estimated Figure

- During 2012-13 and 2014-15, the world production has decreased by 3 percent (from 1,582 Lakh Bales to 1,528 Lakh Bales), export by 27% (from 597 Lakh Bales to 433 Lakh Bales). However consumption has increased by 3.6 percent (from 1,377 Lakh Bales to 1,427 Lakh Bales).
- Estimated figure for consumption has increased whereas, production and export has decreased in 2014-15. This is due to excess stock accumulated during the last two years.
- Based on USDA database the world export may decline by around 2 lakh bales in 2015-16 over the exported value registered in 2014-15. Fall in the import demand from China and excess stocks in the markets are the contributing factors in the decline of total exports during 2014-15.

3. Domestic Production

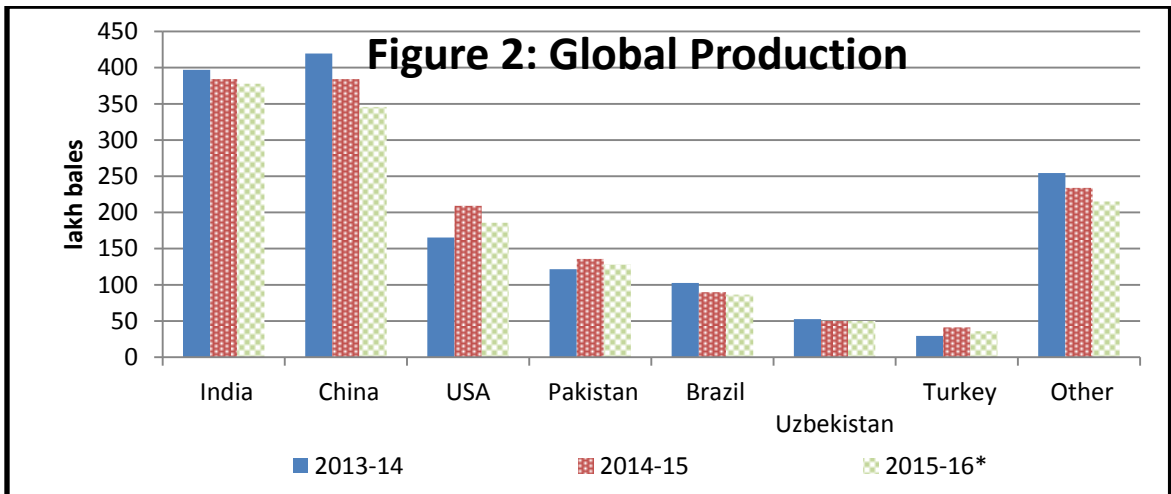


Source: DES, Agriculture, Cooperation & Farmers Welfare

1 Bale=170 Kgs

- The projected figure for domestic production in 2015-16 is less than that of the previous year.

4. Global Production

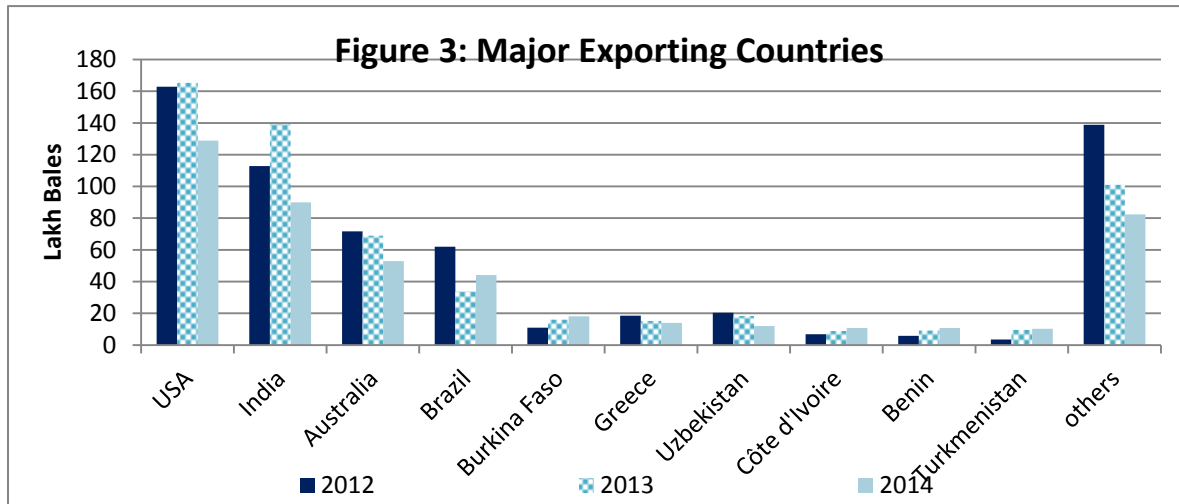


Source: United State Department of Agriculture (USDA). *: Advance estimation by USDA

- India and China were the top two global producers of cotton in 2015-16 followed by USA.

5. Major Exporting and Importing Countries of Cotton in the World

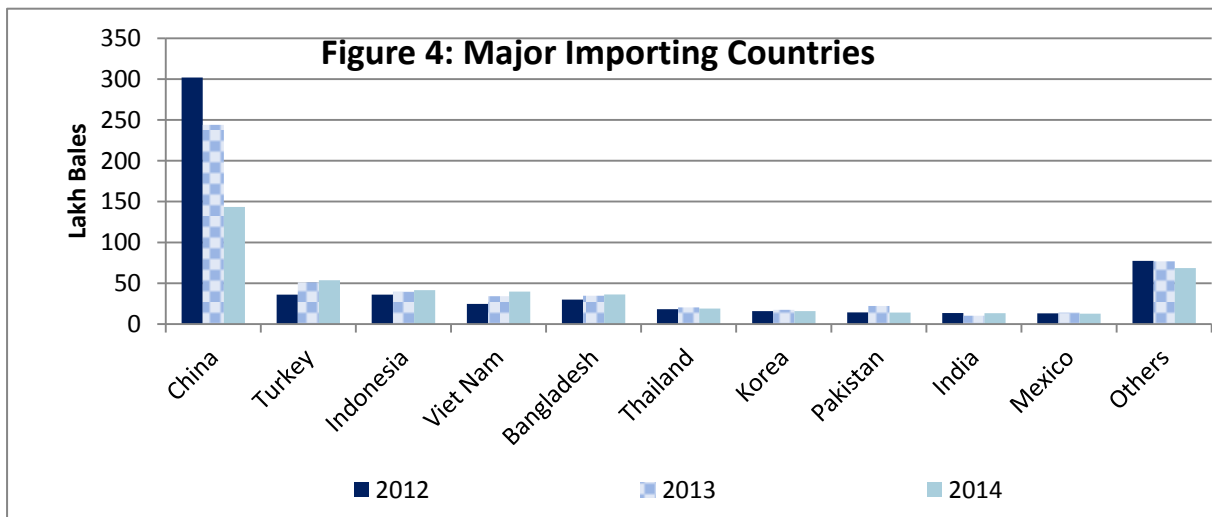
5.1 Major Exporting Countries in the World



Source: Comtrade

- USA was the major exporting country in the world followed by India and Australia in 2014.

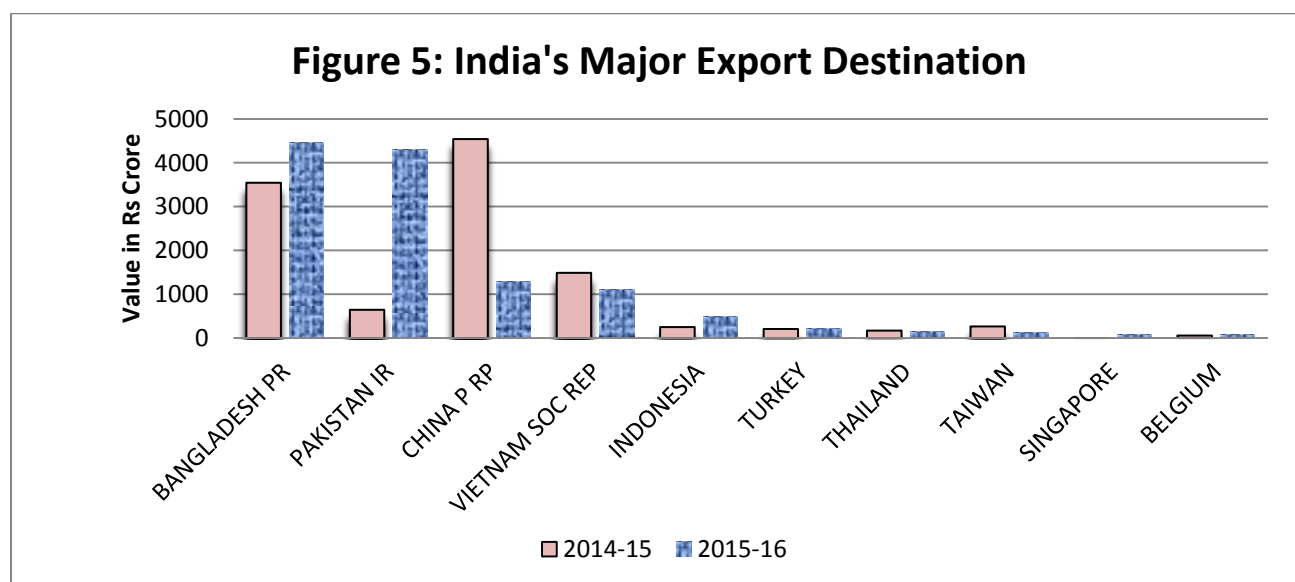
5.2 Major importing Countries in the World



Source: Comtrade

- China was the largest importing country in the world followed by Turkey and Indonesia in 2014.

6. India's Major Export Destinations



Source: Department of Commerce

- India's major Export destinations in 2015-16 were Bangladesh, Pakistan and China.
- Countries such as Bangladesh, Vietnam, Pakistan and Taiwan are scaling up their cotton imports from India to meet the requirements of their export-focused garment industries.
- China's restrictive import policy and its accumulated stock have adversely impacted India's export to that country in 2015-16.

7. India's Trade Flow during 2009-10 to 2015-16

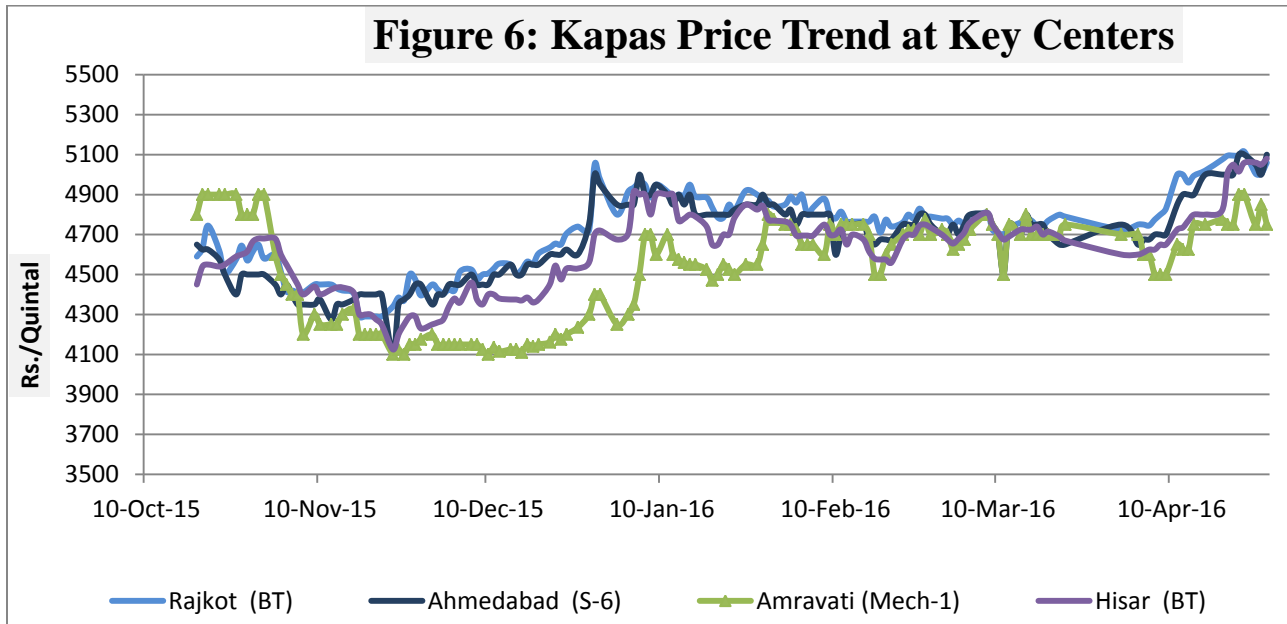
Year	Lakh Tonnes		Lakh Bales	
	Export	Import	Export	Import
2010-11	12.58	0.56	74.00	3.29
2011-12	20.13	0.78	118.41	4.59
2012-13	20.15	2.16	118.53	12.71
2013-14	19.41	1.78	114.18	10.47
2014-15	11.43	2.58	67.20	15.22
2015-16	13.46	2.32	79.17	3.64

Source: Department of Commerce

- India exported substantial quantity of cotton during 2011-12 to 2013-14.

8. Domestic Prices Movement

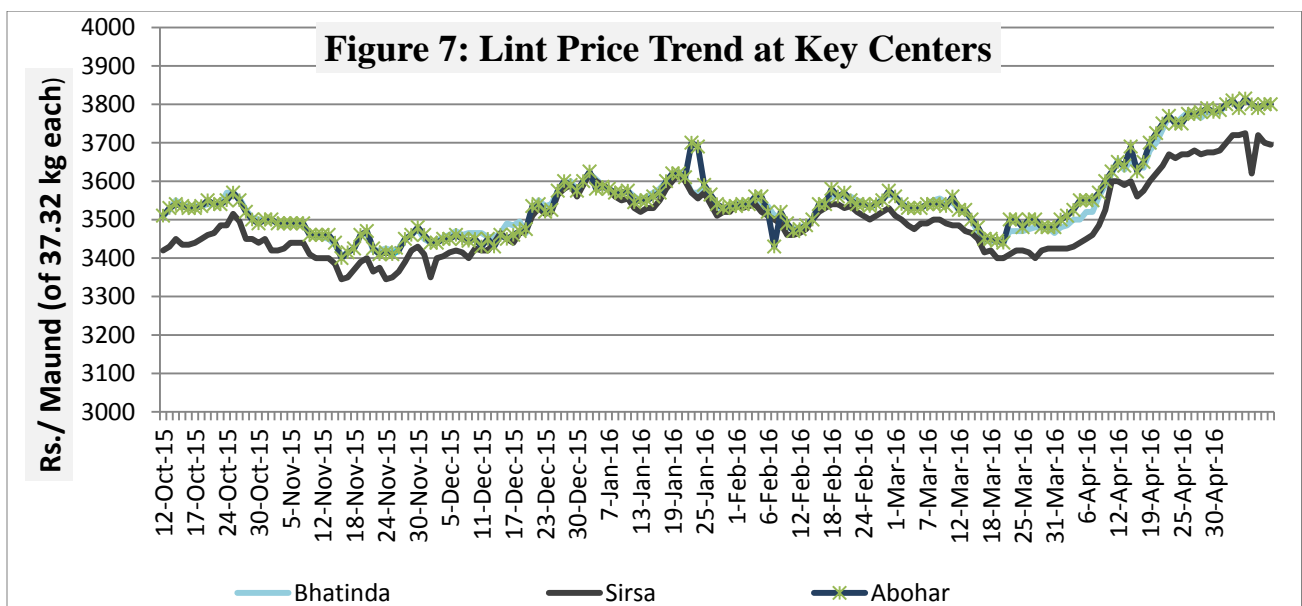
8.1 Price Movement for Raw Cotton (Kapas) at major Centers during October, 2015 and April, 2016



Source: Textile Commissioner

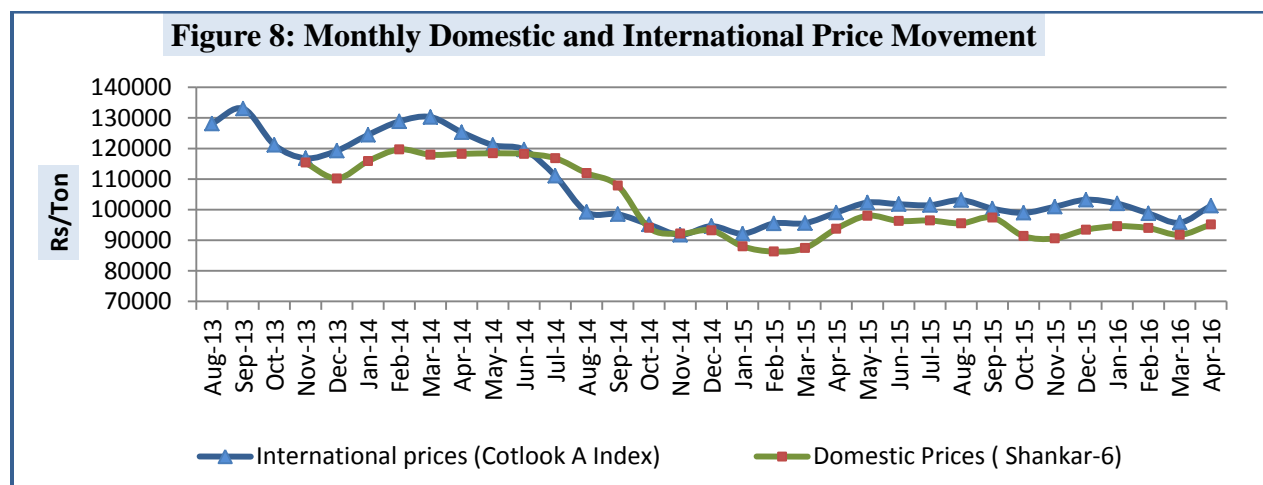
- Prices for raw cotton (Kapas) in major markets are showing a mixed trend.

8.2 Price Movement for Cotton Lint at major centers during October, 2015 and April, 2016



Source: Textile Commissioner

9 Movement of Domestic as well as International Prices of Cotton



Source: International Price –cotlook.com, Domestic Price- Textile commissioner

- Domestic Prices have been lower than International price since October, 2014.

10 Minimum Support Price (MSP) for Cotton during 2011-12 to 2015-16

(Unit: Rupees/Quintal)

Staple Size	2011-12	2012-13	2013-14	2014-15	2015-16
Medium Staple Cotton	2800	3600	3700	3750	3800
Long Staple Cotton	3300	3900	4000	4050	4100

Source: Commission for Agricultural Costs and Prices (CACP)

- An increase in the Minimum Support Price (MSP) for both Medium as well as long staple size cotton is recorded. This figure has increased by 35 percent for medium staple and 24 percent for long staple cotton in the last 5 years.

11 Future prices

(Unit: Rupees/Bale)

Date of Contract	10 May 2016	10 April 2016 (1 month ago)	10 Feb 2016 (3 months ago)	10 Nov 2015 (6 months ago)	10 May 2015 (year ago)	% Change over a month	% Change over previous year
May 2016	15700.0	15862.7	14740.0	15322.6	15218.0	-1.03	3.17
July 2016	15700.0	15865.3	14884.3	15430.0	15201.8	-1.04	3.28
Oct 2016	15164.7	15925.6	14869.4	15442.2	15178.5	-4.78	-0.09
Dec 2016	15309.1	15686.6	14961.4	15122.4	15176.2	-2.41	0.88
Mar 2017	15167.2	15742.0	15187.9	N.A	N.A	-3.65	–
May 2017	15281.7	15832.5	N.A	N.A	N.A	-3.48	–

Source: Intercontinental Exchange (ICE).

- Future prices for cotton are expected to increase over previous year.

12 Price Movement in Major Domestic Mandis

(Unit: Rupees/ Quintal)

Markets	April, 2016	March, 2016	April, 2015	% Change (over previous month)	% Change (over previous year)
Rajkot	4579.74	4754	4326.46	-3.67	5.85
Surender Nagar	4341.8	4374.7	4218.21	-0.75	2.93
Amaravati	4689	4649	4510	0.86	3.97
Guntur	4180	4139.17	4006.94	0.99	4.32
Warangal	4348.34	4136.97	4067.27	5.11	6.91
Sirsa	4601.64	4497.24	4407.56	2.32	4.40
Bhatinda	4610.46	4086.28	4328.16	12.83	6.52
Ganganagar	4437.39	4434.67	4006.41	0.06	10.76

Source: Agmarknet

- Major domestic Mandis in India experienced an increase in prices in April 2016 over the same period of the previous year (See Table 6).

13 Cotton Arrivals in Major Domestic Mandis

(Unit: Tonnes)

Markets	April 2016 (cumulative)	March 2016 (cumulative)	April 2015 (cumulative)	% Change (over previous month)	% Change (over previous year)
Rajkot	83696.5	71152.5	49225.1	17.6	70.03
Surender Nagar	36850.7	35954.7	46261.1	2.5	-20.3
Amravati	131213	118355	68519.5	10.9	91.5
Guntur	3937.9	3916.5	8888.2	0.5	-55.7
Warangal	141831.21	125484.1	138664.9	13.0	2.3
Sirsa	67651.4	67261.9	273383.5	0.6	-75.3
Bhatinda	32359.4	31764.4	80959.7	1.9	-60.0
Ganganagar	88709.54	88681.2	132491.3	0.03	-33.0

Source: Agmarknet.

- Arrivals in April, 2016 in major domestic mandis like Surender Nagar, Guntur, Sirsa, Bhatinda, and Ganganagar were less over the same period of the last year.

14 Trade Policy

14.1 Export policy

Export of cotton is free without any restrictions.

Exim Code	Item Description	Policy
5201	Cotton neither carded nor combed	Free*
5202	Cotton waste (including yarn waste and garneted stock)	Free
5203	Cotton, carded or combed	Free*

Source: Directorate General of Foreign Trade (DGFT)

*: The registration requirement for export of cotton (HS Code 5201 and 5203) has been dispensed with vide DGFT's Notification No. 102 (RE-2013)/2009-14, dt: 8.12.2014.

14.2 Import Policy

Import of cotton is duty free without restrictions.

Table 9: Import Policy				
Exim Code	Item Description	Policy		
		Bound Rate	Standard Rate	Applied Rate
5201	COTTON NOT CARDED OR COMBED			
5201 00	Cotton, not carded or combed:			
	Indian cotton:	100%	10%	Nil
5201 00 11	Bengal deshi	100%	10%	Nil
5201 00 12	Indian cotton of staple lengths 20.5 mm (25/32") and below (e.g. oomras, yellow picking, Assam comillas)	100%	10%	Nil
5201 00 13	Indian cotton of staple length exceeding 20.5mm (26/32") but not exceeding 24.5 mm (30/32")	100%	10%	Nil
5201 00 14	Indian cotton of staple length over 24.5mm (31/32") to 28mm	100%	10%	Nil
5201 00 15	Indian cotton of staple length 28.5mm (14/32") and above but below 34.5mm	100%	10%	Nil
5201 00 19	Indian cotton of all staple length 34.5mm and above (112/32")	100%	10%	Nil
5201 00 20	Cotton, other than Indian, of all staple length	100%	10%	Nil
5202	COTTON WASTE (INCLUDING YARN WASTE AND GARNETTED STOCK)			
5202 10 00	Yarn waste (including thread waste)	100%	15%	Nil
	Other:			
5202 91 00	Garnetted stock	100%	15%	Nil
5202 99 00	Other	100%	15%	Nil
5203	COTTON, CARDED OR COMBED			
5203 00 00	Cotton, carded or combed	150%	30%	Nil

Source: Directorate General of Foreign Trade (DGFT), WTO and D/o Revenue, CBCE