

Commodity Profile for Cotton-November, 2017

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1. Cotton Estimates for India (Crop Year: October 2016 to September 2017)

(Unit:Lakh Bales)

2015-16	2016-17 (Estimated)	Particular	September, 2017 (Actual)	Source
66.00	43	Opening stock	N.A.^	Textile Commissioner
301.47	361.6	Crop Size	330.92#	DES
24.07	15.3	Total Imports	31.92**	DoC
72.86	81.22	Total Exports	64.80**	DoC
318.68	338.7	Total Availability for domestic consumption	N.A. @	

Sources: Directorate of Economics & Statistics (DES), Department of Commerce (DoC), Textile Commissioner.

For preparing estimated figure for 2016-17, Opening Stock has been taken from O/o Textile Commissioner. Production, exports and imports are last three years' average.

Total Availability for Domestic Consumption has been arrived at by adding Opening Stock, Crop size and import and deducting Exports.

^Month wise opening stock is not available.

As per 4th Advance Estimates for 2016-17, DES of 16.8.2017

**Export and import is for October-September, 2016-17.

@ Crop of 2016-17 is yet to arrive in market. Therefore actual availability is not available.

2. Cotton Estimates for World

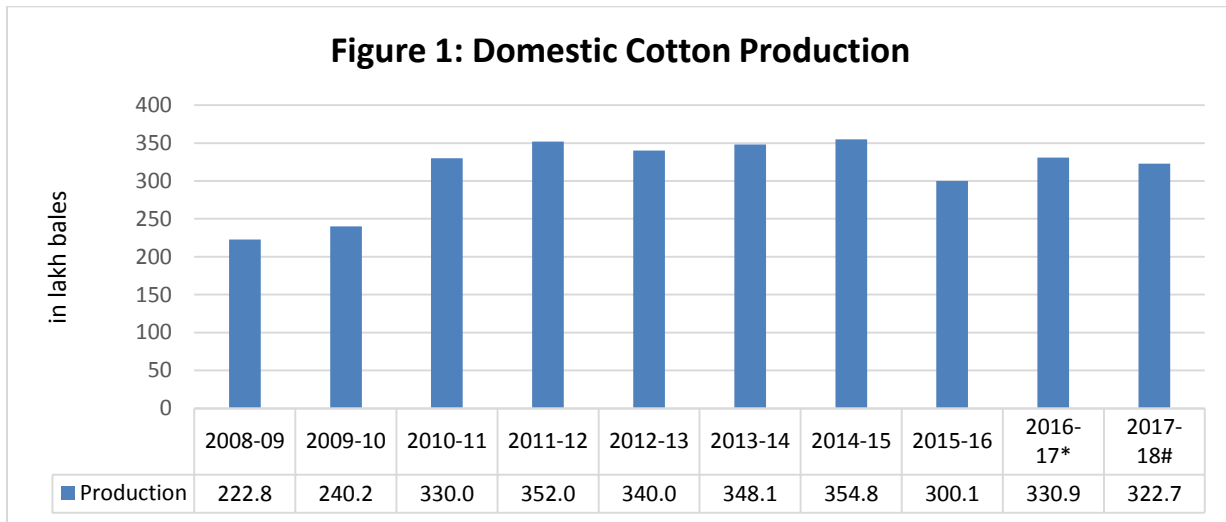
(Unit: lakh Bales)

Year (August to July)	2012-13	2013-14	2014-15	2015-16 (proj)	2016-17(proj)
Beginning stock	903	1079	1201	1308	1126
Production	1575	1539	1541	1236	1318
Consumption	1384	1396	1424	1401	1397
Exports	592	530	459	442	440
Imports	576	512	445	424	440
Ending stocks	1079	1205	1308	1126	1046

Source: International Cotton Advisory Committee (ICAC)

- During 2012-13 and 2016-17, the world production is estimated to decrease by 16% (from 1575 Lakh Bales to 1318 Lakh Bales), export by 26% (from 592 Lakh Bales to 440 Lakh Bales) and Consumption estimated to increase marginally by 1.0% (from 1384 Lakh Bales to 1397 Lakh Bales).
- Fall in the import demand from China and excess stocks in the markets are the contributing factors in the decline of total exports during 2016-17.

3. Domestic Production



Source: DES, DAC&FW

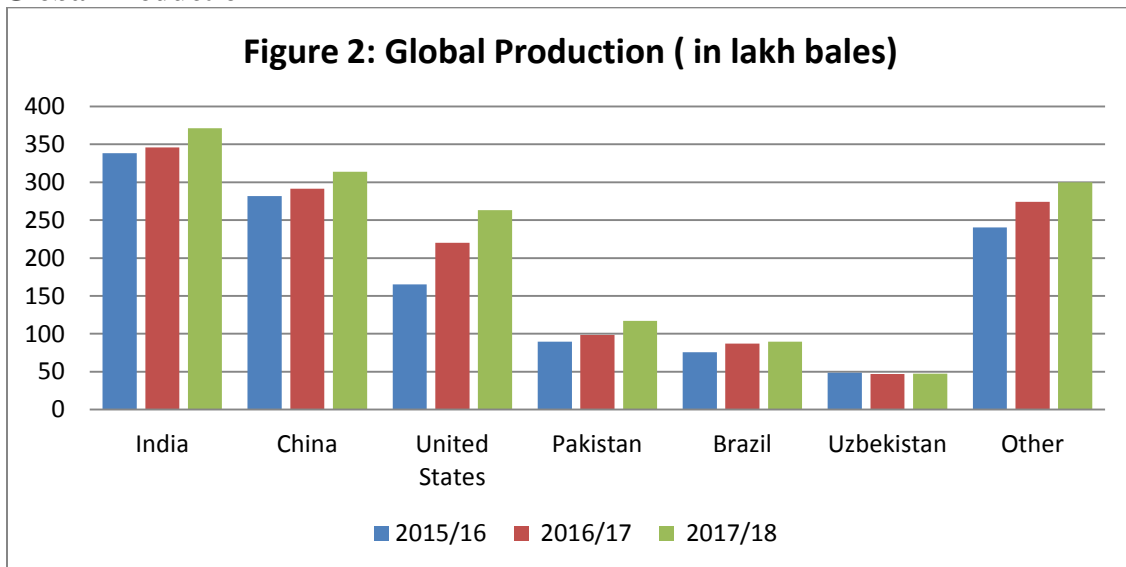
Bale=170 Kgs

*As per 4th Advance Estimate by DES

1st Advance Estimate by DES

- The projected figure for domestic production in 2017-18 is slightly lower than that of the previous year.

4. Global Production

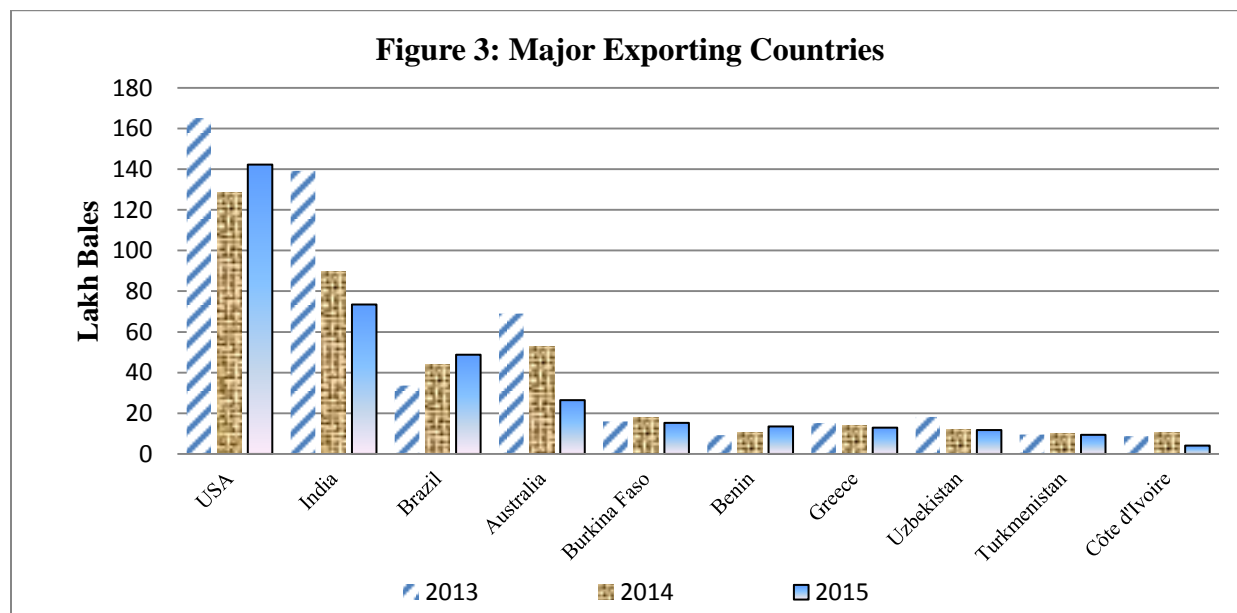


Source: United State Department of Agriculture (USDA).*: Advance estimation by USDA

- India and China are expected to be the top two global producers of cotton in 2017-18 followed by USA.

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

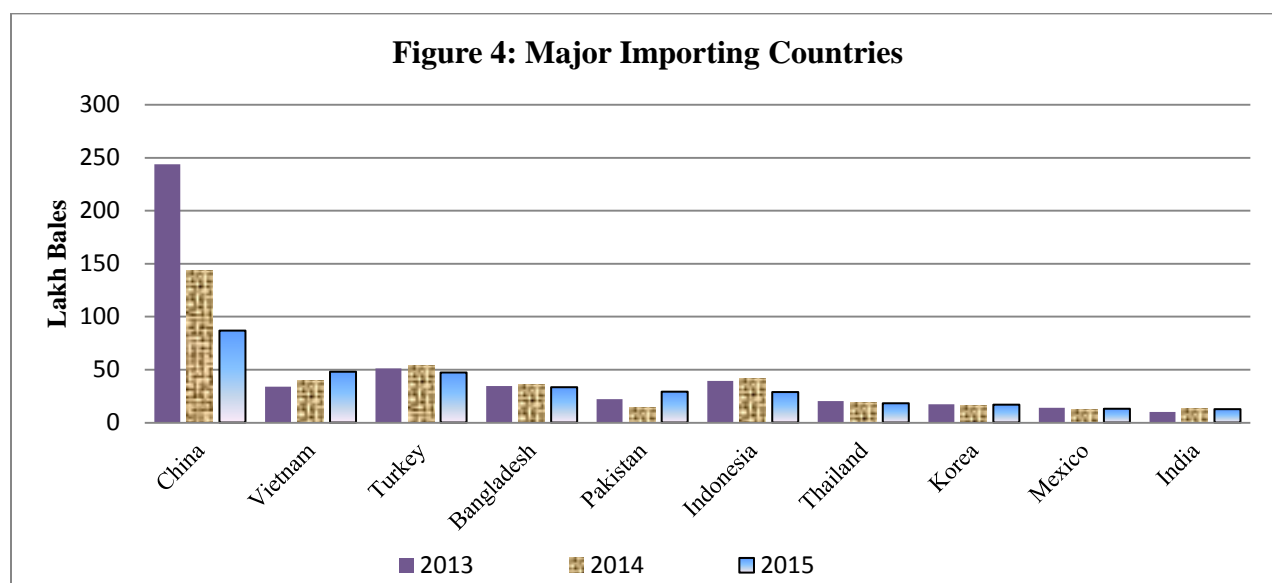
5.1 Major Exporting Countries in the World



Source: Comtrade

- USA was the major exporting country in the world followed by India and Brazil in 2015.

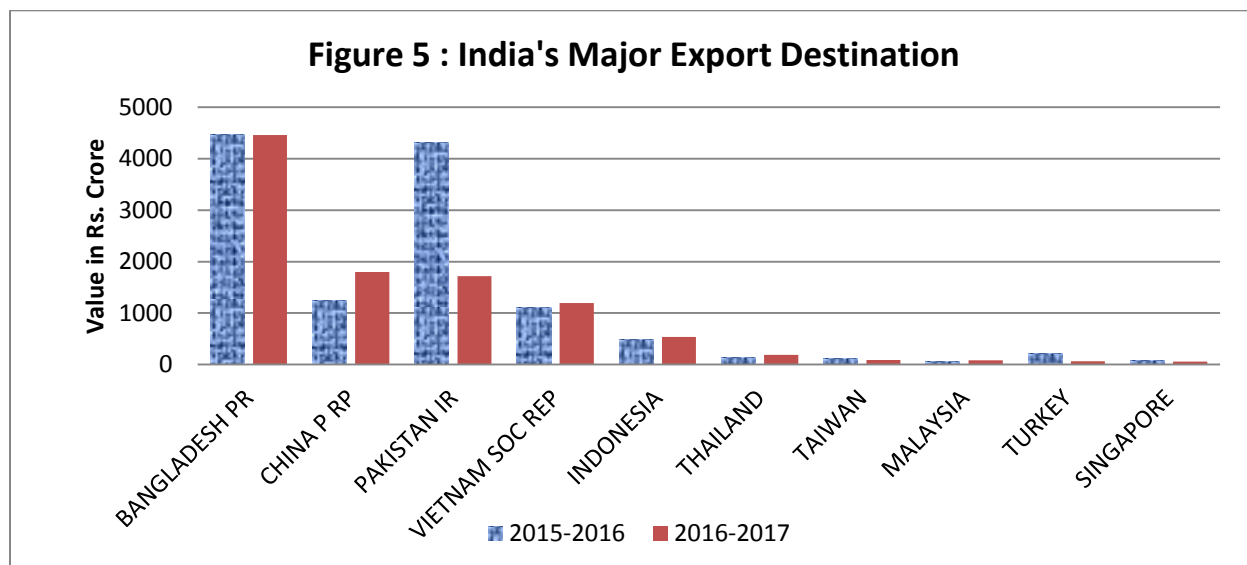
5.2 Major importing Countries in the World



Source: Comtrade

- China was the largest importing country in the world followed by Vietnam and Turkey in 2015.

6. India's Major Export Destinations



Source: Department of Commerce

- India's major Export destinations in 2016-17 were Bangladesh, China and Pakistan.
- 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 of Cotton form 2011-12 to2016-17

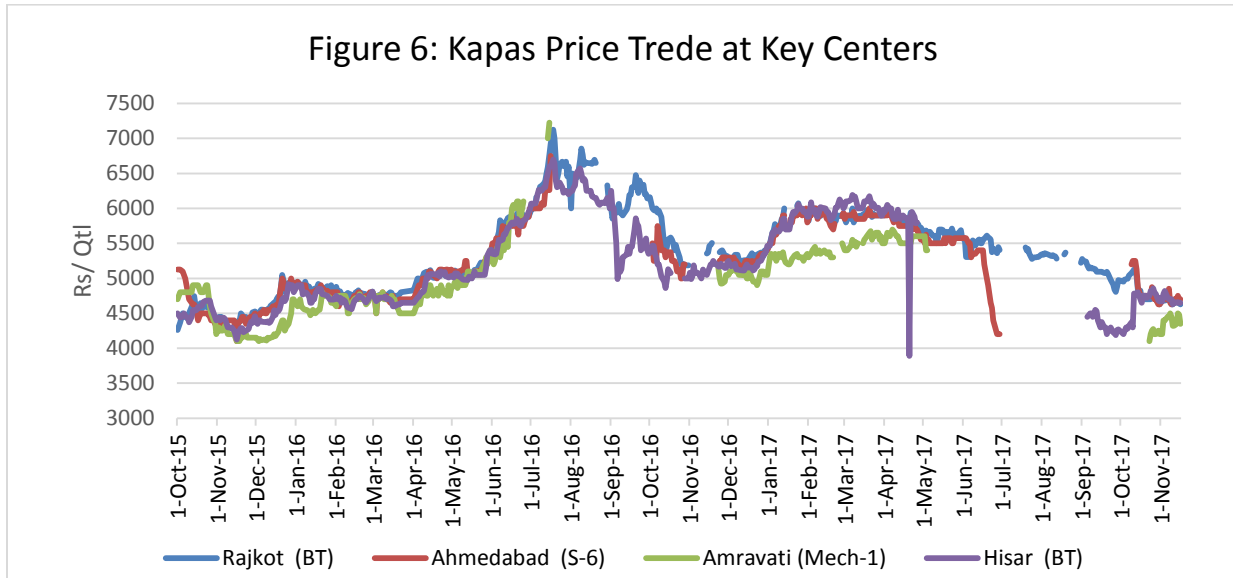
Year	Lakh Tons		Lakh Bales	
	Export	Import	Export	Import
2011-12	20.13	0.78	118.41	4.59
2012-13	20.15	2.16	118.53	12.71
2013-14	19.41	1.78	114.18	10.47
2014-15	11.43	2.58	67.20	15.22
2015-16	13.46	2.32	79.17	13.64
2016-17	10.00	4.98	58.82	29.33
2017-18(April-September)	3.15	3.75	18.57	22.10

Source: Department of Commerce

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

8. Domestic Prices Movement

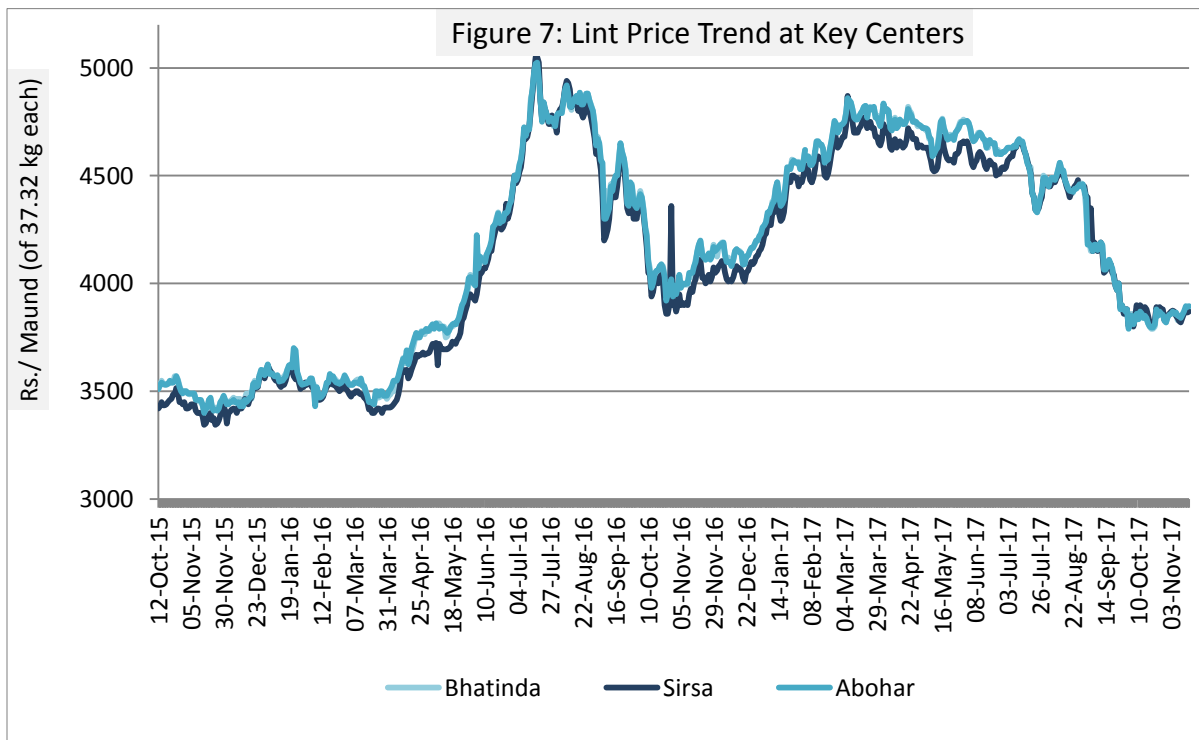
8.1 Price Movement for Raw Cotton (Kapas) at major Centers during October, 2015 to November, 2017



Source: Textile Commissioner

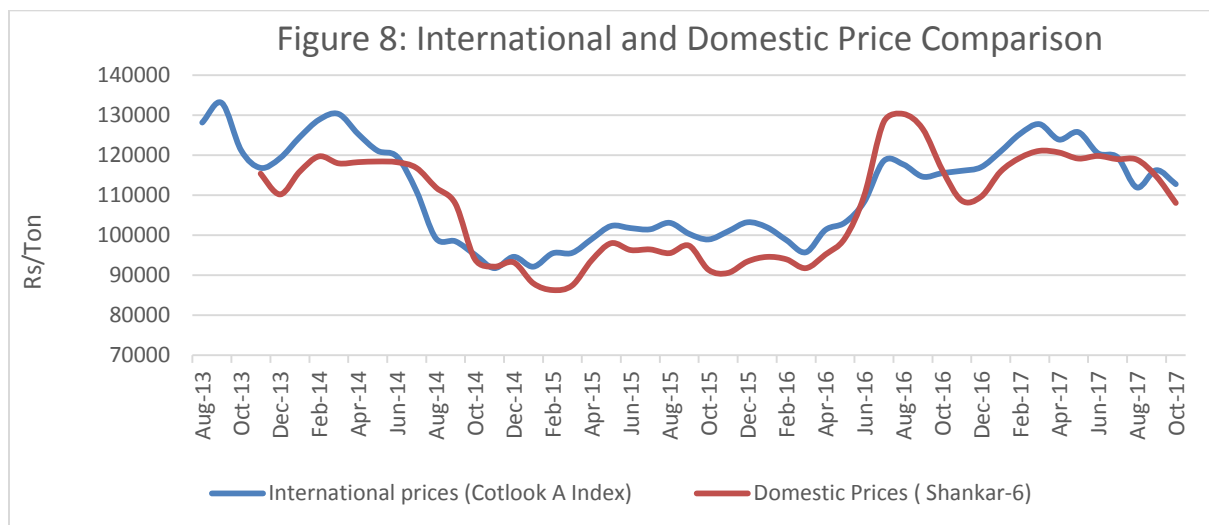
- Prices for raw cotton (Kapas) in major markets are showing a mixed trend.

8.2 Price Movement for Cotton Lint at major centers during October, 2015 to November, 2017



Source: Textile Commissioner

9 Movement of Domestic as well as International Prices of Cotton



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

- International Prices were higher than domestic price since September, 2017

10 Minimum Support Price (MSP) for Cotton during 2012-13 to 2016-17

(Unit: Rupees/Quintal)

Staple Size	2013-14	2014-15	2015-16	2016-17	2017-18
Medium Staple Cotton	3700	3750	3800	3860	4020
Long Staple Cotton	4000	4050	4100	4160	4320

Source: Commission for Agricultural Costs and Prices (CACP)

- There is an increase in the Minimum Support Price (MSP) for both Medium as well as long staple size cotton. This figure has increased by 8.64 percent for medium staple and 8 percent for long staple cotton in the last 5 years.

11 Future prices

(Unit: Rupees/Bale)

Date of Contracts	15 November 2017	16 October 2017 (1 month ago)	15 August (3 month ago)	15 May, 2017 (6 month ago)	15 November 2016 (Year Ago)	% Change over six month	% Change over previous year
Dec-17	16763.74	16853.48	17135.39	18651.33	17623.61	-10.12	-4.88
Mar-18	16763.74	16801.07	17089.46	18422.72	NA	-9.00	NA
May-18	16771.05	17010.7	17247.65	18435.15	NA	-9.02	NA
Jul-18	16997.62	17162.94	17393.08	18442.6	NA	-7.83	NA
Oct-18	17119.43	16836.01	17137.94	NA	NA	N.A.	NA
Dec-18	16887.99	16323.36	NA	NA	NA	N.A.	NA

Source: Intercontinental Exchange (ICE).

- Future prices for cotton are expected to decrease over the previous year as shown in Table 5.

12 Price Movement in Major Domestic Mandis

(Unit: Rupees/ Quintal)

Markets	October, 2017	September, 2017	October, 2016	% Change (over previous month)	% Change (over previous year)
Rajkot	4,498	4,553	4,900	-1.20	-8.19
Surendernagar	4,557	4,374	4,747	4.20	3.99
Amravati	4,209	NA	NA	NA	NA
Guntur	4,180	4,367	4,542	-4.17	.7.97
Warangal	4,055	4,728	4,803	-14.23	-15.57
Sirsa	4,667	4,376	4,862	6.65	-4.00
Bhatinda	4,239	4,294	4,973	-1.28	-14.77
Ganganagar	4,633	4,264	4,597	8.65	0.78

Source: Agmarknet

- Major mandis in India experienced an decrease in prices in October, 2017 over the same period of the previous year.

13 Cotton Arrivals in Major Domestic Mandis

(Unit: tons)

Markets	October, 2017 (cumulative)	September, 2017 (cumulative)	October, 2016	% Change (over previous month)	% Change (over previous year)
Rajkot	8,818	1,46,787	14,372	-94.0	-38.65
Surendernagar	5,404	33,899	17,161	-84.1	-68.5
Amravati	48,000	1,36,565		-64.9	
Guntur	543	2,838	168	-80.9	223
Warangal	20,913	1,86,270	13,612	-88.8	53.6
Sirsa	40,162	1,27,614	18,825	-68.5	113.3
Bhatinda	6,994	37,116	5,225	-81.2	33.9
Ganganagar	83,285	2,47,076	34,578	-66.3	140.9

Source: Agmarknet.

- Arrivals in October, 2017 in major of the domestic mandis like Warangal, Sirsa, Ganganagar, Bhatinda has increased 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	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

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