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# COTTON STATISTICS & NEWS

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## India - Poised for a Dominant Position in a Dynamic Global Cotton Market

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Cotton is one of the most important commercial crops cultivated in India and accounts for around 25% of the total global cotton production. It plays a major role in sustaining the livelihood of an estimated 6 million cotton farmers and 40-50 million people are engaged in related activity such as cotton processing and trade. Apart from being the provider of a basic necessity of life i.e., clothing which is next only to food, cotton is also one of the largest contributors to India's net

foreign exchange by way of exports in the form of raw cotton, intermediate products such as yarn and fabrics to ultimate finished products in the form of garments, made ups and knitwear. Due to its economic importance in India, cotton is also termed as "White-Gold".

### EXPERT'S Column



**Shri. Sameer Patil**  
Chief Business Officer,  
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India's cotton industry is stabilising thanks to steady domestic demand, healthy capacity use, and stable input prices. Cotton acreage and supply have increased in the country and global supply has fallen, meaning that there is sufficient demand to meet a rise in supply. The industry has been supported by fiscal incentives and the implementation of a Goods and

Services Tax (GST) has made its exports more competitive.

### The Cotton Growth Story

In the decade ahead till 2030, India (25 percent), China (22 percent), USA (15 percent) and Brazil (10 percent) in that order, will continue to dominate the global cotton production which is expected to reach 28.4 million tonnes (MT), while five Asian countries – China, India, Pakistan, Bangladesh and Vietnam – will account for 75 percent of the total mill consumption (28.3 MT) during the period, as per the latest OECD-FAO report on Agriculture Outlook 2021-2030.

India is expected to continue to be the world's largest cotton producer with the increase in production resting mostly on relatively higher yields, while area expansion is expected to be limited in line with recent trends. By 2030, India's cotton production is projected to expand to 7.2 MT (approximately 43 million bales of 170 kg each) compared with current output of 6 MT equivalent to roughly 36 million bales. India will contribute to as much as 40 percent global increase in cotton production during the outlook period.

### The India Advantage

When it comes to the processing of cotton textiles, India benefits from certain key advantages:

1. Firstly, India has its own supply of raw cotton, indeed it has a surplus. Other leading cotton consuming countries either do not produce their own cotton, or not enough to meet the needs of their textile industries.
2. India produces a wide range of cotton varieties, from short staple to extra-long staple, which means it can meet the demand of spinners for different yarns in order to produce many different fabric types.
3. India is competitively placed in terms of the cost factors for textile processing as compared to other textile-producing countries.
4. India is located near to the major cotton textile importing markets of China, Bangladesh, Vietnam and Hong-Kong.
5. India has the second-largest textile industry after China in terms of installed capacity.
6. About 40 percent of spindles in operation in India are less than ten years old, meaning they have better productivity.
7. The cost of cotton cultivation in India is the lowest among the leading cotton-producing countries.
8. India has the largest area under cotton cultivation of any country in the world, and accounts for about 35 percent of global area.

### Key Challenges

The cotton industry has witnessed many technological breakthroughs as well as policy

changes. Setbacks such as disease and pest infestation and erratic rainfall patterns continuously confront cotton cultivation. These continuous changes and confrontations invariably affect the trend, growth and stability of the economic performances of cotton.

India has the scope to improve its yields. Indian cotton yields are currently much lower (about 500 kgs/hectare) than those achieved by other leading cotton-producing countries. They are even lower than the world average yield of 789 kgs/hectare.

If India were able to improve cotton yields, even if only to a level equivalent to the current global average, then on its present area of about 12 million hectares it would be able to produce more than nine million tonnes of raw cotton. This additional cotton might go towards meeting the increasing need for cotton textiles worldwide.

On the financial front, the cotton industry still faces several challenges including high input costs, poor access to credit, and most importantly lack of awareness on hedging.

### Hedging Cotton Price Risks

Indian policymakers have taken cognisance of the challenges and are working towards ensuring adequate hedging avenues that are available today. The price discovery approach at Indian commodity exchanges have demonstrated their ability to align with the physical market prices as well as with international commodity prices, especially where India is a 'price taker'. Through price discovery at national and international levels, substantial benefits have been obtained where market participants are able to benchmark prices effectively with the available commodity price and evaluate their purpose in the business value chain. The cotton price risk intrinsically is the uncertainty faced by stakeholders to source or sell their product at a price.

BSE offers market participants an effective futures contract to mitigate price risk via the exchange platform. BSE offers monthly futures contracts on cotton where a trading unit is 25 bales and base value is Rs. per bale (of 170 kg). The maximum order size is 1200 bales, delivery units are 100 bales, deliverable at Hanumangarh in Rajasthan, Sirsa in Haryana and Abhor in Punjab. The quality specifications of these contracts in



terms of grade, Micronaire (MIC), Tensile Strength, Trash and Moisture, are extremely convenient for producers, consumers, and stakeholders, who can hedge their price risks via this contract.

BSE also has a partnership with Cotton Association of India (CAI), the apex cotton trade body engaged in providing a wide range of services to the entire cotton value chain. For growth and development of the entire cotton ecosystem, CAI has played a decisive role in guiding BSE to design and launch a well-accepted cotton Futures Contract. The vital collaborative partnership between BSE and CAI, the two prominent and prestigious establishments in India, bode well for the growth and development of commodity market in general and cotton market in specific.

Since launch of cotton futures contracts, BSE has garnered significant volumes and market share, and has been well received by all stakeholders of cotton ecosystem. These efficient and user-friendly contracts along with the economical trading platform makes it within the reach of a common cotton trader. These contracts not only help cotton growers get best price for

their produce but also benefits exporters and the spinning mills by providing them a platform to hedge, which was lacking in Indian cotton future market.

### In Conclusion

India has an extensive textiles industry that caters to the needs of major cotton textile consuming countries around the world. Various developments in the sector, including fast fashions, changing consumer preferences, the use of artificial intelligence and the need for price hedging, are creating challenges for every player in the world cotton textile industry. Meeting these challenges will be a critical factor in future success. India also has a great deal to learn from other leading producing countries about how to improve yields and farm practices.

Despite the strong presence of Indian cotton in the global market for cotton textiles, India has remained a price-taker in the global markets. At present, India does not play any significant role in influencing the price-setting for the commodity. India's commodity exchanges can offer industry stakeholders with the ability to hedge with the contract that best fits with the exposure profile. Since the advent of the exchange and development of technology the financial market place for hedging has grown immensely. Hedging has become an important topic for overall risk management strategy, considering the benchmark prices available in the exchanges are aligned to the price discovery procedure for procuring or selling the commodity.

With the second-largest installed spinning capacity in the world, a continuous programme of technical upgradation, and support from state governments via subsidies and incentives for textiles and processing units, India can play an even larger role in the future. The rest of the world will be able to count on India to supply not just cotton yarn, but products from the entire cotton textile value chain.

*Source : CAI Centenary Special 2022*

*(The views expressed in this column is of the author and not that of Cotton Association of India)*

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# CAI Further Reduces its Cotton Crop Estimate for 2022-23 Season by 9 Lakh Bales to 321.50 Lakh Bales

Cotton Association of India (CAI) has released its January estimate of the cotton crop for the season 2022-23 beginning from 1st October 2022. The CAI has reduced its cotton crop estimate for the 2022-23 season to 321.50 lakh bales of 170 kgs. each (equivalent to 341.59 lakh running bales of 160 kgs. each). The state-wise break-up of the Cotton Production and Balance Sheet for the season with the corresponding data for the previous crop year are given below.

The total cotton supply for the months of October 2022 to January 2023 is estimated at 153.39 lakh bales of 170 kgs. each (equivalent to 162.98 lakh running bales of 160 kgs. each), which consists of the arrivals of 115.70 lakh bales of 170 kgs. each (equivalent to 122.93 lakh running bales of 160 kgs. each), imports of 5.80 lakh bales of 170 kgs. each (equivalent to 6.16 lakh running bales of 160 kgs. each) and the opening stock estimated by the CAI at 31.89 lakh bales of 170 kgs. each (equivalent to 33.88 lakh running bales of 160 kgs. each) at the beginning of the season.

Further, the CAI has estimated cotton consumption for the months of October 2022 to January 2023 at 92.50 lakh bales of 170 kgs. each (equivalent to 98.28 lakh running bales of 160 kgs. each) while the export shipments upto 31st January 2023 are estimated by the CAI at 4.00 lakh bales (equivalent to 4.25 lakh running bales of 160 kgs. each). Stock at the end of January 2023 estimated at 56.89 lakh bales of 170 kgs. each (equivalent to 60.45 lakh running bales of 160 kgs. each) including 40 lakh bales of 170 kgs. each (equivalent to 42.50 lakh running bales of 160 kgs. each) with textile mills and the remaining 16.89 lakh bales of 170 kgs. each (equivalent to 17.95 lakh running bales of 160 kgs. each) with the CCI, Maharashtra Federation and others (MNCs, traders, ginneries, etc.) including cotton sold but not delivered).

The cotton supply estimated by the CAI till end of the cotton season 2022-23 i.e. upto 30th September 2023 is 365.39 lakh bales of 170 kgs.

each (equivalent to 388.23 lakh running bales of 160 kgs. each). The total cotton supply consists of the opening stock of 31.89 lakh bales of 170 kgs. each (equivalent to 33.88 lakh running bales of 160 kgs. each) at the beginning of the cotton season on 1st October 2022, crop for the season estimated at 321.50 lakh bales of 170 kgs. each (equivalent to 341.59 lakh running bales of 160 kgs. each) and the imports for the season estimated by the CAI at the same level i.e. at 12 lakh bales of 170 kgs. each (equivalent to 12.75 lakh running bales of 160 kgs. each). The import estimated by the CAI for the corresponding year 2021-22 was at 14 lakh bales of 170 kgs. each (equivalent to 14.88 lakh running bales of 160 kgs. each).

The domestic consumption for the season is estimated at 300 lakh bales of 170 kgs. each (equivalent to 318.75 lakh running bales of 160 kgs. each) i.e. at the same level estimated earlier. The exports for the season have been estimated at 30.00 lakh bales of 170 kgs. each (equivalent to 31.88 lakh running bales of 160 kgs. each) i.e. at the same level as estimated previously. The exports estimate for the previous cotton season 2021-22 was 43 lakh bales of 170 kgs. each (equivalent to 45.69 lakh running bales of 160 kgs. each). The carry-over stock which was earlier estimated at 44.39 lakh bales of 170 kgs. each (equivalent to 47.16 lakh running bales of 160 kgs. each) is now estimated at 35.39 lakh bales of 170 kgs. each (equivalent to 37.60 lakh running bales of 160 kgs. each).

## Highlights of Deliberations held by the CAI Crop Committee on 13<sup>th</sup> February 2023

The Crop Committee of the Cotton Association of India (CAI) held its meeting on Monday, the 13th February 2023, which was attended by 27 members representing various cotton growing regions of the country. The Committee arrived at its January estimate of the cotton crop for 2022-23 season and drew the estimated cotton balance sheet based on the data available from various trade sources, upcountry associations and other stakeholders.

The following are the highlights of the deliberations held at this meeting: -

## 1. Consumption

The CAI has retained its cotton consumption estimate at 300.00 lakh bales of 170 kgs. each (equivalent to 318.75 lakh running bales of 160 kgs. each). The previous year's consumption estimate was 318 lakh bales of 170 kgs. each (equivalent to 337.88 lakh running bales of 160 kgs. each).

Upto 31st January 2023, the consumption is estimated at 92.50 lakh bales of 170 kgs. each (equivalent to 98.28 lakh running bales of 160 kgs. each).

## 2. Production

The CAI has reduced its production estimate for 2022-23 season by 9 lakh bales to 321.50 lakh bales of 170 kgs. each (equivalent to 341.59 lakh running bales of 160 kgs. each). The CAI has reduced its cotton crop in Maharashtra by 2.50

### CAI's Estimates of Cotton Crop for the Season 2022-23 and 2021-22

(in lakh bales of 170 kg.)

State	Production Estimate*				Arrivals as on 31st January 2023	
	2022-23		2021-22		2022-23	
	In running b/s of 160 Kgs. each	In lakh b/s of 170 Kgs. each	In running b/s of 160 Kgs. each	In lakh b/s of 170 Kgs. each	In running b/s of 160 Kgs. each	In lakh b/s of 170 Kgs. each
Punjab	3.19	3.00	9.03	8.50	1.28	1.20
Haryana	12.75	12.00	17.11	16.10	5.06	4.76
Upper Rajasthan	18.06	17.00	16.30	15.34	11.18	10.52
Lower Rajasthan	11.16	10.50	10.98	10.33	8.14	7.66
<b>Total North Zone</b>	<b>45.16</b>	<b>42.50</b>	<b>53.41</b>	<b>50.27</b>	<b>25.65</b>	<b>24.14</b>
Gujarat	99.88	94.00	81.07	76.30	36.07	33.95
Maharashtra	85.00	80.00	79.69	75.00	21.68	20.40
Madhya Pradesh	20.19	19.00	21.25	20.00	9.03	8.50
<b>Total Central Zone</b>	<b>205.06</b>	<b>193.00</b>	<b>182.01</b>	<b>171.30</b>	<b>66.78</b>	<b>62.85</b>
Telangana	43.56	41.00	37.61	35.40	9.45	8.89
Andhra Pradesh	12.22	11.50	15.94	15.00	5.31	5.00
Karnataka	22.31	21.00	21.52	20.25	10.89	10.25
Tamil Nadu	6.38	6.00	10.36	9.75	0.57	0.54
<b>Total South Zone</b>	<b>84.47</b>	<b>79.50</b>	<b>85.43</b>	<b>80.40</b>	<b>26.22</b>	<b>24.68</b>
Orissa	3.19	3.00	2.21	2.08	2.10	1.98
Others	3.72	3.50	3.19	3.00	2.18	2.05
<b>Total</b>	<b>341.59</b>	<b>321.50</b>	<b>326.24</b>	<b>307.05</b>	<b>122.93</b>	<b>115.70</b>

\* Including loose

lakh bales, Madhya Pradesh by 1 lakh bales, Telangana by 3 lakh bales, Andhra Pradesh by 1.50 lakh bales and Karnataka by 1.00 lakh bales.

The Committee members will have a close watch on the cotton arrivals in the subsequent months and if any addition or reduction is required to be made in the production estimate, the same will be made in the CAI report.

### 3. Imports

The estimate of cotton imports into India is maintained at 12 lakh bales of 170 kgs. each (equivalent to 12.75 lakh running bales of 160 kgs. each) which is less by 2 lakh bales than the import estimate of 14 lakh bales of 170 kgs. each (equivalent to 14.88 lakh running bales of 160 kgs. each) for the previous crop year 2021-22.

Upto 31st January 2023, about 5.80 lakh bales of 170 kgs. each (equivalent to 6.16 lakh running bales of 160 kgs. each) are estimated to have arrived the Indian Ports.

#### The Balance Sheet drawn by the Association for 2022-23 and 2021-22 is reproduced below:

(in lakh bales of 170 kg.)

Details	2022-23	2021-22
Opening Stock	31.89	71.84
Production	321.50	307.05
Imports	12.00	14.00
<b>Total Supply</b>	<b>365.39</b>	<b>392.89</b>
Mill Consumption	280.00	293.00
Consumption by SSI Units	15.00	19.00
Non-Mill Use	5.00	6.00
<b>Total Domestic Demand</b>	<b>300.00</b>	<b>318.00</b>
<b>Available Surplus</b>	<b>65.39</b>	<b>74.89</b>
Exports	30.00	43.00
<b>Closing Stock</b>	<b>35.39</b>	<b>31.89</b>

### 4. Exports

The Committee has maintained its cotton exports estimate at 30 lakh bales of 170 kgs. each (equivalent to 31.88 lakh running bales of 160 kgs. each) which is less by 13 lakh bales than the exports estimate of 43.00 lakh bales of 170 kgs. each (equivalent to 45.69 lakh running bales of 160 kgs. each) for the crop year 2021-22.

Upto 31st January 2023, about 4 lakh bales of 170 kgs. each (equivalent to 4.25 lakh running bales of 160 kgs. each) are estimated to have been shipped.

### 5. Arrivals

Indian cotton arrivals during the months of October 2022 to January 2023 are estimated at 115.70 lakh bales of 170 kgs. each (equivalent to 122.93 lakh running bales of 160 kgs. each).

### 6. Closing Stock as on 30<sup>th</sup> September 2023

Closing stock as on 30th September 2023 is estimated by the Committee at 35.39 lakh bales of 170 kgs. each (equivalent to 37.60 lakh running bales of 160 kgs. each).

#### Balance Sheet of 4 months i.e. from 1.10.2022 to 31.01.2023 for the season 2022-23

Details	In lakh b/s of 170 kg.	In '000 Tons
Opening Stock as on 01.10.2022	31.89	542.13
Arrivals upto 31.01.2023	115.70	1966.90
Imports upto 31.01.2023	5.80	98.60
<b>Total available</b>	<b>153.39</b>	<b>2607.63</b>
Consumption	92.50	1572.50
Export Shipments upto 31.01.2023	4.00	68.00
Stock with Mills	40.00	680.00
Stock with CCI, Maha Fedn., MNCs, Ginners, Traders & Exporters	16.89	287.13
<b>Total</b>	<b>153.39</b>	<b>2607.63</b>



# COTTON ASSOCIATION OF INDIA

**A CHILD'S CHILDHOOD IS FOR LEARNING  
DON'T USE THEIR CHILDHOOD FOR EARNING  
SAY NO TO CHILD LABOUR**



UPCOUNTRY SPOT RATES (Rs./Qtl)													
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [ By law 66 (A) (a) (4) ]								Spot Rate (Upcountry) 2022-23 Crop February 2023					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	6th	7th	8th	9th	10th	11th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	4%	15	17687 (62900)	17603 (62600)	17687 (62900)	17716 (63000)	17856 (63500)	17940 (63800)
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 – 7.0	4.5%	15	17828 (63400)	17744 (63100)	17828 (63400)	17856 (63500)	17997 (64000)	18081 (64300)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	13%	20	12907 (45900)	12766 (45400)	12795 (45500)	12879 (45800)	12963 (46100)	13048 (46400)
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	4.5%	21	-	-	-	-	-	-
5	M/M (P)	ICS-104	Fine	23mm	4.5 – 7.0	4%	22	16647 (59200)	16535 (58800)	16591 (59000)	16647 (59200)	16703 (59400)	16759 (59600)
6	P/H/R(U) (SG)	ICS-202	Fine	27mm	3.5 – 4.9	4.5%	26	16703 (59400)	16703 (59400)	16759 (59600)	16759 (59600)	16816 (59800)	16872 (60000)
7	M/M(P)/SA/TL	ICS-105	Fine	26mm	3.0 – 3.4	4%	25	-	-	-	-	-	-
8	P/H/R(U)	ICS-105	Fine	27mm	3.5 – 4.9	4%	26	16844 (59900)	16844 (59900)	16900 (60100)	16900 (60100)	16956 (60300)	17013 (60500)
9	M/M(P)/SA/TL/G	ICS-105	Fine	27mm	3.0 – 3.4	4%	25	16366 (58200)	16366 (58200)	16366 (58200)	16450 (58500)	16478 (58600)	16591 (59000)
10	M/M(P)/SA/TL	ICS-105	Fine	27mm	3.5 – 4.9	3.5%	26	16535 (58800)	16535 (58800)	16591 (59000)	16731 (59500)	16759 (59600)	16872 (60000)
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 – 4.9	4%	27	17181 (61100)	17181 (61100)	17238 (61300)	17322 (61600)	17378 (61800)	17491 (62200)
12	M/M(P)	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	16703 (59400)	16703 (59400)	16788 (59700)	16928 (60200)	16956 (60300)	17013 (60500)
13	SA/TL/K	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	16788 (59700)	16788 (59700)	16872 (60000)	17013 (60500)	17041 (60600)	17153 (61000)
14	GUJ	ICS-105	Fine	28mm	3.7 – 4.5	3%	27	16928 (60200)	16928 (60200)	16984 (60400)	17069 (60700)	17097 (60800)	17181 (61100)
15	R(L)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	17153 (61000)	17153 (61000)	17209 (61200)	17294 (61500)	17322 (61600)	17378 (61800)
16	M/M(P)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	17069 (60700)	17069 (60700)	17153 (61000)	17294 (61500)	17322 (61600)	17434 (62000)
17	SA/TL/K	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	17125 (60900)	17125 (60900)	17209 (61200)	17350 (61700)	17378 (61800)	17491 (62200)
18	GUJ	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	17294 (61500)	17294 (61500)	17350 (61700)	17434 (62000)	17462 (62100)	17547 (62400)
19	M/M(P)	ICS-105	Fine	30mm	3.7 – 4.5	3.5%	29	17266 (61400)	17266 (61400)	17294 (61500)	17434 (62000)	17462 (62100)	17575 (62500)
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 – 4.5	3%	29	17322 (61600)	17322 (61600)	17350 (61700)	17491 (62200)	17519 (62300)	17631 (62700)
21	M/M(P)	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	17547 (62400)	17547 (62400)	17575 (62500)	17659 (62800)	17687 (62900)	17716 (63000)
22	SA/TL/K/TN/O	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	17603 (62600)	17603 (62600)	17631 (62700)	17716 (63000)	17744 (63100)	17772 (63200)
23	SA/TL/K/TN/O	ICS-106	Fine	32mm	3.5 – 4.2	3%	31	17997 (64000)	17856 (63500)	17856 (63500)	17997 (64000)	17997 (64000)	17997 (64000)
24	M/M(P)	ICS-107	Fine	34mm	2.8 - 3.7	4%	33	18981 (67500)	18981 (67500)	18981 (67500)	19403 (69000)	19403 (69000)	19684 (70000)
25	K/TN	ICS-107	Fine	34mm	2.8 - 3.7	3.5%	34	19403 (69000)	19403 (69000)	19403 (69000)	19825 (70500)	19825 (70500)	19965 (71000)
26	M/M(P)	ICS-107	Fine	35mm	2.8 - 3.7	4%	35	19403 (69000)	19403 (69000)	19403 (69000)	19825 (70500)	19965 (71000)	20246 (72000)
27	K/TN	ICS-107	Fine	35mm	2.8 - 3.7	3.5%	35	19825 (70500)	19825 (70500)	19825 (70500)	20246 (72000)	20246 (72000)	20387 (72500)

(Note: Figures in bracket indicate prices in Rs./Candy)