

COTTON

1. Introduction

Cotton is one of the most important commercial crops cultivated in India and accounts for around 24% 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 engaged in related activity such as cotton processing & trade. The Indian Textile Industry consumes a diverse range of fibres and yarns and the ratio of use of cotton to non - cotton fibres in India is around 60:40 whereas it is 30:70 in the rest of the world.

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 contributor 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, it is also termed as "White-Gold".

2. National Scenario

2.1 Acreage under cotton and yield:

India got 1st place in the world in cotton acreage with 124.69 lakh hectares area under cotton cultivation i.e. around 39% of world area of 318.8 lakh hectares. Approximately 67% of Indian's cotton is produced on rain-fed areas and 33% on irrigated lands. In terms of productivity, India is on 33rd rank with yield of 441 kg/ha.

Table-1: Cotton Acreage and yield in last 5 years

Cotton Year	Cotton Acreage (in lakh hectares)	Cotton Yield (Lint in Kg/ha)
2017-18	125.86	500
2018-19	126.14	449
2019-20	134.77	460
2020-21	132.85	451
2021-22	123.71	428
2022-23(P)	129.27	443
2023-24(P)	124.69	441

Source: As per Meeting of the Committee on Cotton Production and Consumption (COCP) held on 14.03.2024. P-Provisional.

2.2 Production and consumption of cotton:

India is the only country which grows all four species of cotton G. Arboreum & G. Herbaceum (Asian cotton), G. Barbadense (Egyptian cotton) and G. Hirsutum (American Upland cotton). G. Hirsutum represents 90% of the hybrid cotton production in India and all the current Bt cotton hybrids are G. Hirsutum. In India, majority of cotton production comes from 9 major cotton growing states, which are grouped into three diverse agro-ecological zones, as under:-

- i) Northern Zone - Punjab, Haryana and Rajasthan
- ii) Central Zone - Gujarat, Maharashtra and Madhya Pradesh
- iii) Southern Zone - Telangana, Andhra Pradesh and Karnataka.

Apart from the above the cotton is also grown in the state of Odisha and Tamil Nadu. India is having 2nd place in the world with estimated production of 323.11 lakh bales (5.50 Million Metric Tonnes) during cotton season 2023-24 i.e. 23.83% of world cotton production of 1429 lakh bales (24.31 Million Metric Tonnes). India is also the 2nd largest consumer of cotton in the world with estimated consumption of 317 lakh bales (5.39 Million Metric Tonnes i.e. 22.69% of world cotton consumption of 1397 lakh bales (23.75 Million Metric Tonnes).

Table-2: Production and consumption of cotton in last 5 years

Cotton Year	Production (in lakh bales)	Consumption (including MSME, non-MSME and Non Textile) (in lakh bales)
2017-18	370.00	319.06
2018-19	333.00	311.21
2019-20	365.00	269.19
2020-21	352.48	334.87
2021-22	311.17	322.41
2022-23 (P)	336.60	313.63
2023-24 (P)	323.11	317.00

Source: As per Meeting of the Committee on Cotton Production and Consumption (COCPC) held on 14.03.2024. P-Provisional.

2.3 Import and Export of cotton:

One of the largest exporter of cotton with estimated export of 27 lakh bales (0.46 Million Metric Tonnes) i.e. 5% of world export of 533 lakh bales (9.07 Million Metric Tonnes) in 2023-24. Although India is a leading producer and exporter of cotton, some quantity i.e. less than 10% of the total consumption of cotton in India is imported by the textile industry to meet their specific requirement.

Table-3: Import and export of cotton during last 5 years

Cotton Year	Import (in lakh bales)	Export (in lakh bales)
2017-18	15.80	67.59
2018-19	35.37	43.55
2019-20	15.50	47.04
2020-21	11.03	77.59
2021-22	21.13	42.25
2022-23	14.60	15.89
2023-24*	2.04	8.60

Source: DGCIS, Kolkata

* upto 31st January 2024

2.4 Balance Sheet of cotton for last 5 years is given below:

Table-4: Cotton balance sheet for last 5 years

(Quantity in lakh bales of 170kgs)

Particulars	17-18	18-19	19-20	20-21	21-22	22-23(P)*	23-24(P)*
SUPPLY							
Opening stock	43.76	42.91	56.52	120.79	71.84	39.48	61.16
Crop (Production)	370.00	333.00	365.00	352.48	311.17	336.60	323.11
Imports	15.80	35.37	15.50	11.03	21.13	14.60	12.00
Total Supply	429.56	411.28	437.02	484.30	404.14	390.68	396.27
DEMAND							
Total consumption (including MSME, non-MSME & Non-textile)	319.06	311.21	269.19	334.87	322.41	313.63	317.00
Exports	67.59	43.55	47.04	77.59	42.25	15.89	27.00
Total Demand	386.65	354.76	316.23	412.46	364.66	329.52	344.00
Closing Stock	42.91	56.52	120.79	71.84	39.48	61.16	52.27

Source: As per Meeting of the Committee on Cotton Production and Consumption (COCPC) held on 14.03.2024. P-Provisional.

3. International Scenario:

3.1 As per ICAC Journal 'Cotton This Month' – 1st April 2024", Global production for 2023-24 is projected at 24.58 million tonnes (1445 lakh bales) which is 2% lesser in comparison to previous year's production of 25.10 million tonnes (1476 lakh bales). Global cotton consumption is projected at 24.66 million tonnes (1450 lakh bales) which is slightly higher in comparison to previous year's consumption of 23.69 million tonnes (1393 lakh bales). Global cotton export is projected at 9.57 million tonnes (563 lakh bales) which is 16% higher in comparison to previous year's export of 8.28 million tonnes (487 lakh bales). Global cotton import is estimated at 9.57 million tonnes (563 lakh bales) which is 16% higher in comparison to previous year's import of 8.26 million tonnes (486 lakh bales). Global ending stocks is estimated at 21.41 million tonnes (1259 lakh bales) which is slightly lesser in comparison to previous year's ending stock of 21.45 million tonnes (1261 lakh bales).

3.2 Details of major country-wise area & productivity, production, consumption, export and import are as under:-

Area & Productivity (Yield)

Table-5: Area & Productivity –Global Scenario for last 5 years

(Area in Thousand Hectare and productivity in Kgs/Hectare)

Countries	2017-18		2018-19		2019-20		2020-21		2021-22		2022-23		2023-24	
	Area	Yield	Area	Yield	Area	Yield	Area	Yield	Area	Yield	Area	Yield	Area	Yield
World	33283	811	33041	786	34495	758	31456	762	32939	766	32232	779	31982	769
India	12586	500	12614	449	13477	460	13285	451	12371	428	12927	443	12469	441
USA	4492	1014	4043	989	4654	931	3323	957	4153	919	2950	1068	2859	921
China	3350	1758	3367	1794	3300	1758	3170	1864	3028	1892	3000	1993	2872	1950
Pakistan	2700	665	2373	704	2527	522	2000	480	2110	600	2065	405	2370	570
Brazil	1175	1707	1618	1717	1666	1802	1371	1719	1600	1595	1673	1955	1930	1845

Source: World: ICAC Journal 'Cotton This Month' –1st April 2024, India: COCPC meeting dated 14.03.2024

Production:

Table-6: Production of cotton –Global Scenario for last 5 years

(Quantity in Million Metric Tonnes)

Countries	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
World	27.00	25.98	26.26	23.96	25.24	25.10	24.58
India	6.29	5.66	6.21	5.99	5.29	5.72	5.50
China	5.89	6.04	5.80	5.91	5.73	5.98	5.60
USA	4.56	4.00	4.34	3.18	3.82	3.15	2.63
Brazil	2.00	2.78	3.00	2.36	2.55	3.27	3.56
Pakistan	1.80	1.67	1.46	0.96	1.27	0.84	1.35

Source: World: ICAC Journal 'Cotton This Month' –1st April 2024, India: COCPC meeting dated 14.03.2024

Consumption:

Table-7: Consumption of Cotton –Global Scenario for last 5 years

(Quantity in Million Metric Tonnes)

Countries	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
World	26.35	26.03	23.05	25.71	25.84	23.69	24.66
China	8.50	8.25	7.23	8.40	8.31	7.50	7.80
India	5.43	5.29	4.58	5.70	5.48	5.33	5.39
Pakistan	2.35	2.36	2.34	2.15	2.45	1.90	2.30
Brazil	0.68	0.73	0.57	0.69	0.70	0.70	0.70
USA	0.70	0.65	0.47	0.52	0.56	0.45	0.38

Source: World: ICAC Journal 'Cotton This Month' –1st April 2024, India: COCPC meeting dated 14.03.2024

Exports:

Table-8: Export of Cotton –Global Scenario for last 5 years

(Quantity in Million Metric Tonnes)

Countries	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
World Total	9.14	9.15	9.12	10.76	9.70	8.28	9.57
USA	3.64	3.23	3.38	3.56	3.15	2.78	2.68
India	1.15	0.74	0.80	1.32	0.72	0.27	0.46
CFA Zone	1.06	1.16	1.07	1.19	1.31	0.88	1.18
Brazil	0.91	1.31	1.95	2.42	1.74	1.45	2.48
Uzbekistan	0.22	0.16	0.10	0.10	0.03	0.01	0.02

Source: World: ICAC Journal ‘Cotton This Month’ –1st April 2024, India: COCPC meeting dated 14.03.2024

Imports:

Table-9: Import of Cotton –Global Scenario for last 5 years

(Quantity in Million Metric Tonnes)

Countries	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
World Total	9.04	9.22	8.78	10.66	9.61	8.26	9.57
China	1.32	2.10	1.60	2.84	1.85	1.38	2.40
Bangladesh	1.67	1.54	1.50	1.69	1.70	1.40	1.71
Vietnam	1.52	1.51	1.41	1.55	1.36	1.35	1.47
Turkey	0.96	0.79	1.02	1.19	1.24	0.95	0.80
Indonesia	0.77	0.66	0.55	0.55	0.58	0.38	0.50
India	0.27	0.60	0.26	0.19	0.36	0.25	0.20

Source: World: ICAC Journal ‘Cotton This Month’ –1st April 2024, India: COCPC meeting dated 14.03.2024

4. Minimum Support Price (MSP) Operation

- 4.1 The Cotton Corporation of India Limited (CCI) has been nominated by the Government of India for undertaking MSP operations in the event when prices of seed cotton (kapas) fall below the MSP level for procuring FAQ grade kapas offered by the cotton farmers in various APMC market yards at MSP rates.
- 4.2 Before commencement of the Cotton Year (Oct. to Sept.), every year MSP is recommended by the Commission for Agricultural Costs and Prices (CACPC) based on the formula of 1.5 times of cost of production (A2+FL) so as to ensure reasonably fair remuneration i.e. at least 50% over cost of production to farmers.
- 4.3 Accordingly, taking into consideration the recommendation of CACPC, Ministry of Agriculture declares MSP for two basic varieties of Fair Average Quality (FAQ) cotton viz. Medium Staple length (staple length of 24.5 mm to 25.5 mm & micronaire value of 4.3 to 5.1) and long staple length (staple length of 29.5 to 30.5 mm & micronaire of 3.5 to 4.3). Based on the Support Price of these two basic varieties of Seed cotton (Kapas) and taking into account the quality differential, normal price differential and other relevant factors, the MSP for other classes of Seed cotton (Kapas) of Fair Average Quality (FAQ) is fixed by the Office of Textile Commissioner.
- 4.4 For cotton season 2022-23, Government of India had increased MSP of Fair Average Quality (FAQ) grade cotton by about 6 % which has further been increased by 9% to 10% for ensuing cotton season 2023-24 as under:

Table-10: MSP fixed by Ministry of Agriculture during last 5 years

Crop Year	Medium Staple (Staple length 24.5 mm -25.5 mm & Miconaire 4.3 - 5.1)			Long Staple (Staple length 29.5 mm -30.5 mm & Miconaire 3.5 - 4.3)		
	MSP rate (Rs./Quintal)	Increase in MSP		MSP rate (Rs./Quintal)	Increase in MSP	
		Rs./Quintal	%		Rs./Quintal	%
2017-18	4020	160	4.15%	4320	160	3.85%
2018-19	5150	1130	28.11%	5450	1130	26.16%
2019-20	5255	105	2.04%	5550	100	1.83%
2020-21	5515	260	4.95%	5825	275	4.95%
2021-22	5726	211	3.83%	6025	200	3.43%
2022-23	6080	354	6.18%	6380	355	5.89%
2023-24	6620	540	8.88%	7020	640	10.03%

Table -11: Procurement under MSP during last 5 years

Cotton Year	Production (Lakh Bales)	Procurement under MSP Operations	
		Qty. in Lakh Bales	%age of Production
2017-18	370.00	03.91	01.06
2018-19	333.00	10.78	03.24
2019-20	365.00	124.61	34.14
2020-21	352.48	99.33	28.18
2021-22	311.17	00.01	-
2022-23	336.60	-	-
2023-24*	323.11	32.84	10.16

In 2021-22 & 2022-23, cotton prices were ruling above MSP. Hence, no MSP support required by farmers.

*Position as on 16.04.2024

5. Steps taken for development of cotton sector:

5.1 Supporting the cotton farmers by procuring cotton under Minimum Support Price (MSP) Operations:

The main objective of MSP is to ensure remunerative prices to cotton farmers by providing them an alternate price at which cotton can be sold by them. MSP system ensures remunerative price to cotton farmers and saves them from distress sales in any eventuality of Fair Average Quality (FAQ) cotton prices falling below MSP.

During cotton season 2019-20, due to lockdown caused by COVID-19 pandemic in India and across the globe from mid of March 2020 had created an unprecedented crisis. In such situation when there were no buyers for farmers' cotton, CCI supported them under MSP operation by operating 423 procurement centres in 11 cotton growing states. CCI made a record procurement of 105.15 lakh bales (equivalent to around 546.80 lakh quintals kapas) valuing around Rs. 28,500 crores. Besides this, 19.46 lakh bales valuing Rs. 5,055 crore were procured from 3.45 lakh cotton farmers by Maharashtra State Coop. Cotton Growers Marketing Fed. Ltd as sub agent of CCI in Maharashtra. Thus, an amount of Rs. 33,555 crores were disbursed to around 25 lakh cotton farmers directly into their bank accounts.

During cotton season 2020-21, when India was at a critical stage in COVID-19 pandemic due to its' deadly second wave, CCI was functioning in 11 cotton growing states with 450 procurement centres to safeguard the cotton farmers and to avoid the eventuality of distress sale by them. With this intervention, CCI procured 91.89 lakh bales (equivalent to around 482 lakh quintals kapas) valuing around Rs. 26,700 crores under MSP operations directly from the farmers. Besides this, 7.44 lakh bales valuing Rs.2102 crore were procured from 1.37 lakh cotton farmers by Maharashtra State Coop. Cotton Growers Marketing Fed. Ltd as sub agent of CCI in Maharashtra. Thus, an amount of Rs. 28,800 crores were disbursed to around 20 lakh cotton farmers directly into their bank account.

During Cotton season 2023-24 also, CCI has immensely supported the cotton farmers and procured 32.84 lakh bales valuing Rs. 11,712 crore under MSP operations, benefitting about 7.25 lakh cotton farmers in all cotton growing States.

5.2 Developed a Farmer Friendly Mobile App “Cott-Ally”:

In order to increase the awareness among the cotton farmers in the country about MSP of cotton, best farm practices and nearest procurement centres of CCI for selling their cotton, CCI developed an exclusive mobile app, “Cott-Ally” for cotton farmers in their regional language. This mobile app has become an easily accessible platform for the cotton farmers in the country to get authentic information related to cotton. This mobile app also helps CCI to have direct interaction and outreach with the cotton farmers.

5.3 Scientific assessment of kapas quality with modern gadgets at the time of procurement:

In order to ensure that farmers get right price for their produce, manual systems are minimized by CCI in the procurement of cotton by using modern gadgets like moisture meters for scientific assessment of quality of cotton at the spot. This systems helps the cotton farmers to get quality based remunerative prices for their cotton on one hand and ensure the availability of better quality cotton to the industry on the other hand.

5.4 Processing of cotton in modernized Ginning & Pressing Factories:

CCI engages Star Rated Modernized Composite Ginning & Pressing factories through tender system for processing of seed cotton procured under MSP operations. Modernized star rated G&P factories are equipped with state-of-art infrastructure which helps in maintaining the quality in processing of cotton due to grade-wise segregated processing and lesser trash & contamination. Besides this, CCI is fixing quality norms upon ginners for minimum ginning percentage and maximum trash percentage.

Above system is helping in improving the quality and the brand image of Indian cotton. Thus, the textile industry is sourcing good quality cotton at most competitive rates and terms by participating in daily e-Auction of CCI and sustaining their competitiveness in producing value added finished products i.e. yarn, fabric, garments, etc.

5.5 Extension services for improving productivity and quality of Indian cotton including ginning and processing practices:

For creating awareness and extension services on Best Farm Practices to Improve Yield, Quality and Sustainability including ginning and processing practices, CCI has taken up a pilot project in association with ICAR-CICR and funded Rs. 2.54 crore for creating awareness and extension services on Best Farm Practices to Improve Yield, Quality and Sustainability including ginning and processing practices. This will pave a path for a way forward on potential strategies for enhancing sustainability and branding of Indian cotton.

5.6 Efforts for traceability of cotton from processing till sale:

CCI is implementing QR code using Block Chain Technology for traceability from processing of cotton and warehousing till its e-auction sale to the buyers. This will create a benchmark to the textile industry by giving assurance of the quality of cotton and will be a milestone for development of brand image of Indian cotton.

5.7 Increasing the productivity and production of Extra-long staple cotton (ELS):

Production of ELS cotton in India is only about 5 lakh bales and it is estimated that consumption is 10 lakh bales by the textile industry. This balance requirement is met by imports. This ELS cotton is used to produce high valued fabrics and textile products which is in high demand in the world.

Ministry of Agriculture in association with Ministry of Textiles is undertaking special project through ICAR-CICR Nagpur with a budget outlay of Rs. 41.87 crores under NFSM for targeting technologies such as High Density Planting System (HDPS), closer spacing and production technology for ELS cotton focusing on a cluster-based and value chain approach in Public Private Partnership (PPP) mode adopting Direct Benefit Transfer (DBT) approach in 8 states, 57 district, 286 clusters in area of 15,358 hectares.

Further, a separate HSN code for import of ELS cotton has been created which will be helpful in ascertaining the actual quantum of import of ELS cotton. This will also help in taking suitable decision for policy intervention by the Govt. after making gap analysis to augment the availability of ELS cotton domestically and have import substitution.

5.8 Branding of Indian Cotton:

Kasturi Cotton Bharat programme of Ministry of Textiles is a first of its kind branding, traceability and certification exercise carried out jointly by the Government of India, Trade Bodies and Industry to promote Indian Cotton. Stakeholders across the supply chain including farmers, Ginning Units, Spinning Mills, Processing Houses, Weaving Units, Garmenting Units, Home Textile manufacturers and even Retailers and Brands will be involved in a collaborative effort to promote and enhance the value of Indian Cotton across the domestic and overseas markets.

To encourage the Trade and Industry to work on the principle of self-regulation by owning complete responsibility of Traceability, Certification and Branding of Kasturi Cotton Bharat, MoU has been signed between CCI on behalf of Govt. of India, Ministry of Textiles and TEXPROCIL. The Ministry of Textiles is driving this initiative in a mission-oriented approach, allocating budgetary support matching with the contribution of Rs.15 crores from Trade & Industry Bodies. Spanning three years from 2022-23 to 2024-25, this collaborative effort anticipates a positive impact on the entire Indian Textile Industry, fostering an elevated global perception and value for Indian Cotton. So far, Rs. 10 crores have already been released by Ministry of Textiles towards this initiative.

This initiative will help in reduction in import dependency due to availability of quality cotton within India. Authentic quality of cotton will enhance quality of finished product i.e. yarn, fabric, suiting, shirting, garments, sarees, etc and will help the industry in capturing more export opportunities for foreign exchange earnings. This will also motivate the cotton farmers to adopt best farm practices and fetching better price for their quality cotton.

Milestones achieved in this initiative are as under:

- Certification protocol has been finalized for standardization of quality for 29 mm and 30 mm cotton, which is under long staple cotton category. The sampling and testing are being carried out through authorized National Accreditation Board for Certification Bodies and NABL-accredited agencies/labs.
- All the ginners in the country have been empowered to produce Kasturi Cotton Bharat brand as per stipulated protocol. Leading companies and associated Ginning units are being registered for participating Kasturi Cotton initiative and 379 units on-boarded including 328 Ginners & 51 supply chain members.
- To provide complete traceability of Kasturi Cotton Bharat across the supply chain, QR based certification technology are being used at each stage of the processing and a blockchain based software platform will provide end to end traceability and transaction certificate. In this regard, Microsite with QR code verification and Block Chain technology has been developed.
- Kasturi Cotton Bharat website has been launched and provide a digital platform for necessary information and updates on this initiatives. It also highlights the registration process for ginners to produce Kasturi Cotton Bharat Brand and its processes that make the branded Indian cotton unique.
- Kasturi Cotton Bharat launched at International level at 81st Plenary Meeting of the International Cotton Advisory Committee (ICAC) held in Mumbai during 2nd to 5th Dec.2023. During this event, Hon'ble Union Minister of Textile also unveiled Kasturi Cotton My Stamp.
