

KAPAS

Introduction

Kapas refers to the unginned fibrous substance extracted from the cotton plant (Cotton boll), which covers the underlying seed. Shankar Kapas is majorly grown in Gujarat.

The seed extracted from such variety is crushed to extract oil and the by product which is left after crushing is Cotton seed oil cake generally used as cattle feed. Typically raw cotton contains 34% Fiber and 63.5% seed by weight and remaining 2.5% wastage.

Crop pattern

It is a Kharif crop, sowing season begins in June-July, picking/harvesting starts from October onwards, marketing year starts October to September.

Applications

Lint obtained from Kapas is mainly used for production of Cotton. Cotton is considered a very important crop, as it is the major source of clothing to the world. Besides this use of Cotton, it is also used in various industrial applications. Hence, it is ranked among the most cultivated and traded commodities on the planet. Cotton and its various by-products are traded in the market and are looked upon as an important means of investment.

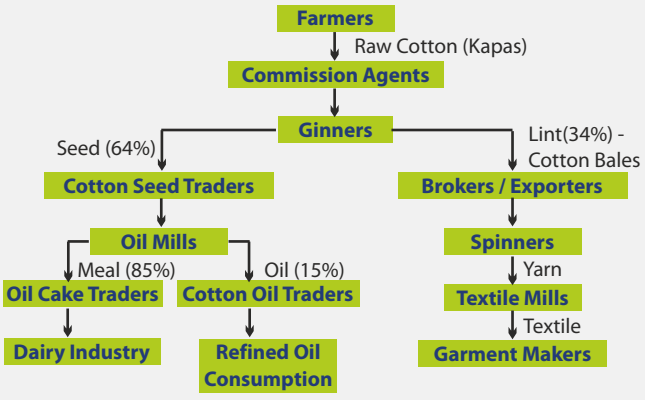
Kapas is also used for production of Cotton Oil & Cotton seed Oil Cake.

State wise area and production of Kapas

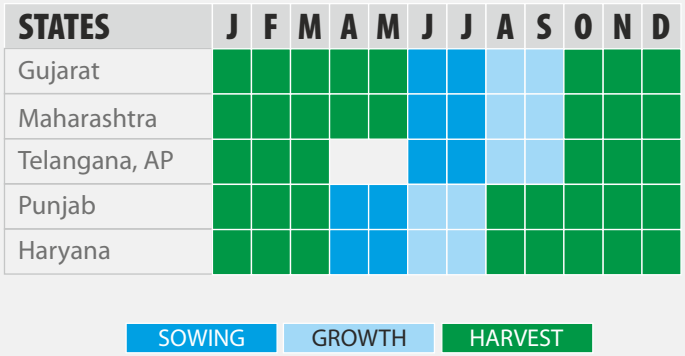
State wise Area: Maharashtra accounts for approx. 36% of India's total sowing acreage of Kapas, Gujarat 21%, Telangana 15.69%, Andhra Pradesh 3.99%, Karnataka 5.87%, Madhya Pradesh 4.51%, Rajasthan 5.83%, Haryana 4.19%, Punjab 0.88%, Orissa 1.29%, Tamil Nadu 0.49% and Others 0.26%.

State wise Production: Gujarat accounts for 28.07%, Maharashtra 28.34%, Madhya Pradesh 4.72%, Telangana 16.36%, Andhra Pradesh 3.14%, Karnataka 6.20%, Tamil Nadu 0.36%, Rajasthan 6.82%, Haryana 3.42%, Punjab 0.80%, Orissa 1.58% and Others 0.18%.

KAPAS - MARKET CHAIN



INDIAN HARVEST CALENDAR FOR KAPAS



INDIAN HARVEST CALENDAR FOR KAPAS

Year	Area (In Lakh Ha)	Production (In'000' MT)
2020-21	132.85	17624
2021-22	123.71	15559
2022-23	129.27	16830
2023-24	126.88	16261
2024-25 (P)	113.60	14963

Source: Meeting of Committee on Cotton Production and Consumption (COCPC) dated 28 November 2024., P-Provisional

INDIAN COTTON PRODUCTION VS THE WORLD

Year	India Production * ('000' MT)	World production** ('000' MT)	India's share (%)
2020-21	17624	72750	24.23
2021-22	15559	73118	21.28
2022-23	16830	74476	22.60
2023-24	16261	72350	22.48
2024-25 (P)	14963	77459	19.32

*Source: *Meeting of Committee on Cotton Production and Consumption (COCPC) dated 28 November 2024. and **US Department of Agriculture, Note: Converted from Cotton bales to Kapas by assuming that 500 kg of Kapas required for making one bale of cotton (bale= 170 kg).*

SALIENT SPECIFICATIONS OF KAPAS FUTURES CONTRACTS

Symbol	KAPAS	
Description	KAPASMMMYY	
Contract Months	February, April & November	
Trading Session	Monday to Friday 9:00 a.m. to 9:00 p.m.	
Trading and Delivery unit	4 MT (200 maund of 20 kg)	
Base Value	Rs. per 20 kg	
Price Quote	Ex-Warehouse Rajkot (exclusive of Sales Tax / GST)	
Tick Size	50 Paise	
Initial Margin	Minimum 4% or based on SPAN, whichever is higher	
Extreme Loss Margin	Minimum 1 %	
Maximum Allowable Open Position	For individual clients: 1,70,000 MT For a member collectively for all clients: 17,00,000 MT or 15% of the market wide open position, whichever is higher. **Near Month Limits** For individual clients: 42,500 MT. For Member level 4,25,000 MT or 15% of the market wide open position whichever is higher.	
Delivery center(s)	Ex-Warehouse, Rajkot (Gujarat)	
Quality Specification (Raw Cotton)	Staple length :	Basis: 29mm
	Outturn:	Minimum 34%
	Trash Content:	Maximum 3%
	Micronaire:	3.8 - 4.0
	Strength:	Minimum 29 GTex
	Moisture:	Maximum 8%
	Reflectance (Rd value):	Deliverable Range: 75-81
	Yellowness (+b value) :	Deliverable Range: 7.5-9.5
Delivery Logic	Both option	

KAPAS HEDGING ILLUSTRATION



Kapas Stockists – Locks in Stock Price

Date	Physical	Futures
Oct - 202X	Holding Stock	Sell Futures
Apr - 202X	Sales at ruling price	Buy Futures

Date	Spot Price (Rs./20 Kg)	Futures Price (Rs./20 Kg)	
Oct - 205X	1500	Sell APR	1550
Apr - 202X	1450	Buy APR	1500
Profit / (Loss)	-50	+50	
Net Selling Price	Rs. 1500		



Kapas– Locks in Purchase Price

Date	Physical	Futures
Oct - 202X	Has to purchase Kapas	Buy Futures
Apr - 202X	Buys at ruling price	Sell Futures

Date	Spot Price (Rs./20 Kg)	Futures Price (Rs./20 Kg)	
Oct - 202X	1500	Buy APR	1550
Apr - 202X	1550	Sell APR	1600
Profit / (Loss)	-50	+50	
Net Selling Price	Rs. 1500		

Content by: **PMT (Agri), MCX** | Designed by: **Graphics Team, MCX**

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