

RUBIX INDUSTRY INSIGHTS

TEXTILES UPDATE: OCTOBER 2026

This report is an update to the Rubix Industry Insights: Textiles, released in November 2025

Industry Overview

India's Textile Industry Targets Growth Through Investment, Innovation, and Diversification

India's textile industry expanded to nearly USD 190 billion in FY2026 and is now targeting USD 350 billion by 2030, supported by rising domestic demand, manufacturing investment, and export opportunities[1]. The sector is a major employment generator, supporting millions of workers across manufacturing, handloom, and allied activities. Recent initiatives include Prime Minister Mega Integrated Textile Region and Apparel (PM MITRA) Parks to develop integrated manufacturing hubs and the Production Linked Incentive (PLI) Scheme to encourage investment in Man-made fibre (MMF) apparel, fabrics, and technical textiles. Under the Union Budget 2026–27, the government also announced an Integrated Programme for the Textile Sector, comprising five components, including the National Fibre Scheme, which aims to strengthen domestic availability of natural fibres such as silk, wool, and jute, alongside MMF and new-age fibres. This initiative aims to reduce import dependence and encourage innovation in advanced textile materials. Other components include the Textile Expansion and Employment Scheme for cluster modernisation, the National Handloom and Handicraft Programme, the Tex-Eco Initiative for sustainable manufacturing, and Samarth 2.0 for industry-aligned skills development[2].

US Tariffs Drive Indian Textile Exporters to Diversify Markets and Manufacturing

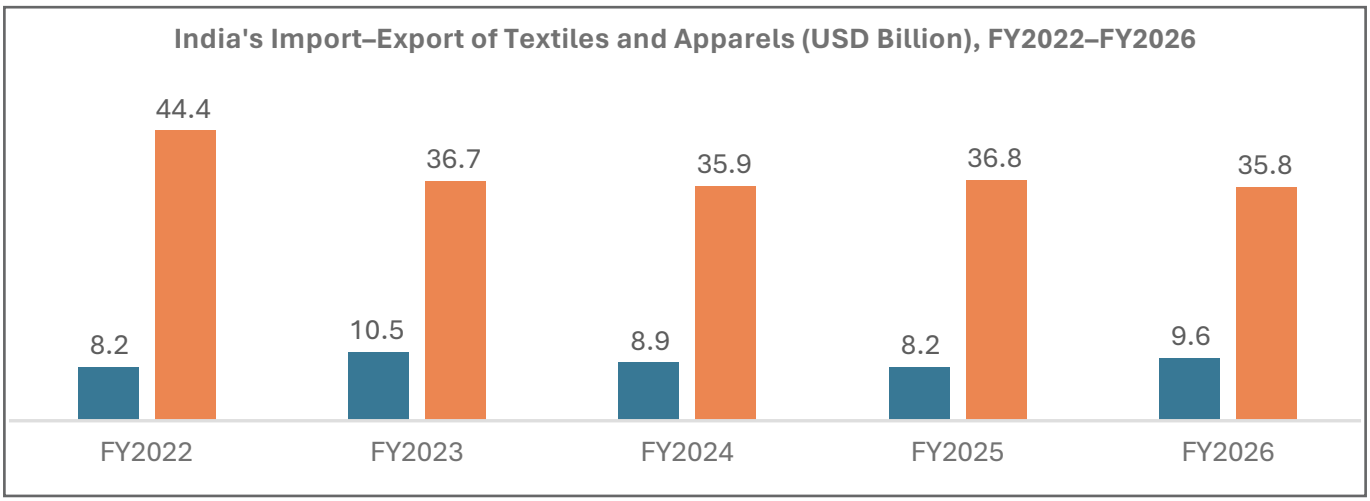
The steep US tariffs imposed in August 2025, which raised the additional tariff burden on affected Indian goods to 50%, created uncertainty for India's textile and apparel exporters. In February 2026, the US–India trade framework announced a reduction in the reciprocal tariff rate to 18%, compared to 20% for Vietnam and 30% for China under the announced framework[3]. However, the As of October 2026, the first phase of the India–US trade deal remains under negotiation, with both sides working to resolve outstanding issues and India seeking favourable market access for its exporters[4].

In July 2026, the US also introduced a separate additional 10% duty under Section 301 measures concerning forced-labour import enforcement[5]. The pressure on exports was reflected in FY2026, when India's textile, apparel, and handicraft exports to the US declined by approximately 7%, even as exports to major European markets increased by 9% y-o-y[6].

Amid continuing trade-policy uncertainty, companies have been responding by diversifying their export markets. For example, Raymond Lifestyle plans to reduce the US share of its exports from 65% to 55%–60% over two years while increasing Europe's share from 17% to 20%–25%. Further, the company has added customers in Poland, Germany, and France and is expanding production at its Ethiopian facility and Andhra Pradesh plant to meet anticipated demand[7]. Other prominent examples include Indo Count Industries aiming to reduce the US share of its bed-sheet sales from 70% to below 50% within three years by expanding into Europe, Japan and other markets[8] while Kitex Garments plans to reduce the US share of its business from nearly 100% to 30%–35% over the next two to three years by expanding into Europe, the UK, and India's domestic

[1] *Fibre2Fashion, June 2026*
[2] *Press Information Bureau of India, February 2026*
[3] *The White House, February 2026*
[4] *Reuters, October 2026*
[5] *Ministry of Commerce & Industry, July 2026*
[6-7] *Reuters, August 2026*
[8] *Financial Times, January 2026*
[9] *Economic Times, April 2026*

India's Textile and Apparel Trade: FY2026



Source: Ministry of Textiles.

Note: All figures are rounded off to the nearest decimal.

Imports and exports cover products comprising textile yarn and fabrics, ready-made garments, cotton and man-made fibre textiles, made-ups (towels, bed sheets, pillow covers, etc.) and home textiles, handloom products, handicrafts, carpets, jute and silk products, floor coverings, and other textile products.

Exports Lose Momentum, Imports Accelerate: India's textile and apparel exports declined by 2.7% to USD 35.8 billion in FY2026, while imports increased by 17.1% to USD 9.6 billion. Despite this divergence, India remained a substantial net exporter, with exports nearly 3.7 times the value of imports.

Garments Lead as EU Market Access Evolves: Readymade Garments (RMG) retained its 44% share of India's textile exports in FY2026, making it central to export earnings. The India–EU Free Trade Agreement (FTA) is expected to improve Indian exporters' competitiveness through preferential market access, potentially helping them compete with Bangladesh, which currently benefits from duty-free access to the EU under the Everything But Arms (EBA) scheme. Bangladesh is scheduled to graduate from Least Developed Country (LDC) status in November 2026, but the EU has granted a three-year transition for existing EBA preferences, which is expected to continue until November 2029[10]. Meanwhile, Bangladesh and the European Union are laying the groundwork for formal negotiations on a Free Trade Agreement (FTA)[11]. India's long-term tariff advantage in the EU market will, therefore, depend partly on the outcome of Bangladesh–EU FTA negotiations and the preferential market access Bangladesh secures.

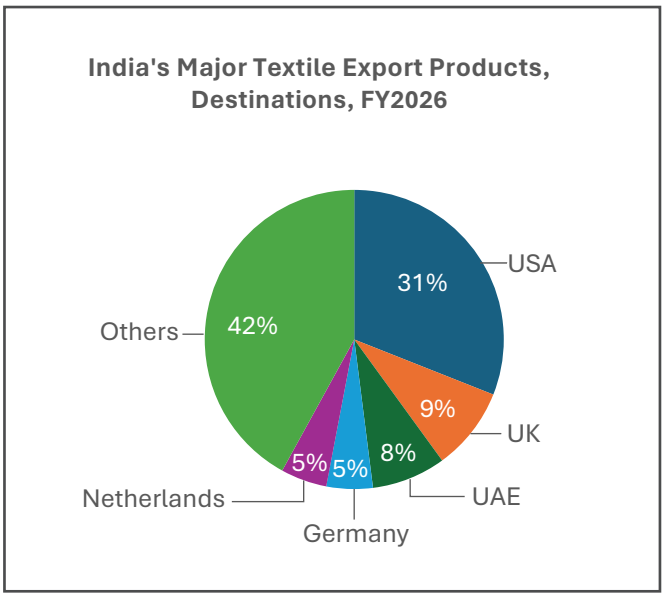
MMF Push Gains Policy Support: Cotton textiles accounted for around 30% of exports, while man-made fibre (MMF) textiles increased their share from 14% in FY2025 to 15% in FY2026. To accelerate diversification, the government revised the PLI Scheme in October 2025, adding 17 MMF apparel and fabric product codes, halving minimum investment thresholds and reducing the incremental turnover requirement from 25% to 10%. These changes also support investment in technical textiles, although their impact on domestic production and import substitution will take time to materialise.

Synthetic Import Dependence Persists: Despite policy support for domestic MMF manufacturing, man-made textiles increased their share of India's textile imports from 39% in FY2025 to 41% in FY2026. This highlights the continuing gap between policy ambitions and domestic supply capabilities, with the impact of recent PLI revisions yet to be fully reflected in production and trade flows.

US Market Faces Trade Uncertainty: The United States remained India's largest textile and apparel export destination, accounting for 31% of exports in FY2026, while the EU contributed nearly 16%. However, as of October 2026, India–US trade negotiations are still in the negotiations stage, with tariff uncertainty and the absence of a final agreement clouding the outlook for exporters dependent on the US market. This reinforces the importance of diversifying export destinations and improving cost competitiveness.

[10] *Table.Briefings, August 2026*
[11] *The Business Standard, August 2026*





Source: Ministry of Textiles. Note: All figures rounded off to the nearest decimal.

India's Textile and Apparel Trade: FY2027 (April–August 2026)

Textile Exports Rebound in FY2027, Led by Cotton and MMF Growth

As per the Ministry of Textiles, based on export data reported in Indian Rupees (INR), India's textile exports, including handicrafts, grew by 10.3% year-on-year in the April–August 2026 period. Cotton textile exports recorded a growth of 18.0%, and MMF textile exports increased by 13.6% over the corresponding period of the previous year. These figures indicate broad-based growth across key textile segments, although the overall growth rate may differ from estimates reported in US Dollars by other industry sources due to differences in currency exchange rates and data coverage.

West Asia Conflict Raises Freight Costs and Disrupts Textile Export Timelines: India's textile and apparel exports worth approximately INR 50 billion annually to the UAE alone and nearly INR 15 billion to other parts of West Asian markets have been exposed to heightened uncertainty due to the conflict[12]. Shipping disruptions, vessel delays, and rising freight charges are affecting exporters' ability to meet delivery schedules, with some container charges reportedly increasing from USD 200–250 to USD 1,500–2,000. According to industry estimates (reported in March 2026), diversions around the Cape of Good Hope could extend transit times by 20–25 days, while the Apparel Export Promotion Council (AEPC) estimates that higher freight costs and war-related surcharges are adding INR 12–55 per garment, further squeezing exporters' margins[13]. These disruptions pose challenges for the wider textile and apparel industry, where season-sensitive orders and tight delivery schedules mean delays can lead to order cancellations, delayed payments, and discounts on out-of-season merchandise. Higher logistics costs and potential increases in polyester yarn prices are adding to the pressure, exposing the industry's vulnerability to geopolitical disruptions.

Key Developments

GST Reforms to Boost Textile Demand, Reduce Costs, and Enhance Export Competitiveness[14]

The Government of India's GST rationalisation, implemented from September 2025, aims to strengthen the textile value chain by improving affordability, correcting tax anomalies, and enhancing global competitiveness.

- Readymade garments priced up to INR 2,500 per piece now attract 5% GST, compared to the earlier limit of INR 1,000 per piece, bringing more garments under the lower tax rate; garments priced above INR 2,500 now attract 18% GST, up from 12%.
- GST on man-made fibres has been reduced from 18% to 5%, while man-made yarn is now taxed at

[12] *The New Indian Express, March 2026*
[13] *Economic Times, March 2026*
[14] *Press Information Bureau of India, September 2025*

5%, down from 12%, helping address the inverted duty structure, ease working-capital pressures, and support MSMEs.
- GST on carpets and other textile floor coverings has also been reduced from 12% to 5%, improving affordability and competitiveness.

These measures complement existing initiatives such as the PLI Scheme for Textiles, Prime Minister Mega Integrated Textile Region and Apparel (PM MITRA) Parks, Rebate of State and Central Taxes and Levies (RoSCTL), and Remission of Duties and Taxes on Exported Products (RoDTEP) to promote manufacturing, investment, and export growth.

Cotton Yarn Price Surge Squeezes Textile Margins Amid Raw Material Shortages

Cotton yarn prices in India surged by approximately 60% to INR 400 per kg in September 2026, compared to INR 250 per kg at the beginning of the year, putting pressure on margins across the textile value chain[15]. The sharp increase is complicating exporters' efforts to capitalise on improved overseas market access through trade agreements, as higher input costs erode their price competitiveness. Industry representatives attribute the squeeze partly to a domestic cotton shortage, with the sector facing an estimated shortfall of around 10 lakh bales and mills operating with limited inventories. India's provisional cotton production declined to 290.91 lakh bales in the 2025–26 season, compared to 352.48 lakh bales in 2020–21, resulting in a contraction in domestic supply[16]. Higher yarn prices are particularly affecting fabric manufacturers, garment makers, and branded apparel producers, many of whom cannot fully pass on rising costs to overseas buyers. Consequently, sustained raw material shortages and elevated yarn prices could constrain export growth and weaken the competitiveness of India's textile industry.

Cotton Import Duty Exemption to Ease Raw Material Costs and Support Textile Competitiveness

The Government of India has temporarily exempted cotton imports from the 11% import duty from 1 June to 31 October 2026 to improve domestic availability and ease input-cost pressures across the textile value chain[17]. The measure is expected to benefit textile and apparel manufacturers, particularly MSMEs, by improving access to raw materials and supporting export competitiveness. Following the announcement, cotton prices reportedly declined by around 3%, with the Cotton Corporation of India reducing its price by INR 700 per candy (1 cotton candy is equivalent to 356 kg of cotton) to INR 64,300 and yarn prices falling by approximately INR 10 per kg[18]. However, the extent to which these initial price reductions translate into sustained cost savings for manufacturers remains uncertain. The textile industry is seeking a six-month extension of the duty-free cotton import window beyond 31 October 2026 to sustain cost relief and support the sector's competitiveness[19]. However, the extension remains a competing policy consideration, as domestic cotton farmers have raised concerns that continued duty-free imports could depress prices during the new harvest season.

Mission for Cotton Productivity to Strengthen Domestic Supply and Global Textile Competitiveness

In May 2026, the Union Cabinet approved an outlay of INR 56.59 billion for the Mission for Cotton Productivity for 2026–27 to 2030–31, aimed at improving cotton yields, quality and India's self-sufficiency in cotton. The mission will focus on developing high-yielding, climate-resilient, and pest-resistant seeds, promoting modern cultivation techniques, including high density planting systems, and expanding extra-long-staple cotton production. It will initially cover 140 districts across 14 states and target approximately 2,000 ginning and processing factories, alongside improvements in cotton testing, processing, traceability, and quality standards under Kasturi Cotton Bharat. The mission aims to increase cotton production to 498 lakh bales and lint productivity from 440 kg/ha to 755 kg/ha by 2030–31, benefiting around 32 lakh farmers and strengthening the availability of quality raw materials for India's textile industry.

PLI Scheme Revisions to Encourage Investment in Man-Made Fibre and Technical Textiles[20]

In October 2025, the Ministry of Textiles announced major amendments to the PLI Scheme for MMF Apparel, MMF Fabrics, and Technical Textiles to reduce entry barriers, encourage fresh investments and strengthen India's global textile competitiveness.
- The revised scheme expanded product coverage by

[15] *ET Textile, September 2026*
[16] *ET Textile, September 2026*
[17] *Ministry of Finance, May 2026*
[18] *Economic Times, June 2026*
[19] *Economic Times, September 2026*
[20] *Ministry of Textiles, October 2025*

adding 8 HSN codes for MMF apparel and 9 for MMF fabrics.

- Minimum investment requirements for new applicants were reduced from INR 3 billion to INR 1.5 billion under Part 1 and from INR 1 billion to INR 500 million under Part 2, effective 1 August 2025.
- The minimum incremental turnover required to qualify for incentives was also lowered from 25% to 10% from FY2025–26, starting from the second year.
- Additionally, companies were permitted to establish project units within existing entities rather than setting up new companies, while the application window was extended to 31 December 2025 to encourage wider industry participation.

PM MITRA Parks to Build Integrated Textile Manufacturing Hubs and Generate Employment[21]

The Government of India has approved the establishment of seven Prime Minister Mega Integrated Textile Region and Apparel (PM MITRA) Parks across Tamil Nadu (Virudhunagar), Telangana (Warangal), Gujarat (Navsari), Karnataka (Kalaburagi), Madhya Pradesh (Dhar), Uttar Pradesh (Lucknow), and Maharashtra (Amravati), with a total scheme outlay of INR 44.45 billion for 2021–22 to 2027–28. The PM MITRA Park at Warangal, Telangana, was inaugurated in May 2026, becoming the country's first functional park under the scheme. The parks aim to create integrated textile manufacturing hubs with modern infrastructure, enabling economies of scale, investment, and end-to-end value-chain integration. Each park is expected to generate approximately 3 lakh jobs, comprising 1 lakh direct and 2 lakh indirect employment opportunities, once fully developed. Investment interests amounting to INR 685.9 billion had been received till 11 August 2026 by the PM MITRA States. The initiative aims to strengthen India's textile manufacturing capabilities, attract private investment, and boost export competitiveness.

Textile PLI Scheme Attracts Fresh Investment in Man-Made Fibre and Technical Textiles[22]

In April 2026, the Government of India approved 52 new applications under Round III of the PLI Scheme for Textiles, comprising 5 in MMF apparel, 19 in MMF fabrics, 18 in technical textiles, and 10 covering multiple segments. The approved applicants have committed investments of INR 67.08 billion, with an expected turnover of INR 211.86 billion, aimed at expanding domestic manufacturing capacity and strengthening India's position in high-value textile segments. During the first three quarters of FY2025–26, participating companies reported investments of INR 9.44 billion, turnover of INR 44.73 billion and exports of INR 3.64 billion. The approvals are expected to encourage technology adoption, innovation, and value addition while supporting employment generation and enhancing the global competitiveness of India's textile industry.



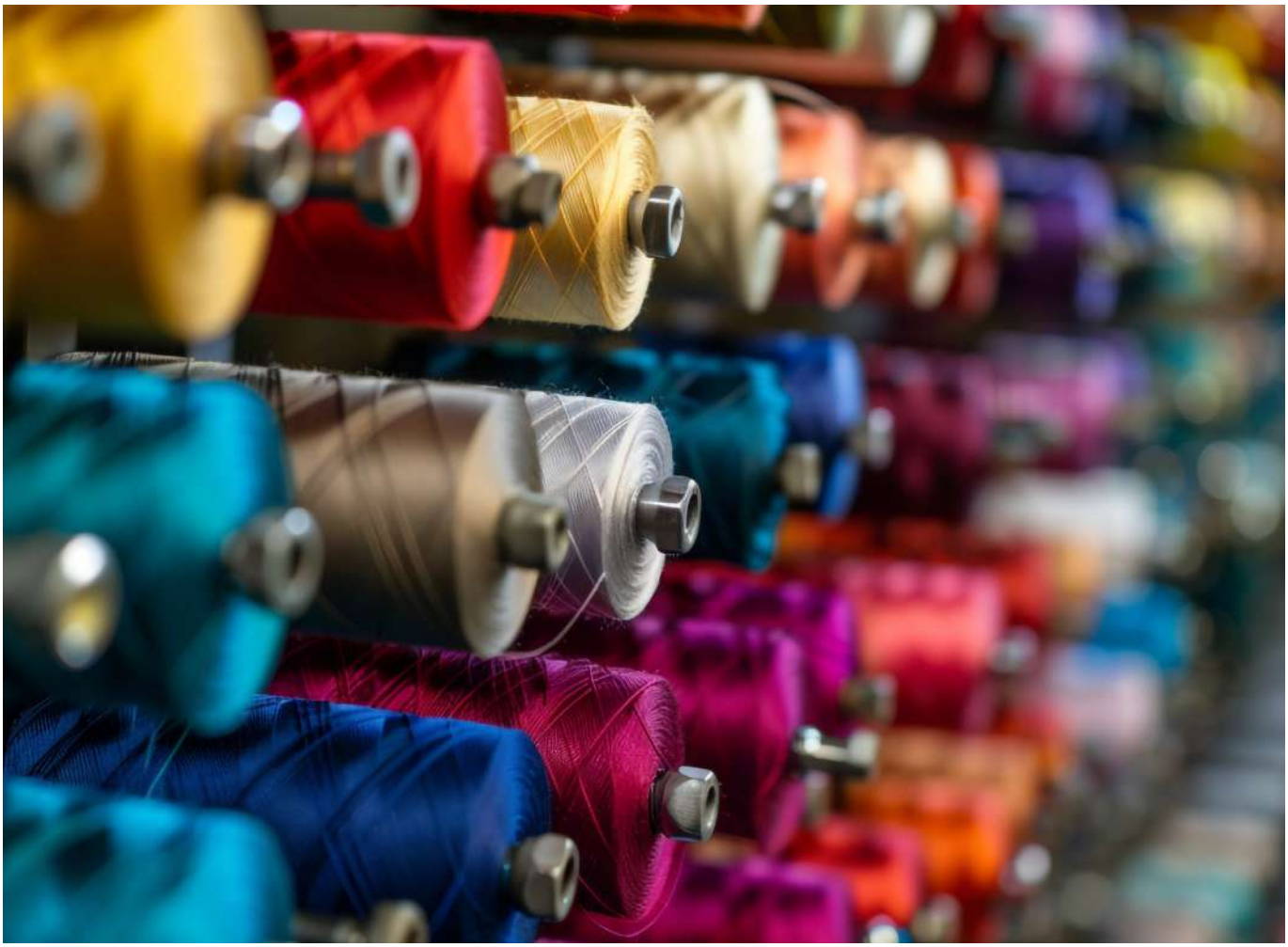
[21] *Ministry of Textiles, August 2026*
[22] *Ministry of Textiles, April 2026*

Key Initiatives by Major Players

Company	Brief Description
Arvind Limited	**INR 4.5–5.0 billion capex planned:** The company invested approximately INR 4.86 billion in capex in FY2026 and plans to allocate INR 4.5–5.0 billion towards growth-oriented capex across its garmenting and advanced materials businesses, with INR 980 million invested in capex during Q1 FY2027.
Gokaldas Exports Limited	**INR 2.28 billion capex in FY2026:** The company invested INR 2.28 billion in capex in FY2026, including INR 0.58 billion for modernisation and upgrades and INR 1.70 billion for new capacity and projects.
Grasim Industries Limited	**Targeting 1 million tonnes annually of CSF by 2030:** In June 2026, the company announced an investment of INR 30.94 billion for phase II Lyocell capacity of 110K TPA at Harihar, Karnataka which will consist of 2 lines of 55K TPA (150 Tons per day) each. The first line is expected to be commissioned by 2028, and the second line is expected to be commissioned by 2030. Post expansion, the total Cellulosic Staple Fibre (CSF) capacity is expected to surpass 1 million tonnes annually by 2030.
Indo Count Industries Limited	**INR 1.25–1.30 billion capex for FY2027:** The company undertook a INR 2.14 billion capex programme in FY2026, including approximately INR 990 million for its North Carolina utility-bedding facility, and expects FY2027 capex of around INR 1.25–1.30 billion, including spillover from FY2026 projects.
K.P.R. Mill Limited	**More than INR 12 billion capex:** In August 2026, the company announced INR 12.25 billion investment for expansion and modernisation programmes across seven projects spanning garmenting, processing, knitting, and spinning comprising three greenfield facilities and four modernisation-cum-expansion initiatives across Odisha and Tamil Nadu.
Nahar Spinning Mills Limited	**Modernisation capex of INR 3.5–4 billion:** The company is undertaking modernisation capex of INR 3.5–4 billion during FY2026–FY2028 to replace older machinery with technologically advanced and energy-efficient equipment, which is expected to enhance product quality, operational efficiency, throughput and overall competitiveness.
Page Industries Limited	**INR 1.4 billion capex largely for completing Odisha plant:** The company's capex for FY2026 was set at approximately INR 1.40 billion directed mainly towards completing the Odisha manufacturing project and phase two of the KR Pete (Krishnarajpet) facility.
Raymond Lifestyle Limited	**INR 1.8 billion capex in FY2026 and scaling to meet European demand:** The company incurred capex of approximately INR 1.8 billion in FY2026, including INR 600 million towards a new garmenting factory in Hyderabad. To meet rising European orders, the company is scaling up production at its Ethiopia facility, while its Andhra Pradesh plant is expected to more than triple its production lines to 10 over the next two years.
RSWM Limited	**Partnering with Spain-based NDS9:** In August 2026, the company entered into a JV with Spain-based Noize Design Studio (NDS9) to establish an integrated garment manufacturing platform in India focused on premium denim and activewear for international apparel brands, with RSWM and NDS9 holding 74% and 26% equity, respectively. The first phase entails an investment of approximately INR 1.8 billion and will incorporate Industry 5.0 principles, including automation, digital manufacturing, artificial intelligence, sustainability, and human-centric operations.
Trident Limited	**Limited capex plans:** The company has no major capex planned in the near term and is expected to undertake routine maintenance and upgradation capex of approximately INR 1.5–2 billion annually over the medium term, funded through internal cash accruals and available liquidity.
Vardhman Textiles Limited	**INR 36.6 billion capex:** In July 2026, the company announced INR 1.2 billion investment in garment manufacturing, alongside a broader INR 36.6 billion capex programme aimed at strengthening capacities, enhancing operational efficiency, and accelerating sustainability-led growth. It is also involved in a major expansion of its men's shirt manufacturing capacity from the existing 2.20 million shirts per annum to approximately 4.50 million shirts annually.
Welspun Living Limited	**INR 4–5 billion capex for FY2027:** The company has earmarked INR 4–5 billion in FY2027 capex, primarily to address manufacturing bottlenecks, while evaluating additional expansion projects.

Note: The companies are mentioned in alphabetical order, and only selected initiatives available in the public domain have been considered for selected major players.
Source: Company press releases, investor presentations, news sources, etc.

[14] *Press Information Bureau of India, December 2025*
[15] *Ministry of New and Renewable Energy, March 2026*



ABOUT RUBIX

Rubix Data Sciences Pvt. Ltd. helps you to take prudent credit risks, build a robust supply chain and monitor compliance for your business partners in India and around the world. Rubix helps you collect payments in time from your debtors, helping generate predictable cash flows.

Set up by highly experienced Risk Professionals, the company has been recognised at the IMC Digital Technology Awards in 2020 for the Rubix ARMS™ platform, and in 2021 for the Rubix Early Warning System (EWS). Rubix has also received the prestigious ET BFSI Exceller Award three times in a row: in 2023 for its ground-breaking analytics initiative, 'SME Income Range Estimation and Financial Ratio Benchmarking', in 2024 for the Rubix Risk Scoring Model, and in 2025 for Rubix Nexus Check.

Rubix has been appointed as India's first Validation Agent for the Legal Entity Identifier (LEI) by Legal Entity Identifier India Ltd, the Local Operating Unit accredited by the Global Legal Entity Identifier Foundation (GLEIF), Switzerland.

The Rubix ARMS™ and Early Warning System (EWS) platforms and their suite of reports, products and services are based on Rubix's extensive database of structured and unstructured data aggregated from over 120+ sources, customised predictive analytics and proprietary technology.

Corporate Office:
D - 424, Neelkanth Business Park, Vidyavihar (West), Mumbai - 400086, India

Ahmedabad | Bengaluru | Bhopal | Bhubaneswar | Chandigarh | Chennai | Delhi NCR | Hyderabad | Indore | Jaipur | Kanpur | Kolkata | Lucknow | Nagpur | Patna | Pune | Raipur | Rajkot | Ranchi | Surat | Thiruvananthapuram | Vadodara | Visakhapatnam

follow us

© 2026 Rubix Data Sciences Private Limited. All rights reserved.
Privacy Policy | Disclaimer

The Rubix Industry Insights Team

INDUSTRY DATA & ANALYTICS
Rubix Data Sciences

RESEARCH
Yogesh Jambhale

EDITOR
Lakshmi Subramanian

DESIGN
Chandan Naik

BUSINESS DEVELOPMENT
Tushar Bhaskar
tushar.bhaskar@rubixds.com
+91-9999064524

CUSTOMER SERVICE
info@rubixds.com
+91-22-49744274

MARKETING & MEDIA QUERIES
Rahul Chopadekar
rahul.chopadekar@rubixds.com
+91-9819735111

If you'd like to learn more about Rubix's Solutions, please visit www.rubixds.com or contact us via info@rubixds.com