RUBIX

NOVEMBER 2025

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Rubix Industry Insights

TEXTILES

India's textile industry shows strong growth potential driven by government initiatives, rising domestic consumption, and export opportunities, though US tariffs remain a key challenge.

Executive Summary

Market size is expected to rise from USD 174 billion in FY2025 to USD 350 billion by FY2031, growing at a robust 12.4% CAGR.

There is an abundance of raw material, as India is the second-largest producer of cotton and silk and largest producer of jute.

India is the sixth-largest exporter of textiles and apparel worldwide, accounting for approximately 4.1% of the global trade.

Indian textile and apparel exports stood at USD 37 billion in FY2025 with a target of USD 100 billion by 2030.

Ready-made Garments (RMG) and home textiles collectively accounted for nearly 59% of India's total textile exports in FY2025.

Exports to the US accounted for 33% of RMG, 48% of home textiles, and 59% of carpets and rugs in FY2025.

Government initiatives such as PLI, PM MITRA, NTM, etc., are playing a critical role in supporting the growth of the sector.

In CY 2025, equity funding for apparel startups stood at USD 120 million till October 2025 showing modest increase of 2.6% viz-a-viz October 2024.

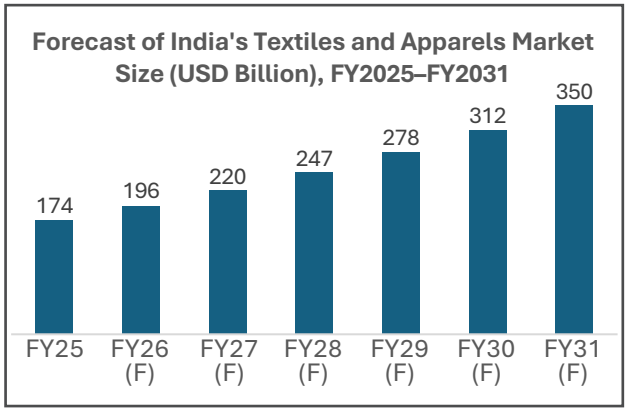
RUBIX

Industry Snapshot

From Fibre to Fashion—Powering India's Economic Fabric

India's textile and apparel industry is vital to the country's economy, contributing approximately 2.3% to the GDP and 13% to industrial production[1]. Valued at around USD 174 billion in FY2025, the market is projected to reach USD 350 billion by FY2031, growing at a robust 12.4% CAGR[2]. Demand from the domestic market is estimated at around 79%, while the remaining 21% is directed towards the export markets.

The industry directly employs more than 45 million people, making it the second-largest employment generator after agriculture. It is a unique blend of traditional craftsmanship and modern manufacturing, producing approximately 22 trillion garments annually[3]. India's textile ecosystem spans the entire value chain, from 'textiles' comprising fibres, yarns, and fabrics (cotton, jute, silk, wool, polyester, viscose, and acrylic) to finished 'apparel products', including garments, home textiles, and technical fabrics. This integrated presence of both textiles (raw and processed fabrics, home textiles, and industrial textiles) and apparel (fashion garments, uniforms, and niche high-value products) showcases India's versatility and capability to cater to diverse domestic and global markets. The decentralised power loom, hosiery, and knitting segments remain dominant, a sign of the industry's adaptability across rural and urban areas[4].

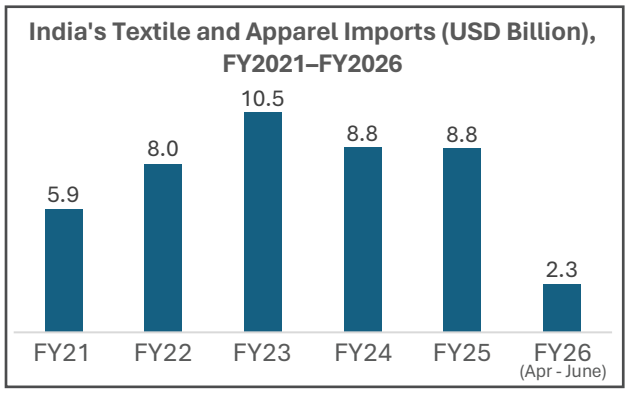


Source: Ministry of Commerce and Industry

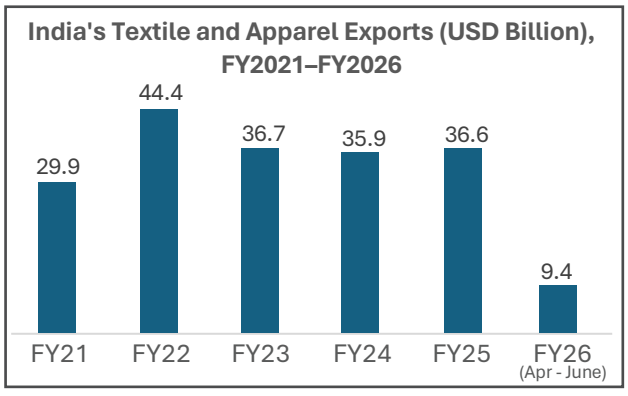
India has the world's largest jute and cotton acreage and is the second-largest producer of cotton and silk. This lends it a natural fibre advantage, which aids its competitiveness[5]. The Indian textile industry today comprises over 3,000 active startups, with its strong growth propelled by a diverse ecosystem of rural women producers, urban designers, traditional master weavers, and next-generation entrepreneurs[6]. Supported by total Foreign Direct Investment (FDI) equity inflows of USD 4.72 billion from April 2000 to March 2025, India's textile and apparel industry continues to evolve as a globally integrated, resource-rich, and culturally distinctive manufacturing powerhouse[7].

Import Export Scenario

Export target of USD 100 billion by 2030, but currently experiencing a phase of stagnation, further compounded by the US tariffs



Source: Ministry of Commerce and Industry



As of 2024, India was the sixth-largest exporter of textiles and apparel worldwide, commanding approximately 4.1% of global trade and fiercely competing across the entire value chain, from fibre and fabric production to finished garments and home textiles[8].

India's exports of textiles and apparel stood at USD 36.6 billion in FY2025, having grown at a 5.2% CAGR from FY2021 to FY2025. However, for the last 3 years, i.e., from FY2023 to FY2025, they have remained stagnant at around USD 36–37 billion. This stems from weak global demand, especially in key markets like the US and EU, alongside rising competition from countries such as Bangladesh and Vietnam that enjoy tariff advantages through agreements

[1-2] *Ministry of Commerce and Industry, April 2025*
[3] *Ministry of Commerce and Industry, April 2025 and India Brand Equity Foundation, October 2025*
[4] *India Brand Equity Foundation, October 2025*
[5] *Ministry of Textiles, April 2025, Ministry of Commerce and Industry, April 2025 and The Hindu, September 2024*
[6] *The Hindu, July 2025*
[7] *Department for Promotion of Industry and Internal Trade*

like the Generalised Scheme of Preferences (GSP) for Least Developed Countries (Bangladesh) and the EU Free Trade Agreement (Vietnam).

India aims to achieve USD 100 billion in textile and apparel exports by 2030[9], but realising this goal will hinge on the outcome of US tariff negotiations, efforts to reduce market concentration, and strategic export diversification.

India's imports of textiles and apparels stood at USD 8.8 billion in FY2025, having grown at a 10.6% CAGR from FY2021 to FY2025. However, for the last 3 years, i.e., FY2023 to FY2025, they have remained stagnant at around USD 9–10 billion. This is because domestic production now meets most of India's requirements for Ready-made Garments (RMG), and imports are largely limited to specific categories, such as high-quality cotton yarn, speciality fabrics, and man-made filaments that are not produced in sufficient quantity or quality within the country. These specialised inputs are mainly used by exporters and premium garment manufacturers. Therefore, though total imports have not increased, they continue to serve niche, value-added segments of the textile and apparel industry.

Product-wise Import–Export Scenario

RMG and home textiles driving India's textiles export performance

Key Textile and Apparel Products Exported by India			Key Textile and Apparel Products Imported by India		
HS Code	**Product**	**FY2025 Share**	**HS Code**	**Product**	**FY2025 Share**
61 & 62	Ready-Made Garments (RMG)	43%	61 & 62	Ready-Made Garments (RMG)	17%
63	Home Textiles	16%	52	Cotton Yarn and Fabrics	15%
52	Cotton Yarn and Fabrics	17%	54	Man-made filaments	15%
57	Carpets and Rugs	6%	60	Knitted fabrics	9%
	Others	18%		Others	44%
	Total	**100%**		**Total**	**100%**

Source: Directorate General of Foreign Trade (DGFT)
Note: Others include silk textiles, manmade filaments and staple fibres, textiles for industrial use, etc. There is no single HS code for textiles. There are 14 product categories at the HS 2-digit level which have been considered for analysis.

Exports: Two products, namely RMG and home textiles, collectively accounted for nearly 59% of India's total textile and apparel exports in FY2025. This is because India has a strong manufacturing base, skilled labour, and abundant access to natural fibres like cotton, enabling it to supply a wide range of finished products to global markets. These segments benefit from India's integrated value chains, design capabilities, and long-standing global buyer relationships. Leading exporters such as Shahi Exports, Gokaldas Exports, Arvind Ltd., Page Industries, and KPR Mill in garments, and Welspun India, Trident Group, Himatsingka Seide, and Indo Count Industries in home textiles, play a pivotal role in driving export performance.

Imports: Three products, namely RMG, cotton yarn and fabrics, and man-made filaments, collectively accounted for nearly 47% of India's total textile and apparel imports in FY2025. These products form the bulk of imports because India imports specialised or high-quality varieties that are either not produced domestically at scale or lack competitive pricing and quality.

"On the trade front, the India-UK Free Trade Agreement and our ongoing negotiations with the EU and US will open new avenues for growth. These are high-value, quality-conscious markets, and we are committed to equipping Indian exporters with the right strategy, standards, and compliance to seize these opportunities."

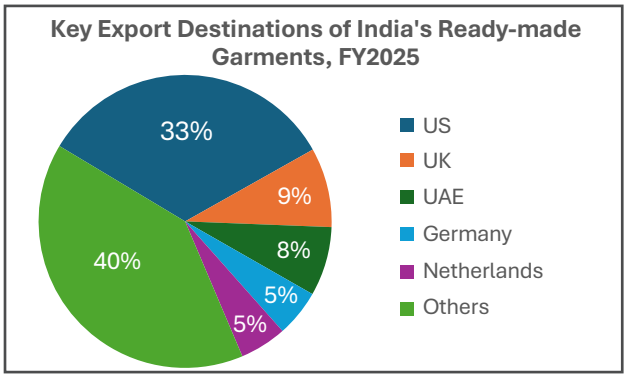
Shri. Pabitra Margherita,
Hon'ble Minster of State for External Affairs and Textiles

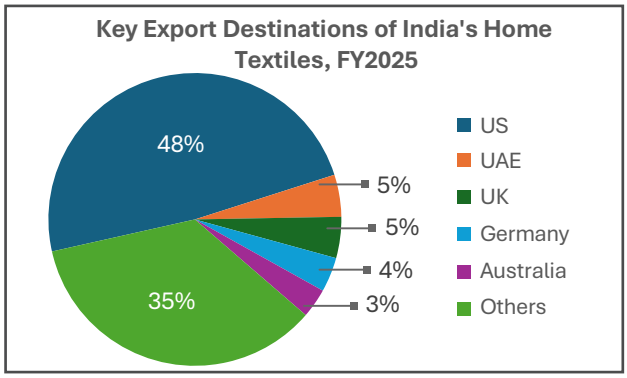
[9] *Ministry of Textiles, August 2025*

Major Export Destinations of India's Key Export Products

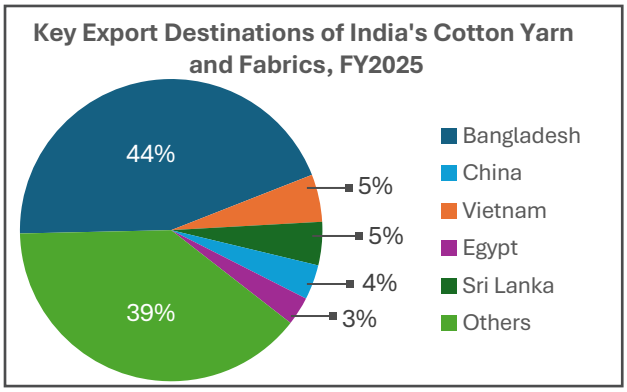
High dependence on the US for exports of RMG, home textiles, and carpets and rugs

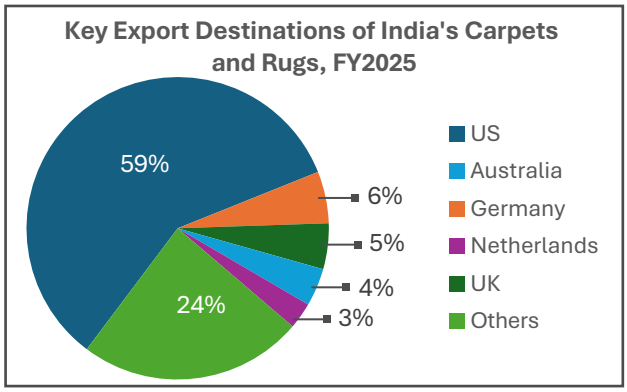
In FY2025, India's textile and apparel exports to major markets, namely the US, EU, and UK, collectively reached USD 20.7 billion, accounting for a 57% share of the country's overall textile and apparel exports of USD 36.6 billion. The US emerged as the largest destination, accounting for USD 10.94 billion, followed by the EU at USD 7.6 billion and the UK at USD 2.16 billion[10]. There is high dependence on the US, as it accounts for the largest chunk of India's exports of key products such as RMG (33%), home textiles (48%), and carpets and rugs (59%).





Source: Directorate General of Foreign Trade (DGFT)
Note: Ready-made garments includes the average of import percentages calculated separately for HS 61 and HS 62; cotton yarn and fabrics refers to HS code 52.





Source: Directorate General of Foreign Trade (DGFT)
Note: Cotton yarn and fabrics refers to HS code 52; carpets and rugs refers to HS code 57

Major Import Destinations of India's Key Import Products

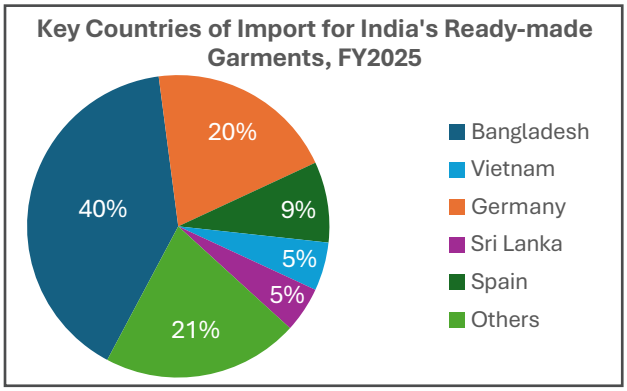
China and Bangladesh: Powering India's Textile Imports

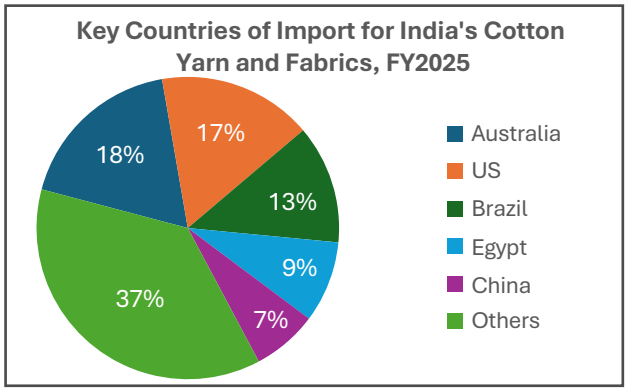
A significant share of India's textile and apparel imports is from Bangladesh and China due to their cost competitiveness and specialised production capabilities. Bangladesh supplies around 40% of India's RMG imports, leveraging its large-scale garment manufacturing base and lower labour costs, particularly for budget and mid-market apparel. China dominates India's imports of man-made filaments (66%) and knitted fabrics (78%), as it produces advanced synthetic fibres and technical fabrics at scale, which India either cannot produce efficiently or lacks in quality for export-grade or high-performance applications. This import pattern reflects India's strategy of sourcing specialised inputs while relying on domestic production for most mass-market garments.

"India's textile and apparel sector eagerly looks forward to an India-US trade deal at the earliest, besides the swift implementation of the export package approved by the Union Cabinet on November 12 and the inclusion of the entire textile and apparel value chain in the list of sectors eligible for the Reserve Bank of India's trade relief measures."

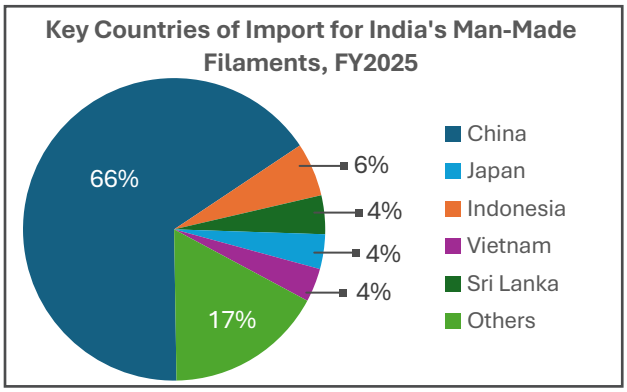
Mr. Ashwin Chandran,
Chairman, Confederation of Indian Textile Industry (CITI)

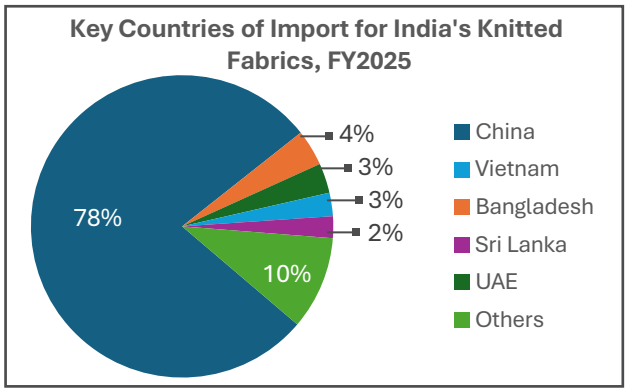
[10] *Reporter Post, August 2025*





Source: Directorate General of Foreign Trade (DGFT)
Note: Ready-made garments includes the average of import percentages calculated separately for HS 61 and HS 62; cotton yarn and fabrics refers to HS code 52.





Source: Directorate General of Foreign Trade (DGFT). Note: Man-made filaments refers to HS code 54; knitted fabrics refers to HS code 60.

US Tariff Impact: India's Textile Exports Under Immense Pressure

India's textile and apparel sector relies heavily on the US, which remains the largest export destination, accounting for roughly 28% to 29% of total shipments[11]. For key categories, the US' share is even higher (as observed earlier), i.e., 33% for RMG, 48% for home textiles, and 59% for carpets and rugs. From April 2025, the US began imposing additional tariffs, culminating in a 50% levy on Indian products by August 2025. These tariffs are applied over and above existing country-specific base duties, resulting in effective rates as high as 63.9% for knitted apparel, 60.3% for woven apparel, 59% for home textiles, and 52.9% for carpets[12]. Indian exports to the US totalled USD 10.9 billion in FY2025, with RMG, home textiles, and carpets accounting for ~87% of this volume, highlighting the sector's concentrated exposure.

The tariffs are already having an impact as India's textile, and apparel exports fell 12.91% from USD 3 billion in October 2024 to USD 2.6 billion in October 2025. Carpet and rug exports to the US, India's largest market, declined 15.8%, according to Confederation of Indian Textile Industrys (CITI). Overall, April–October 2025 textile and apparel exports fell 1.57% year-on-year[13]. Industry estimates suggest these tariffs could reduce US export volumes by 40% to 50%, translating into a direct revenue loss of USD 2.5–3 billion[14]. According to the Confederation of Indian Textile Industry's (CITI's) survey released in October 2025, 34% of textile and apparel exporters reported a 50% decline in sales revenue[15]. Industry experts had already opined in August 2025 that a quarter of total exports may face severe disruption over the next six months due to order cancellations, inventory build-up, and increased discounting[16]. Indian exporters are actively seeking alternative buyers in Europe and offering incentives to US customers to mitigate losses[17]. At the same time, Indian manufacturers are also trying new strategies to offset the impact of the US tariff. For example, Kitex Garments is set to introduce its US brand, Little Stars, a brand exclusively for newborns and children, in the Indian market[18].

With apparel exports now attracting a 60%–63.9% duty[19], Indian exporters face a 30%–35% pricing disadvantage against competitors like Bangladesh, Vietnam, Mexico, and Central American countries[20]. This makes market diversification imperative, while ongoing India–US trade

[11] *CareEdge Ratings, August 2025*
[12] *Ind Money, August 2025*
[13] *The New Indian Express, November 2025*
[14] *Ind Money and Indian Textile Journal, August 2025*
[15] *India Today, October 2025*
[16] *Economic Times, August 2025*
[17] *Reuters, October 2025*
[18] *New Indian Express, August 2025*
[19] *Ind Money, August 2025*
[20] *The New Indian Express, November 2025*

negotiations, if successful, could restore India's competitive edge and boost its textile exports to the US.

Government Measures to Counter the Impact of US Tariffs

- **QCO revocation on yarns and raw materials:** In November 2025, the Central Government revoked the Quality Control Orders (QCOs) on Ethylene Glycol, Terephthalic Acid, polyester spun yarn, polyester grey yarn, polyester white yarn, polyester continuous filament yarn (PFY), polyester partially oriented yarn (POY), and polyester industrial yarn. These orders had been imposed two years earlier, despite India's shortage of Purified Terephthalic Acid (PTA) and Monoethylene Glycol (MEG), which had increased polyester fibre and filament yarn costs by about 30%[21]. The relaxation will streamline imports of these products and their raw materials, ensuring uninterrupted supply to spinners, weavers, and processors while stabilising domestic prices.

- **Export incentives:** In November 2025, the government announced an INR 450 billion export package (for all industries, including textiles) comprising an INR 250.6 billion, six-year Export Promotion Mission and an INR 200 billion collateral-free Guarantee Scheme for Exporters, which will strengthen textile exporters by improving access to low-cost credit and easing working-capital constraints, especially for MSMEs[22].

- **Diversification:** Government-led export diversification has emerged as a key driver for the Indian textile sector, helping offset the impact of US tariffs by expanding India's presence in high-potential global markets. Between April and September 2025, textile exports grew across 111 countries, rising from USD 7.7 billion to USD 8.5 billion, a 10% increase, with 38 markets recording over 50% year-on-year growth, 16 markets growing by 25%–50%, and 57 markets growing below 25%. Backed by targeted outreach in 40 priority markets across North America, Europe, Asia, Africa, Latin America, and Oceania, the government has focused on scaling up India's modest 5%–6% market share in these economies, particularly in apparel, home textiles, technical textiles, and handicrafts, thereby strengthening resilience and expanding export opportunities for the industry[23].

- **Duty free extension:** The extension of duty-free cotton imports until December 31, 2025, offers some relief, enabling the industry to recalibrate its export strategy and explore markets beyond the US[24].

Industry Drivers

Key Developments	Impact		
	1–2 years	3–5 years	6–10 years
Government initiatives as crucial drivers of the industry	High	High	High
India–UK FTA offers new opportunities for a global textile resurgence	High	High	High
Growing share of technical textiles in exports	High	High	High
E-commerce as an efficient channel of distribution for RMG	High	High	High
Modest increase in equity funding of apparel startups in 2025	High	High	High
Entry of global brands provides opportunities and is a test of competitiveness for Indian manufacturers	High	High	Medium
Adoption of sustainable practices	High	High	Medium

Government Initiatives as Crucial Drivers of the Industry[25]

Government initiatives drive growth, productivity, and competitiveness in India's labour-intensive textile sector by providing policy support and targeted incentives. The Union Budget 2025–26 allocated INR 52.7 billion to the Ministry of Textiles, a 19% increase over 2024–25 estimates, while announcing a Five-Year Cotton Mission to boost productivity and extending duty exemptions to two additional types of shuttle-less looms to promote modernisation and cost efficiency. Further, export incentive schemes, such as the Rebate of State and Central Taxes and Levies (RoSCTL) for garments and made-ups and the Remission of Duties and Taxes on Export Products (RoDTEP) scheme for uncovered products, help textile exporters by reimbursing embedded taxes and levies, thereby improving cost competitiveness and enhancing export profitability.

Some other key initiatives that are acting as key drivers for the textile industry include-

- **Production Linked Incentive (PLI) Scheme:** The PLI aims to boost domestic production of MMF apparel,

[21] *The Hindu, November 2025*
[22] *Economic Times, November 2025*
[23] *The New Indian Express, November 2025*
[24] *Economic Times, August 2025*
[25] *Ministry of Textiles, Ministry of Commerce & Industry, April 2025*

fabrics, and technical textiles, enhancing scale, competitiveness, and employment generation. As of October 2025, 74 companies have committed INR 287.1 billion in investments. In a major revision announced in October 2025, the Ministry of Textiles expanded product eligibility, halved the minimum investment threshold, reduced the incremental turnover requirement to 10% from 25%, and extended the application window until December 31, 2025, to encourage wider industry participation.

- **PM Mega Integrated Textile Region and Apparel (PM MITRA) Scheme:** It was launched to develop world-class industrial infrastructure for textile manufacturing, with an outlay of INR 44.45 billion over seven years up to 2027–28. The scheme targets INR 700 billion in investments and the creation of around 20 lakh jobs, with seven parks established as of April 2025 across Gujarat, Maharashtra, Madhya Pradesh, Tamil Nadu, Karnataka, Uttar Pradesh, and Telangana.

- **Amended Technology Upgradation Fund Scheme (ATUFS):** With a budget of INR 178.2 billion, ATUFS aims to incentivise credit flow and provide capital subsidies for technology upgradation to support benchmark, credit-linked investments in the MSME-driven textile industry.

- **Samarth (Scheme for Capacity Building in Textile Sector):** A demand-driven and placement-oriented skilling program of the Ministry of Textiles, has been extended for FY2024–25 and FY2025–26 with an INR 4,950 million budget to train 3 lakh people, and as of March 2025, had registered 4.78 lakh users, trained 3.82 lakh beneficiaries, and achieved a 77.7% placement rate.

- **Textile Cluster Development Scheme (TCDS):** With a budget of INR 8,530 million, TCDS aims to create an integrated, linkage-based ecosystem to enhance the viability of textile units and clusters, and as of March 18, 2025, it had generated about 1.22 lakh jobs with INR 344.8 million disbursed to state government agencies and companies setting up textile parks in FY2024–25. The Scheme for Integrated Textile Parks (SITPs) was implemented in March 2021; however, it was subsumed under the umbrella of TCDS to complete ongoing projects only.

- **National Technical Textiles Mission (NTTM):** Launched for the period 2020–21 to 2025–26 with a budget of INR 14.8 billion, NTTM aims to strengthen India's position as a global leader in technical textiles through R&D, innovation, market promotion, education, skilling, and export development. As of January 1, 2025, 168 projects worth about INR 5,090 million in speciality fibres and technical textiles had been approved under NTTM.

India–UK FTA Offers New Opportunities for a Global Textile Resurgence

The India–UK Free Trade Agreement (FTA), signed in July 2025, marks a major catalyst for the growth of India's textile industry by granting duty-free access to 99% of Indian exports, covering over 1,143 key textile and apparel products[26]. This landmark deal eliminates the earlier 12% tariff disadvantage that Indian exporters faced, effectively levelling the playing field with competitors such as Bangladesh, Cambodia, and Pakistan that previously enjoyed zero-duty access to the UK.

India is the fourth-largest supplier of textiles and clothing to the UK, but holds only a 6.6% share of the UK's textile and clothing imports[27].

The FTA could boost Indian textile exports to the UK by 30%–45% by 2030, especially in polyester filament yarn and value-added apparel[28]. Other segments are also expected to benefit, as India is projected to double its home textiles market share in the UK within three years and expand technical textile exports to USD 1 billion by 2030 from the current USD 240 million[29]. The India–UK FTA, along with the ongoing India–EU trade negotiations, is poised to open key duty-free markets that could offset the impact of US tariffs on Indian textile exports.

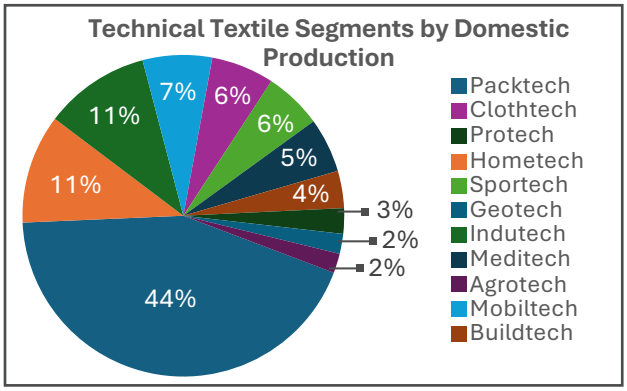
Growing Share of Technical Textiles in Exports

India's technical textiles market was valued at USD 29 billion in 2024 and is projected to reach USD 123 billion by 2035, expanding at a healthy 14% CAGR[30]. The segment now contributes nearly 16% of India's total textiles and apparel industry, reflecting its increasing role in diversifying beyond traditional cotton and apparel segments. On the external front, exports of technical textiles reached USD 2.9 billion in FY2025, growing at an 8% CAGR since FY2021, and accounting for 8% of India's overall textiles and apparel exports[31]. Within exports, Packtech (37%) and Indutech (28%) together dominate the basket with around two-thirds of the total technical textile exports[32].

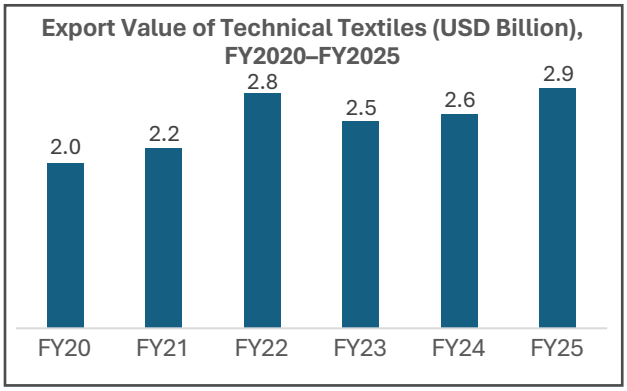
Technical textiles are becoming a major growth driver for India's textile industry, with applications across sectors like automotive, healthcare, and defence, reducing the reliance on traditional exports.

Legacy textile players are also aggressively expanding into this high-value segment. For instance, the centrepiece of Arvind Limited's strategic growth is its Advanced Materials Division (AMD), which received

[26] *Economic Times, July 2025*
[27] *Economic Times, July 2025*
[28] *Money Control, July 2025*
[29] *India Brand Equity Foundation, October 2025*



Source: India 2047 – Vision and Strategic Roadmap for Technical Textiles, KPMG and FICCI;
**The pie indicates the share of domestic production in FY2022 as per the latest available data.*



Source: National Technical Textiles Mission and Ministry of Textiles

a capital infusion of INR 4–5 billion[33]. As India moves toward becoming a global manufacturing hub, the expansion of the technical textiles ecosystem, supported by government initiatives like the National Technical Textiles Mission (NTTM), PLI scheme, and quality control standards, is expected to drive technology adoption, value addition, and sustained export competitiveness in the broader textile sector.

E-commerce as an Efficient Channel of Distribution for RMG

E-commerce has emerged as a major growth driver for India's RMG segment by expanding market access, accelerating fashion cycles, and enabling data-driven demand forecasting. With platforms like Myntra, Ajio, Flipkart Fashion, Tata Cliq, Meesho, etc., offering vast assortments and regional reach, online channels have helped brands penetrate Tier-II and Tier-III cities while supporting SMEs and Direct-to-Consumer (D2C) labels. E-commerce's share in India's apparel retail market is projected to grow about 17% year-on-year in FY2025 and at a 15% CAGR till FY2030, nearly doubling sales from FY2025 levels as per India Ratings and Research (Ind-Ra)[34]. This digital momentum has encouraged manufacturers to diversify into online-first collections, invest in flexible production, and integrate with supply-chain platforms. Importantly, smaller RMG players and local manufacturers are benefiting from lower entry barriers, reduced dependence on traditional distributors, and access to nationwide customer bases through online marketplaces. Further, the adoption of the quick commerce business model is ensuring faster delivery. For example, in December 2024, Myntra entered the quick commerce market with M-Now to offer fashion, beauty, and lifestyle products, starting with a delivery window of 30 minutes. For apparel manufacturers, e-commerce is serving as an efficient channel of distribution that enables direct consumer access, better inventory control, and higher margins through reduced intermediary costs.

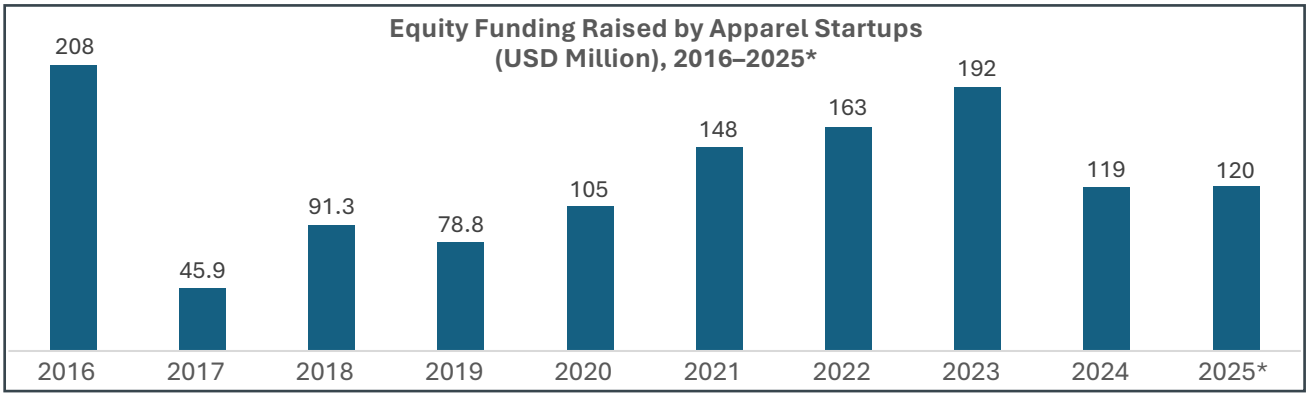
Modest Increase in Equity Funding of Apparel Startups in 2025

The number of startups in India's textile industry has risen steadily in the last five years. Department for Promotion of Industry and Internal Trade (DPIIT) recognised startups rose sharply: from 204 in 2020 to 703 in 2023 and further to 765 in 2024, a 3.7x growth, reflecting growing entrepreneurial activity and innovation across the value chain. Complementing this momentum, investor interest in apparel and fashion ventures has also remained strong. According to Tracxn, Indian apparel-brand startups raised about USD 120 million across 37 equity funding rounds till October 2025, a modest 2.6% increase compared to the USD 117 million raised during the same period in 2024. From 2016 to October 2025, the apparel brands sector in India has raised total equity funding of around USD 1.27 billion in the last 10 years. This sustained funding trend indicates continued investor confidence in India's evolving fashion and textile startup ecosystem, spanning D2C labels, sustainable fashion, and digital-first apparel brands.

"Our country is also paying greater attention to the export of technical textiles, which will become the economic backbone of India."

Shri. Giriraj Singh,
Hon'ble Union Minister of Textiles

[30] *India Brand Equity Foundation*
[31] *Compendium of the National Technical Textiles Mission and Ministry of Textiles*
[32] *Ministry of Textiles, Press Information Bureau of India, September 2025*
[33] *The Textile Magazine, September 2025*
[34] *Fibre2Fashion, January 2025*



Source: Traxcn
*Note: * The data for 2025 is till October 2025*

Entry of Global Brands Provides Opportunities and is a Test of Competitiveness for Indian Manufacturers

As many as 27 new foreign retail brands entered India in 2024, almost double from the preceding year, to establish their presence in the Indian market and meet growing consumer demand for luxury items, according to JLL. Fashion and apparel was among the top-three retailer categories to set up retail footprints in the country in 2024[35]. The arrival of global brands, such as US-based Athletifreak, UAE-based R&B Fashion, UK-based Next, Spain-based Bershka, Italian-based OVS, etc., enhances product diversity and raises fashion and quality benchmarks[36]. Collaborations such as the Shein–Reliance partnership, which aims to expand India's garment manufacturing base from 150 to 1,000 units by 2026, reflect growing confidence in India's production capabilities and its emergence as a competitive global manufacturing hub[37]. At the same time, the influx of premium and high-street international brands intensifies competition for Indian manufacturers operating in the mid- to high-end garment segment. Domestic players will need to strengthen their design capabilities, adopt global quality standards, and invest in branding and innovation to remain competitive. However, collaborations, contract manufacturing opportunities, and knowledge transfer from these foreign entrants could help Indian firms upgrade technologically and strategically position themselves in the global apparel value chain.

Adoption of Sustainable Practices

According to a report by the Center for Study of Science, Technology and Policy (CSTEP), the textile industry is the third-largest contributor to dry municipal solid waste, after plastics. For India, embracing circularity in textiles not only aligns with its climate goals but also enhances export readiness and brand reputation in key international markets.

Although at a nascent stage, the Indian textile industry has started adopting sustainable practices. In November 2024, Aditya Birla Fashion and Retail Limited (ABFRL), in collaboration with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), launched the first-ever circularity guidelines for the Indian textile and apparel industry[38]. Grasim Industries has developed Liva Reviva, a circular textile made from recycled cotton fabric waste[39]. In September 2025, Arvind Limited entered a strategic partnership with US-based Circ to integrate recycled materials into its product portfolio over the next five years[40]. The InTex India project, a four-year initiative (December 2023 to December 2027) by the United Nations Environment Programme (UNEP) and the Government of India's Ministry of Textiles, funded by Denmark, is helping textile clusters such as Surat, Karur, Salem, and Dindigul transition towards circular practices through life cycle approaches and eco-innovation[41]. These initiatives are examples of both large players and institutional programmes driving the transformation towards a more sustainable and circular textile economy in India. However, to ensure lasting impact, such sustainability and circularity initiatives must percolate down to smaller players. This is because the unorganised sector constitutes a significant share of India's textile industry, making its participation essential for achieving large-scale environmental and economic transformation.

[35] *ET Retail, February 2025*
[36] *Fashion United, October 2025*
[37] *India Today, June 2025*
[38] *India Education Diary, November 2024*
[39] *FICCI, Centre for Sustainable Leadership, January 2025*
[40] *Apparel Resources, September 2025*
[41] *UN Environment Programme*

Major Challenges

Challenges	Impact		
	1–2 years	3–5 years	6–10 years
Declining cotton production	High	High	High
Heavy dependence on the US market	High	High	High
Meeting UK specific requirements	High	High	High
Need to address textile waste	High	High	High
Lack of clarity on cotton contamination level	High	Medium	Medium

Declining Cotton Production: Despite having the world's largest cotton acreage, cotton production in India has declined significantly over the last decade. In the 2014–15 season, 386 lakh bales were produced, 14.39 lakh bales were imported, and 57.72 lakh bales were exported. In contrast, in the 2024–25 season, cotton production dropped to 294.25 lakh bales, imports increased to 25 lakh bales, while exports fell sharply to 18 lakh bales[42].

Heavy Dependence on the US Market: India's textile and apparel exports remain heavily dependent on the US market, which accounts for around 28%–29% of total outbound shipments[43]. However, the imposition of 50% US tariffs has eroded India's price competitiveness, particularly against key rivals such as China, Vietnam, and Bangladesh, which benefit from comparatively lower tariff rates.

Meeting UK-specific Requirements: The India-UK FTA could present challenges for Indian textile exporters due to UK-specific requirements related to value-addition norms, rules of origin, and compliance with technical, labelling, and sustainability regulations. SMEs may particularly struggle to meet these UK-specific certification and product alignment requirements, especially for niche segments like handloom, embroidery, and high-fashion apparel.

Need to Address Textile Waste: Although India has started its journey for sustainable practices, India's accumulation of approximately 7.7 million tonnes of textile waste, around 8.5% of the global total[44], highlights the industry's inadequate recycling and waste management systems, particularly as most players operate in the unorganised sector with limited access to sustainable infrastructure. With only 34% of India's textile waste currently reused and just 25% recycled into yarns, the need for circularity and sustainability has become urgent for the Indian textile industry as global buyers are increasingly demanding transparency, low-carbon materials, and circular supply chains. This poses a significant challenge at a time when global buyers increasingly demand ESG compliance and circularity, pushing Indian manufacturers to adopt greener and more resource-efficient practices to stay globally competitive.

Lack of Clarity on Cotton Contamination Level: The deferment of the Cotton Bales (Quality Control) Order, 2023 to August 2026 has given the textile industry some breathing room, but key issues persist. The BIS standards do not specify clear contamination limits, an area where Indian cotton already struggles, while cleaner imported cotton often cannot be used because most overseas suppliers don't have BIS certification. This puts Indian textile exporters at risk of supply disruptions and lost orders, especially since many global apparel brands nominate raw-material suppliers who are unlikely to apply for BIS registration.

"This journey of the five F's - farm, fibre, factory, fashion and foreign, in a way, the whole scene is in front of us. Keeping this principle of the five Fs in mind, we are encouraging farmers, MSMEs, and exports."

Shri. Narendra Modi,
Hon'ble Prime Minister of India

[42] *Times of India, August 2025*
[43] *CareEdge Ratings, August 2025*
[44] *Laudes Foundation, February 2025*

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Key Initiatives by Major Players

Company	Brief Description
Alok Industries Limited	**Partnering with Rieter:** In May 2025, the company entered into a strategic agreement with Rieter India Pvt. Ltd. to supply and install a complete compact spinning system.
Arvind Limited	**On track to implement a capex of INR 4,500–4,750 million:** The company invested INR 1,000 million as capex in Q1 FY26 and is on track to spend about INR 4,500–4,750 million in FY2026, directed at capacity and capability enhancement across segments. **Incorporation of a subsidiary:** In April 2025, the company incorporated a wholly owned subsidiary, Arvind New Technologies, to primarily engage in the manufacturing, processing, and supply of all types of textile fibres, yarns, fabrics, garments, and related materials, including the adoption of advanced technologies in the textile industry.
Garware Technical Fibres Limited	**Strengthening the European footprint through Norway:** In June 2025, the company incorporated a wholly owned subsidiary in Norway, Garware Technical Fibres AS (GTF AS), with an initial capital of NOK 30,000 to strengthen its international operations in Europe. Further, it also made its first global acquisition by buying Norway's Offshore & Trawl Supply to expand in Europe.
Gokaldas Exports Limited (GEX)	**Amalgamation of BTPL:** In August 2025, Gokaldas Exports' board approved a merger/amalgamation scheme to bring BRFL Textiles Pvt Ltd (BTPL) into GEX. The scheme is subject to regulatory and shareholder approvals.
Indo Count Industries Limited	**Acquisition of Wamsutta:** The company acquired 'Wamsutta' in FY2025, the oldest US home textile brand, which included global trademark and IP rights, making it a fully owned brand. Then in July 2025, it launched its own D2C brand, "Wamsutta," offering products in bed, bath, rugs, and other segments.
Kitex Garments Limited (KGL)	**Demerger of KCL:** In February 2025, the company approved a scheme of arrangement for the demerger of Kitex Childrenswear Limited (KCL) into KGL, where the textile business division of KCL will transfer to KGL. **INR 35.5 billion capex:** In April 2025, the company announced capital investment of ~INR 35.5 billion to expand its manufacturing footprint— phase I in Warangal (~INR17.5 billion) and phase II in Hyderabad (~INR 18 billion)—as a part of its growth strategy. **Exploring opportunities for INR 40 billion investment in AP:** In June 2025, as a part of its expansion strategy, the company announced that it is exploring opportunities to invest INR 40 billion in Andhra Pradesh.
Page Industries Limited	**INR 1.88 billion capex for plant extension:** FY2026 capex of INR 1.88 billion is expected, which will mainly be used to extend its two plants and purchase one more land parcel in Odisha.
Reliance Industries Limited	**Collaboration with Shein:** Reliance Retail Ventures Ltd, a subsidiary of Reliance Industries, has partnered with China-founded, Singapore-headquartered Shein to produce India-made apparel for domestic and international markets, while expanding its supplier base from around 150 to nearly 1,000 Indian garment manufacturers by mid-2026.
Trident Limited	**INR 10 billion capex for modernisation:** In February 2025, the company announced a INR 10 billion capex for FY2025-26 focused on sustainability, modernisation, and asset enhancement, while aiming to triple its domestic business by 2027 through the luxury "LUXEHOME by myTrident" brand.
Vardhman Textiles Limited	**INR 35.3 billion capex for modernisation and expansion:** The company is implementing a INR 35.3 billion capex plan for capacity expansion and modernisation, and in July 2025, started commercial production of 17,000 spindles as a part of its expansion plan.

Welspun Living Limited	**Partnering with NSDC for skilling opportunities:** In June 2025, the company inked an agreement with the National Skill Development Corporation (NSDC) to launch a large-scale skilling and employment initiative focused on operator-level roles in the textile sector. **INR 5,770 million capex for capacity expansion:** For FY2026, Welspun announced a capex of INR 5,770 million, including INR 3,650 million (to expand terry towel capacity by 3,600 mtpa to 1,00,000 mtpa) and enhance grey fabric, spinning waste recycling, pillow, and polywadding production, INR 1,000 million for maintenance, and INR 1,120 million to set up a pillow unit in Nevada, USA.

Note: Selected initiatives available in the public domain have been considered for selected major players. Initiatives are arranged in company-wise alphabetical order.
Source: Company press releases, news sources

Outlook

Strong growth ahead on the back of policy support and export opportunities

India's textiles and apparel sector is on a strong growth trajectory, expected to touch USD 350 billion by FY2031 from USD 174 billion in FY2025, driven by resilient domestic demand and rising consumption[45]. Accounting for about 2% of India's GDP and employing over 45 million people, the industry's economic contribution is set to nearly double by 2030. Increasing household incomes, expanding urbanisation, and the rising adoption of technical textiles are further accelerating domestic growth. On the external front, exports are targeted at USD 100 billion by 2030, supported by FTAs with the UK and ongoing trade talks with the EU, while tariff negotiations with the US, India's largest export market, will be pivotal. The industry is simultaneously embracing sustainability and innovation through eco-friendly production methods and recyclable materials. Policy measures such as the PM MITRA Parks and integrated textile hubs are enabling value addition, scale, and modernisation, strengthening India's global competitiveness and positioning it as a key player in the international textile value chain.

[45] *Wazir Advisors and Ministry of Textiles (ET Manufacturing, December 2024), India Brand Equity Foundation, October 2025 and Invest India*

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 two times in a row: in 2023 for its ground-breaking analytics initiative, 'SME Income Range Estimation and Financial Ratio Benchmarking' and in 2024 for the Rubix Risk Scoring Model.

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.

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