

Industry Research Report on Textile Sector in India

03/06/2026

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1 Economic Outlook

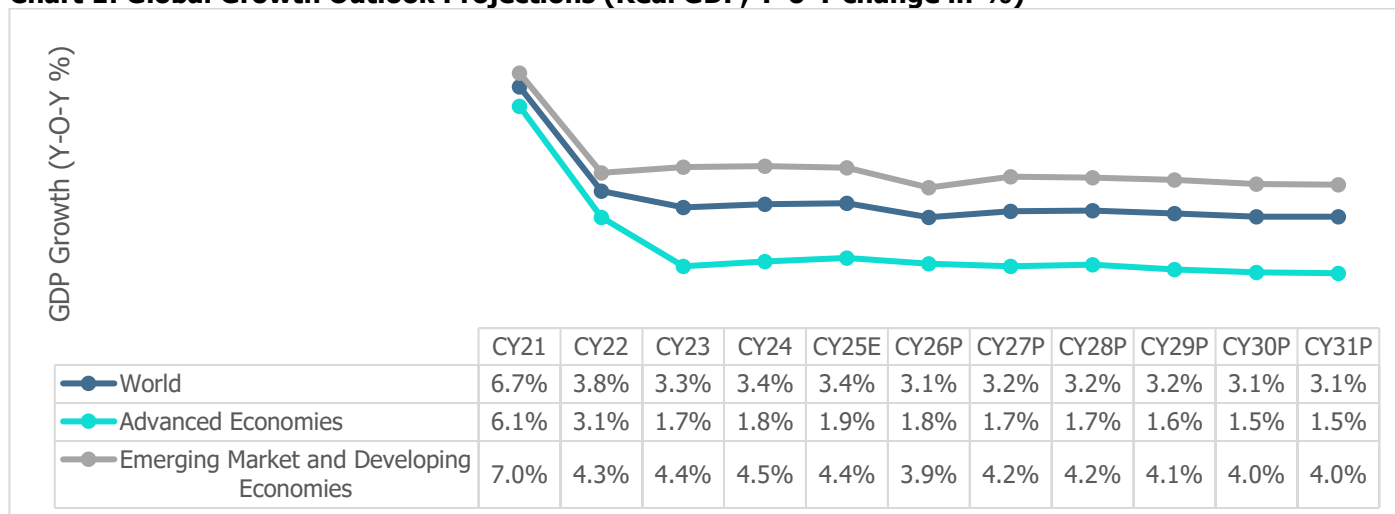
1.1 Global Economy

Global Economic Growth Expected to Sustain at ~3% in Near Term

Global economic growth is projected to moderate to around 3.1% in 2026, reflecting the impact of geopolitical tensions and growing uncertainty in global trade. The ongoing Middle East conflict continues to pose risks to energy supply chains and commodity markets, with prolonged disruptions potentially reducing global growth further to 2.5% or lower.

In addition, the expansion of U.S. tariff measures has increased trade policy uncertainty, prompting businesses to reassess supply chains and investment plans. Higher trade barriers may slow global trade activity by increasing costs and reducing the efficiency of international value chains. Despite these challenges, continued investment activity and supportive policy measures are expected to provide some support to global economic growth.

Chart 1: Global Growth Outlook Projections (Real GDP, Y-o-Y change in %)



Source: IMF – World Economic Outlook, April 2026; Notes: E-Estimate, P-Projections.

Table 1: GDP growth trend comparison - India v/s Other Economies (Real GDP, Y-o-Y change in %)

	Real GDP (Y-o-Y Change in %)										
	CY21	CY22	CY23	CY24	CY25E	CY26P	CY27P	CY28P	CY29P	CY30P	CY31P
India	9.7	7.6	7.2	7.1	7.6	6.5	6.5	6.5	6.5	6.5	6.5
China	8.6	3.1	5.4	5.0	5.0	4.4	4.0	4.0	3.7	3.3	3.3
Indonesia	3.7	5.3	5.0	5.0	5.1	5.0	5.1	5.2	5.2	5.2	5.2
Saudi Arabia	6.5	12.0	0.5	2.6	4.5	3.1	4.5	3.6	3.5	3.5	3.6
Middle East and Central Asia	4.7	6.4	2.6	2.8	3.6	1.9	4.6	4.0	4.0	3.8	3.8
Latin America	7.5	4.3	2.3	2.4	2.4	2.3	2.7	2.9	2.9	2.7	2.6
Brazil	4.8	3.0	3.2	3.4	2.3	1.9	2.0	2.4	2.5	2.5	2.5
Euro Area	6.4	3.6	0.4	0.9	1.4	1.1	1.2	1.4	1.2	1.1	1.1
United States	6.2	2.5	2.9	2.8	2.1	2.3	2.1	2.1	1.9	1.8	1.8

Source: IMF- World Economic Outlook Database (April 2026)

Note: E-Estimate, P- Projections; India's fiscal year (FY) aligns with the IMF's calendar year (CY). For instance, FY24 corresponds to CY23.

1.1.1 Iran Conflict Impacts Energy Intensive Sectors

The current geopolitical tensions surrounding Iran conflict in West Asia, are having a direct quantifiable impact on the Indian consumer industry due to its high dependence on energy imports routed through the Strait of Hormuz (presently the zone of conflict). India imports around 60% its LPG demand and nearly 90% of the imports transit through the Strait of Hormuz route. Since LPG is a primary cooking fuel for over 300 million Indian households, any disruption in supply chains, or increase in freight and insurance costs has an immediate effect on household consumption expenditure and urban demand patterns in the country.

This impact is further amplified by India's crude oil dependence, with over 85% of total crude demand being imported, a large share of which travels from West Asia and eventually moves through the Strait of Hormuz route. A significant share of India's energy cargo, approximately 40–50% of crude oil imports and most LPG imports is routed through the Strait of Hormuz too, making it a critical chokepoint for India's energy security.

This creates a structural vulnerability, where even moderate disruptions or price shocks translate into higher fuel costs. Since fuel constitutes a key component of logistics, particularly in a distribution-heavy economy like India, rising crude prices increase transportation and supply chain costs across sectors such as FMCG, retail, e-commerce, and consumer durables. This leads to cost transmission across the value chain, affecting both producers' margins and end-consumer prices.

Additionally, a significant share of India's natural gas imports is also linked to this route, impacting energy-intensive sectors such as fertilizers, packaging, and manufacturing inputs. These sectors are closely integrated with consumer industries, creating second-order effects through higher input costs and supply-side pressures. As a result, the consumer industry faces broad-based cost escalation, with companies either absorbing margin pressures or passing on selective price increases, potentially moderating demand in price-sensitive segments.

Overall, the magnitude of exposure is substantial, with a large share of India's critical energy imports concentrated through a single geopolitical chokepoint. While short-term pressures on costs and supply chains remain elevated, ongoing efforts toward diversification of energy sourcing and strengthening of supply resilience are expected to partially mitigate risks, supporting the sector's medium- to long-term stability.

1.2 Indian Economic Outlook

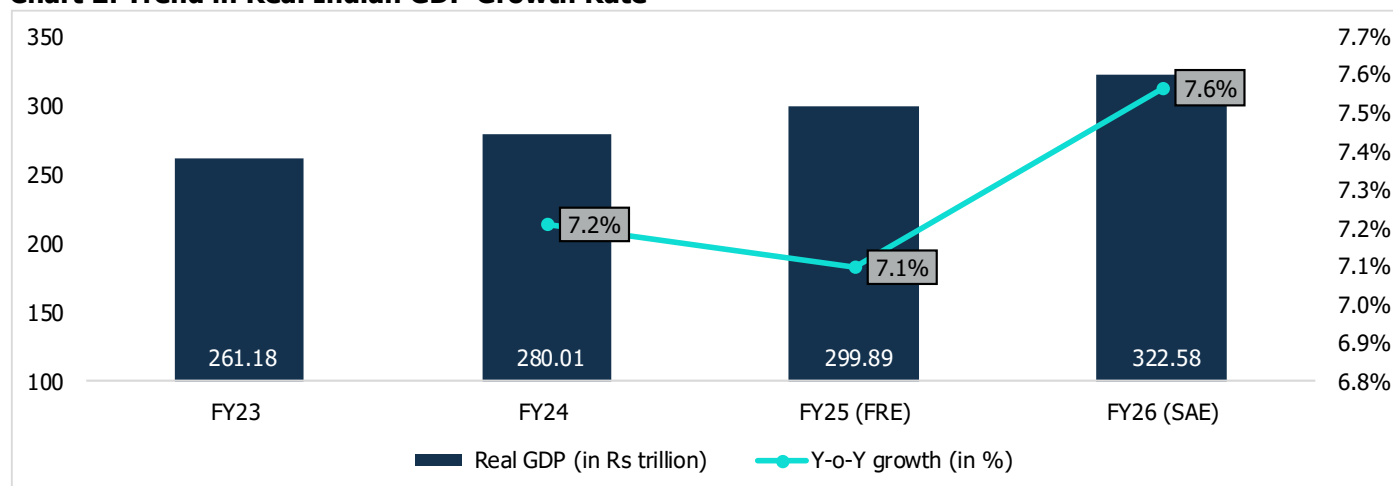
1.2.1 GDP Growth and Outlook

Resilience to External Shocks Remains Critical for Near-term Outlook

The Indian economy continues to show rapid growth. For FY26, GDP is expected to grow by 7.6%, supported by rising rural demand, better job opportunities, and favourable business conditions.

In FY25, provisional estimates show a growth of 7.1% (Rs 299.89 trillion), led by robust performance in manufacturing, construction, and financial services. Consumer spending rose by 7.6%, and government spending increased by 3.8%, both contributing to the overall growth of the economy. In FY23, the real GDP stood at Rs 261.18 trillion and registered Y-o-Y growth of 7.2% in FY24 (Rs 280.01 trillion).

Chart 2: Trend in Real Indian GDP Growth Rate



Source: MOSPI, RBI;

Note: FRE- First Revised Estimates, SAE- Second Advanced Estimates;

The trend for FY23-FY26 is based on new series base year 2022-23.

GDP Growth Outlook (April 2026)

FY27 GDP Outlook: The Reserve Bank of India (RBI) projects real GDP growth at 6.9% for 2026–27, supported by sustained momentum in the services sector, strong reservoir levels aiding the agricultural sector, and private consumption expected to remain uplifted by discretionary spending. The Indian government is also working towards minimising supply chain disruptions in critical sectors to ensure limited interruptions.

However, elevated energy and other commodity prices, as well as the travel disruptions in the Strait of Hormuz are likely to affect the growth this year. However, the government is working towards minimising the impact of the supply chain disruptions towards critical sectors to ensure limited interruptions.

Table 2: RBI's GDP Growth Outlook (Y-o-Y %)

FY27P (Complete Year)	Q1FY27P	Q2FY27P	Q3FY27P	Q4FY27P
6.9%	6.8%	6.7%	7.0%	7.2%

Source: RBI; Note: P-Projected

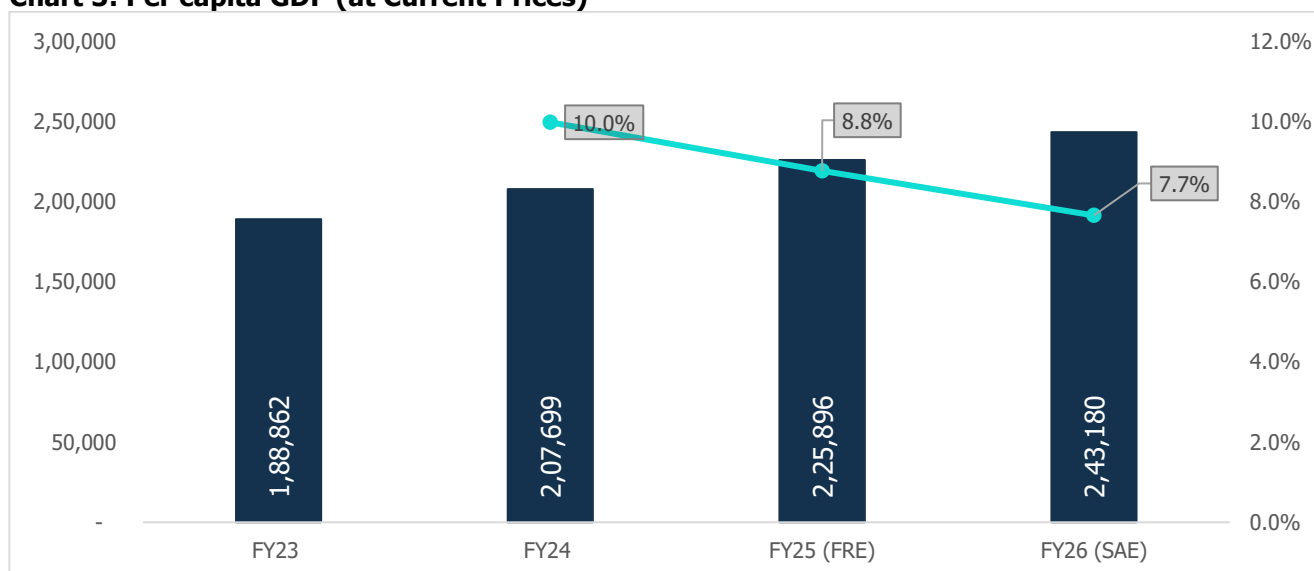
The trend for FY23-FY26 is based on new series base year 2022-23.

1.2.2 India's GDP Per Capita

India's per capita GDP has shown a consistent upward trend over the past decade, reflecting steady economic growth. Rising per capita income, driven by robust economic development, enhances consumer confidence and discretionary spending, reflecting a higher standard of living and overall prosperity.

From FY23 to FY25 (according to the estimates), the per capita GDP increased from Rs 1,88,862 to Rs 2,25,896, with an average growth rate of around 9.4% annually. In FY26, the growth is expected to be around 7.0% at Rs 2,43,180. Key drivers of this growth include structural reforms, digitalisation, rising domestic consumption and increased foreign investment.

Chart 3: Per capita GDP (at Current Prices)



Source: MOSPI.

Note: FRE- First Revised Estimates, SAE- Second Advanced Estimates;
 The trend for FY23-FY26 is based on new series base year 2022-23.

1.2.3 Gross Value Added (GVA)

GVA is the measure of the value of goods and services produced in an economy. GVA gives a picture of the supply side, whereas GDP represents consumption. GVA in FY25 was powered by a broad-based rebound across sectors. The gap between GDP and GVA growth stood at 0.1 percentage point in FY25, with GDP growing at 7.2% and GVA at 7.3%, as per MoSPI's provisional estimates released in March 2026.

In FY26 (FAE), real GVA growth of 7.7% is primarily led by manufacturing, Trade, Hotels, Transport, Communication & Services related to Broadcasting, Storage. Industry is estimated at 8.8%, supported by a pickup in manufacturing and construction (11.5% and 7.1% respectively).

Table 3: Sectoral Growth (Y-o-Y % Growth at Constant Prices)

At Constant Prices	FY24 (FRE)	FY25 (PE)	FY26 (SAE)
Agriculture, Forestry & Fishing	2.6	4.2	2.4
Industry	10.9	8.3	8.8
Mining & Quarrying	2.4	11.7	4.1
Manufacturing	12.7	9.3	11.5
Electricity, Gas, Water Supply & Other Utility Services	10.7	2.9	1.5
Construction	9.9	7.3	7.1
Services	7.0	7.9	9.0
Trade, Hotels, Transport, Communication & Broadcasting	10.1	6.6	10.1
Financial, Real Estate & Professional Services	5.5	10.0	9.9
Public Administration, Defence and Other Services	6.8	5.0	5.8
GVA at Basic Price	7.2	7.3	7.7

Source: MOSPI; Note: FRE- First Revised Estimates, SAE – Second Advanced Estimates;

The trend for FY24-FY26 is based on new series base year 2022-23.

1.2.4 Trends in Per capita State Domestic Product (SDP)

SDP is the total value of goods and services produced, during any financial year, within the geographical boundaries of a state. The top performing states on per capita SDP include Delhi, Gujarat, Karnataka, and Tamil Nadu, due to their strong industrial and services base, higher urbanisation, better infrastructure and greater investment inflows, leading to higher income generation.

As of FY25, major states having a per capita SDP below national average include Andhra Pradesh, Rajasthan, Madhya Pradesh and Uttar Pradesh growing Y-o-Y by 8.0%, 6.9%, 4.7% and 7.9% respectively. Bihar is the poorest performing state with a per capita SDP of Rs 33,996. It has consistently been performing the poorest since FY18, growing merely at a CAGR of 4.5% from FY18 to FY25. Bihar's poor performance is due to factors such as a high population base, lower levels of industrialisation, infrastructure gaps, lower human capital development and higher dependence on agriculture, which together limit productivity and income growth.

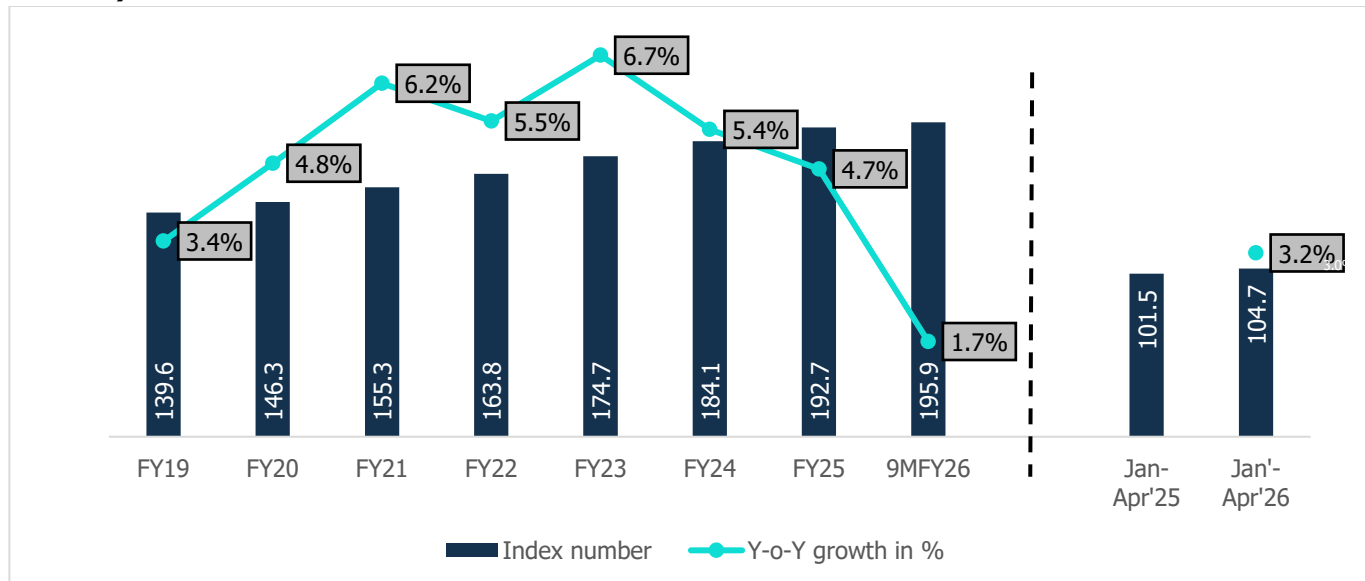
Table 4: Per Capita SDP for Key States (at Constant prices, in Rs)

State\UT	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Andhra Pradesh	1,03,177	1,08,853	1,10,587	1,10,971	1,18,349	1,23,853	1,31,083	1,41,609
Bihar	26,719	29,092	29,798	26,839	27,674	30,678	33,966	36,342
Gujarat	1,43,604	1,54,887	1,64,060	1,56,285	1,70,519	1,81,963	NA	NA
Karnataka	1,40,747	1,49,024	1,56,478	1,49,673	1,65,517	1,82,371	1,91,970	2,04,605
Madhya Pradesh	54,824	59,005	60,452	56,086	61,011	63,681	67,301	70,434
Maharashtra	1,37,808	1,40,782	1,45,626	1,27,550	1,41,651	1,54,979	1,66,013	1,76,678
Rajasthan	73,529	73,975	76,840	73,447	79,490	84,585	90,414	96,638
Tamil Nadu	1,33,029	1,41,844	1,44,845	1,43,482	1,54,269	163,205	1,78,496	1,97,747
Uttar Pradesh	41,771	42,333	43,061	39,866	45,294	48,014	51,898	55,990
Delhi	2,52,960	2,57,597	2,60,559	2,28,162	2,39,821	2,52,768	2,71,490	2,83,093

Source: MOSPI

1.2.5 Consumer Price Index (CPI) Records Combined Inflation Rate of 3.5% in March 2026

Between January and April 2026, inflation followed a steady yet modest path, averaging 3.2% across the Consumer Price Index. By April, the year-on-year rise sharpened slightly, reaching 3.48% compared to the same month in 2025. Within this, the rural inflation rate stood at 3.8%, while the urban inflation rate was comparatively lower at 3.2%. This indicates a modest overall inflationary trend, with rural areas experiencing relatively higher price pressures than urban regions.

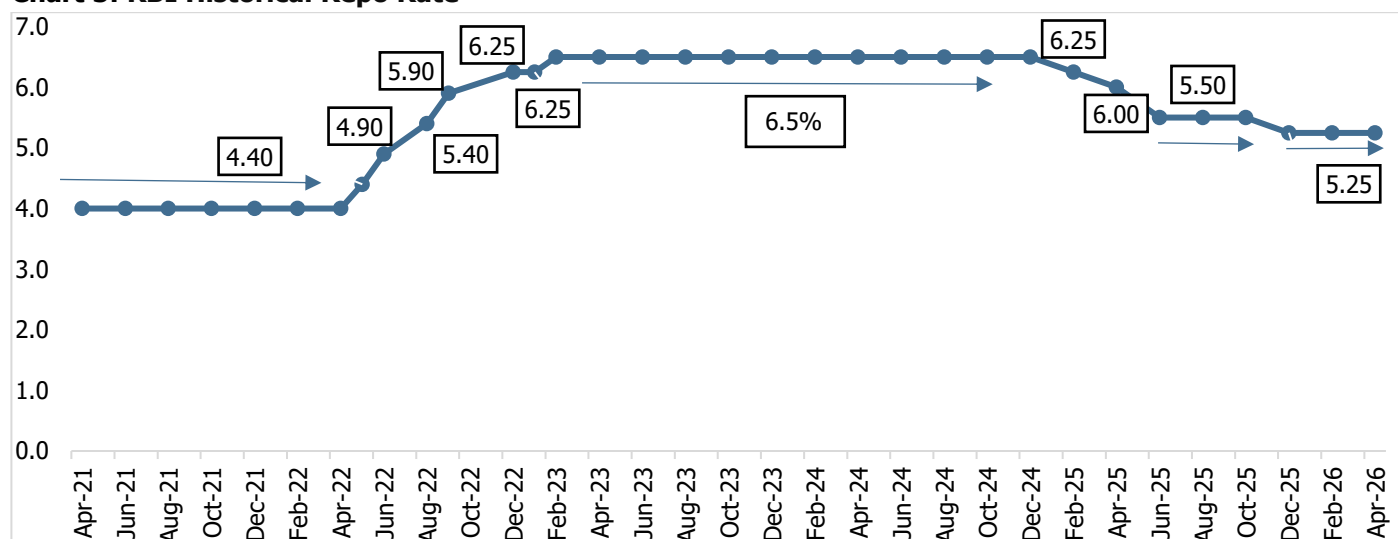
Chart 4: Retail Price Inflation in Terms of Index and Y-o-Y Growth in % (Base: 2011-12=100, 2023-24=100)


Source: MOSPI; Note: year for FY26 YTD has been revised to 2024, while prior years remain on the 2012 base; the January-March 2025 and 2026 figures are also reported on the 2024 base.

The CPI is primarily factored in by RBI while preparing their bi-monthly monetary policy. At the bi-monthly meeting held in April 2026, RBI projected inflation at 4.6% for FY27 with inflation during Q1FY27 at 4.0%, Q2FY27 at 4.2%, Q3FY27 at 5.2% and Q4FY27 at 4.7%.

Considering the current inflation situation, RBI has maintained the repo rate at 5.25% in the April 2026 meeting of the Monetary Policy Committee (MPC).

Chart 5: RBI Historical Repo Rate



Source: RBI

RBI maintained a 'neutral' monetary policy stance, though, the MPC noted an increase in geopolitical tensions. The growth is expected to be supported by robust private consumption and investment demand. RBI has adopted for a non-inflationary growth with the foundations of strong demand and supply with a good macroeconomic balance. With volatile trade conditions in view, the domestic growth and inflation curve requires the policies to be supportive.

The India Meteorological Department (IMD) expects a below normal monsoon, rains in most parts of the country, except in some areas of the northeast, southern peninsula, and northwest India which is likely to affect inflation levels.

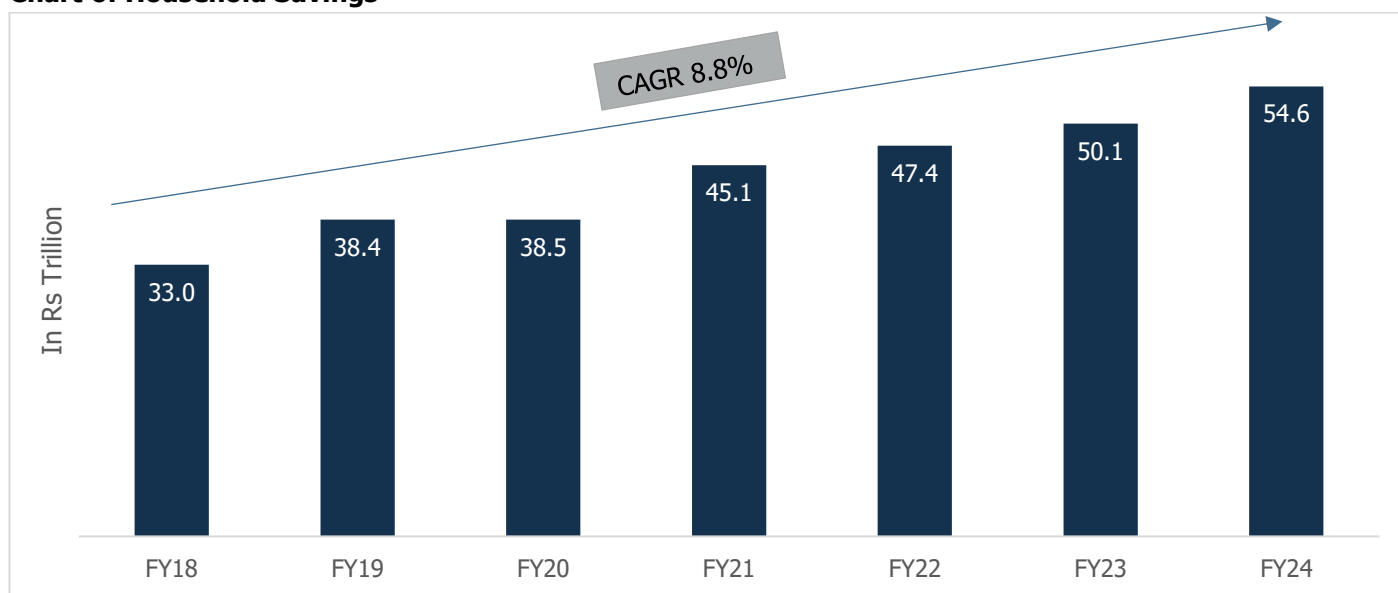
Retail petrol and diesel prices in India have increased in recent months following the sharp rise in global crude oil prices amid geopolitical tensions in West Asia. While pricing measures and cost absorption by oil marketing companies initially helped cushion the impact on consumers, persistent pressure from elevated crude oil prices eventually led to fuel price hikes. Going forward, movements in global energy markets will remain an important factor to monitor. At the same time, higher energy prices and weather-related disruptions affecting food supply continue to pose upside risks to inflation through increased transportation, logistics, and input costs.

1.2.6 Household Savings' Shifting Focus from Physical Assets to Financial Assets

Household savings are of the household sector, measured as its excess of income over consumption and invested in financial assets and physical assets. Household savings in India have grown at an 8.8% CAGR since FY18, reaching Rs 54.6 trillion in FY24, a 9.0% Y-o-Y increase. A shift toward physical assets, particularly housing and gold/silver ornaments, reflects a preference for tangible investments amid high inflation and slow growth in monetary assets. Savings in the form of gold and silver ornaments (% of Household sector savings) was reported at 1.2% in FY24.

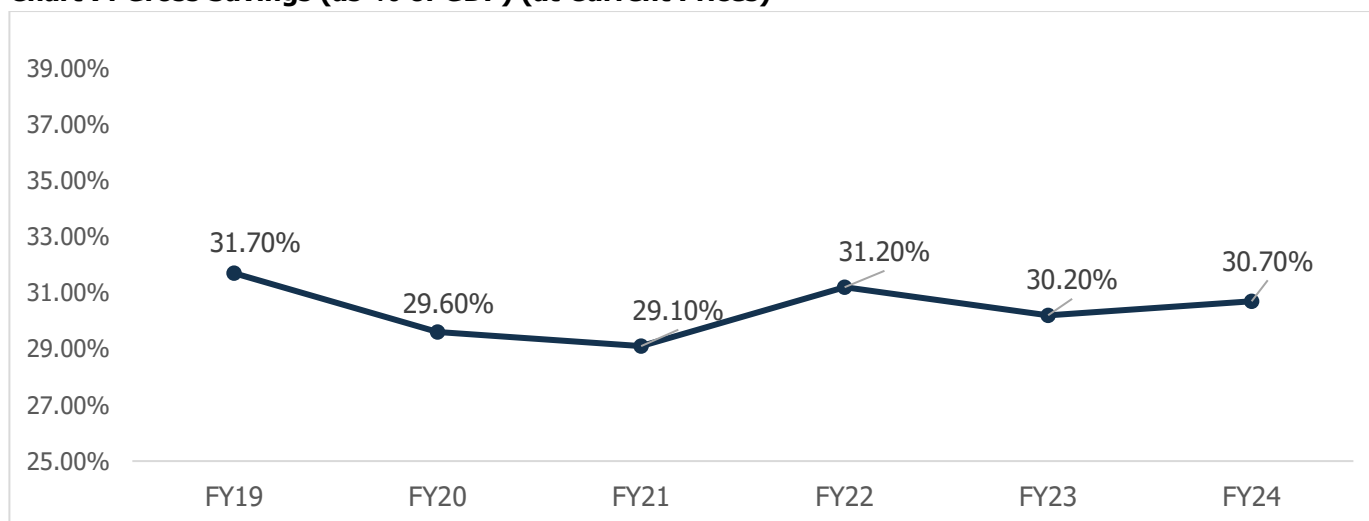
This increasing trend towards physical assets is occurring alongside a rise in household leverage, with borrowing, especially for housing, automobiles, and personal consumption, pushing household financial liabilities to a six-year high. Mutual funds and life insurance also grew, with an 11.5% and 13.6% Y-o-Y increase, respectively, while investment in equities and capital market instruments rose as they offer higher returns than bank deposits.

Chart 6: Household Savings



Source: MOSPI

Chart 7: Gross Savings (as % of GDP) (at Current Prices)



Source: MOSPI

Gross Domestic Savings (GDS) are the total savings within the economy, comprising the savings of the household, private corporate and public sectors. GDS as percentage of GDP has seen a flat growth moving within a narrow range. Within the last five years, it was highest in FY19 at 31.7%. It declined to less than 30% during FY20 and FY21 on account of COVID-19 pandemic, increasing again to 31.2% in FY22 before declining to 30.2% in FY23. The trend picked up marginally in FY24 to 30.70%. As of FY24, Savings were Rs 92.59 trillion indicating a Y-o-Y growth of 12.3% while GDP was at Rs 301.23 trillion showing a growth of 12.0%

1.2.7 Growth of the Middle Class in India and the Rural Economy in India

The Indian rural economy continues to support FMCG sector growth in FY25–26. RBI highlights that rising incomes and improved infrastructure are fuelling increased rural consumption of FMCG products. This boost is supported by a rise in rural savings, marked by growing numbers of savings bank accounts and balances, and a reduction in inflationary pressures, which has allowed rural consumption to catch up with urban areas. Additionally, favourable monsoon conditions and improved sowing data are expected to sustain this growth, complemented by increased government spending on rural development and infrastructure.

The expansion of middle-income households in rural India is transforming the country's economic landscape. This growth is driven by rising incomes, increased discretionary spending, a shift towards online and omnichannel shopping, and advancements in payment and logistics infrastructure. There is also a notable dietary shift in rural areas from carb-based foods to more protein-rich diets. India's middle class, characterised by significant income variability, exhibits diverse spending patterns. Lower-middle-class households allocate much of their income to private healthcare, education and essential consumer goods such as motorbikes and basic appliances. In contrast, the upper-middle-class invests in luxury items, entertainment, property, and personal services, with a higher propensity to own assets like cars, computers, and air conditioners. Both segments of the middle class are substantial and emerging as key drivers of consumption and economic growth in India. Recent policies, including the Mahatma Gandhi National Rural Employment Guarantee Act, have increased rural incomes, enabling more rural households to enter the middle class. The growing, more inclusive, and politically engaged middle class reflects broader economic growth, although there is a risk of social strain if growth falters and quality job creation does not keep pace.

The government's budget measures which focus on agriculture, infrastructure and rural development, aim to increase incomes and revitalise the rural sector. These measures include transforming agricultural research, introducing new crop varieties, promoting natural farming and enhancing digital infrastructure for agriculture. Successful implementation of these programs, coupled with proper fund allocation, is crucial for improving farm incomes and strengthening supply chains. A shift towards diversified, high-value agricultural production, along with marketing and trade reforms, is needed to foster more inclusive, environmentally friendly and climate-resilient agriculture

Despite higher absolute incomes among the wealthy class, the sheer size of India's middle class indicates it will become a major force in the economy, creating one of the world's largest markets. This burgeoning middle class, with its growing discretionary spending power, is poised to drive investment, generate employment and spur further economic growth. Assuming effective reforms are implemented, and the middle class expands to over one billion people, its role will be pivotal in India's economic and social fabric, influencing a wide range of activities from consumption to employment and political change.

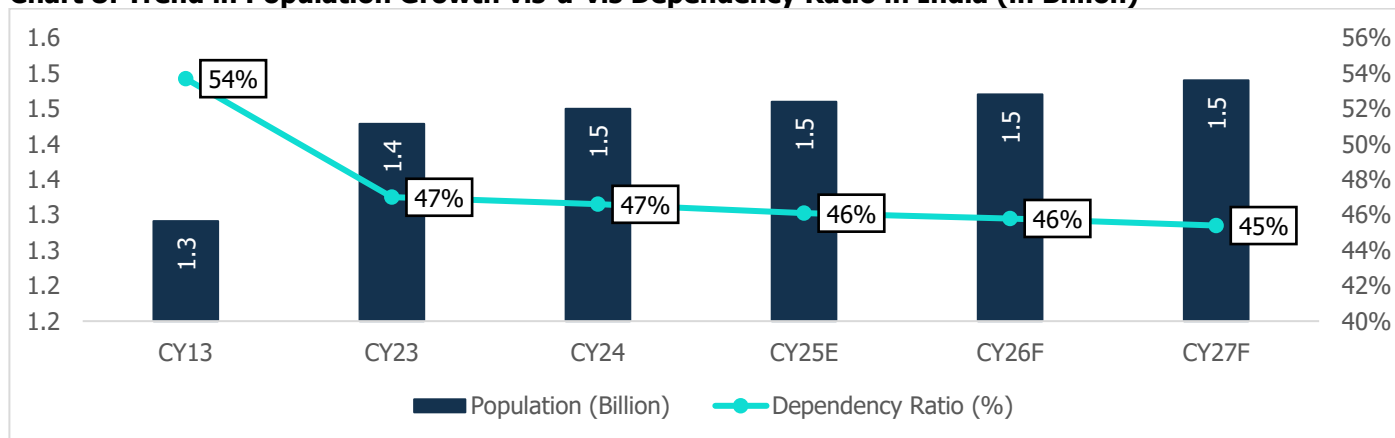
1.2.8 Overview on Key Demographic Parameters

- Population Growth and Urbanisation**

The trajectory of economic growth of India and private consumption is driven by socio-economic factors such as demographics and urbanisation. According to the World Bank, India's population in CY22 surpassed 1.42 billion, slightly higher than China's population (1.41 billion) and became the most populous country in the world.

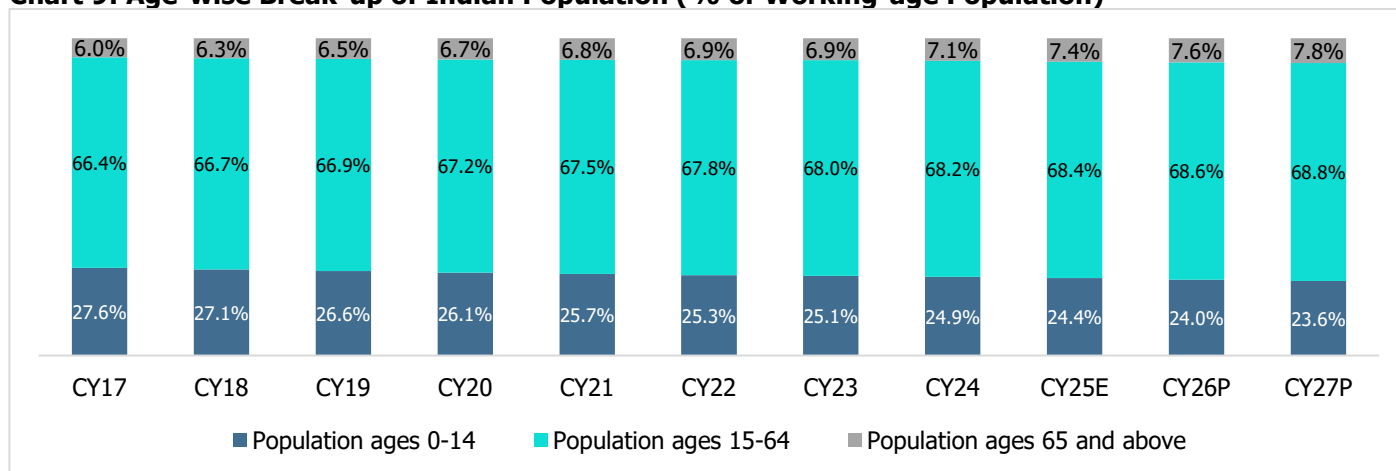
Age Dependency Ratio, ratio of dependents to the working age population, i.e., 15 to 64 years, wherein dependents are population younger than 15 and older than 64 is on decline. Declining dependency means the country has an improving share of working-age population generating income, which is a good sign for the economy. It was as high as 76% in 1983, which has reduced to 47% in CY23. However, this ratio is expected to rise again to 54% by CY36, driven by an increase in the elderly population as life expectancy improves.

Chart 8: Trend in Population Growth vis-à-vis Dependency Ratio in India (in Billion)



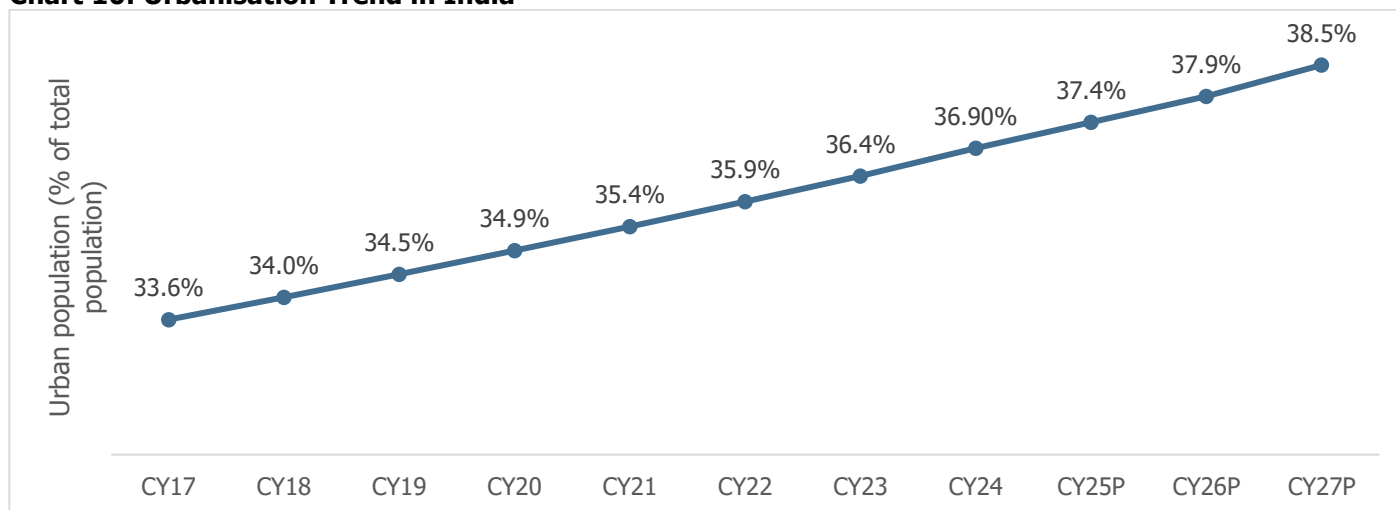
Source: World Bank Database, MOSPI; Note: E- Estimated, F- Forecasted

Despite a projected rise in the dependency ratio to 54% by CY36, India's young and growing workforce, especially in newly urbanised towns, will continue to drive income growth and consumer demand. This presents strong opportunities for sectors like consumer electronics, transportation and railways. Rising employment, urbanisation and government investment in rural development and digital infrastructure will further boost demand, while increased tech adoption supports long-term consumption growth across both urban and rural markets.

Chart 9: Age-wise Break-up of Indian Population (% of Working-age Population)


Source: World Bank Database; Note: E- Estimated, F- Forecasted

India's urban population continues to rise steadily; the urban population increased from 413 million (32.0% of the total population) in CY13 to approximately 519.5 million (36.4%) in CY23. By CY26, India's urban population is estimated to have reached ~560 million, accounting for nearly ~38.0% of the total population, reflecting ongoing urbanization driven by economic growth, infrastructure development, industrial expansion, and migration toward urban centres. India is undergoing a significant urban transformation, with the urban population projected to rise to 40% by CY36. This shift is driven by factors such as improved living standards, increased employment opportunities in urban areas, and government initiatives aimed at urban development. This rapid urbanisation might necessitate substantial investments in infrastructure, housing, and transportation.

Chart 10: Urbanisation Trend in India


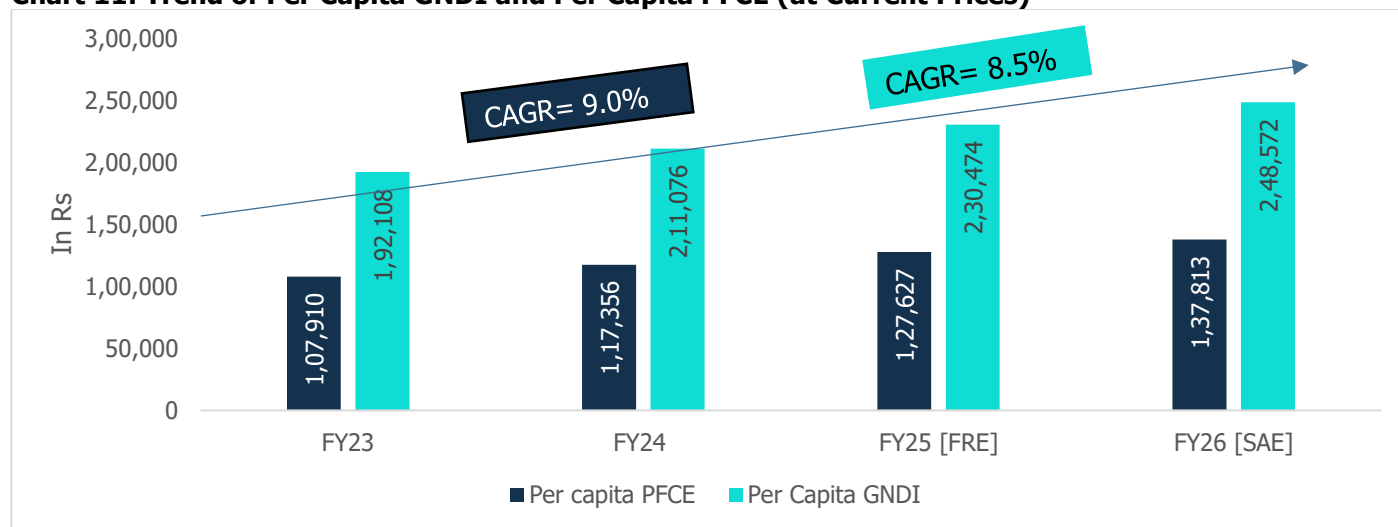
Source: World Bank Database; Note: E- Estimated, F- Forecasted

• Increasing Disposable Income and Consumer Spending

Gross National Disposable Income (GNDI) is a measure of the income available to the nation for final consumption and gross savings. Between the period FY23 to FY26, per capita GNDI at current prices registered a CAGR of 8.5%. More disposable income drives more consumption, thereby driving economic growth.

With increase in disposable income, there has been a gradual change in consumer spending behaviour as well. Per capita Private Final Consumption Expenditure (PFCE) which is measure of consumer spending has also showcased significant growth from FY23 to FY26 at a CAGR of 9.0%.

Chart 11: Trend of Per Capita GNDI and Per Capita PFCE (at Current Prices)



Source: MOSPI; Note: FRE – First Revised Estimates, SAE- Second Advanced Estimates
 The trend for FY23-FY26 is based on new series base year 2022-23.

1.3 Conclusion

From a macroeconomic standpoint, India remains one of the most resilient large economies in a challenging global environment. The IMF forecasts GDP growth of 6.5% in CY26, far outpacing the estimated CY26 global average of 3.1%. This performance reflects a combination of strong domestic fundamentals, policy stability and a sustained focus on capital formation. While the global economy continues to face uncertainty from geopolitical conflicts, commodity price volatility and rising public debt, India's diversified growth drivers, stable policy framework and expanding export ecosystem position it well to navigate these headwinds.

The key sectors with potential exposure to changes in US tariff policy include engineering goods, electronics, gems and jewellery, pharmaceuticals, textiles and automobiles/auto components, given their material export linkages to the US market.

As of May 2026, India-US trade negotiations are ongoing and the final Bilateral Trade Agreement (BTA) has not yet been concluded. In February 2026, both countries announced a framework for an Interim Agreement aimed at promoting reciprocal and mutually beneficial trade. Under this framework, the United States proposed an 18% reciprocal tariff rate on Indian goods, while also indicating the possible removal of tariffs on sectors such as generic pharmaceuticals, gems and diamonds, aircraft parts and certain engineering products, subject to finalization of the agreement.

India continues to strengthen its position through diversification of trade partnerships and expansion of FTAs with the EU, UK, EFTA and other economies. This, along with India's growing manufacturing capacity and supply-chain integration, supports its competitiveness in sectors such as electronics, textiles, pharmaceuticals and auto components.

The Iran conflict has led to an increase in prices of consumer products in India due to potential higher fuel, freight and input costs, which can make everyday goods like FMCG items, plastics and packaged foods more expensive. Disruptions

in shipping and fertiliser supplies are also pushing up food prices, affecting imports of agricultural inputs and leading to costlier food products for consumers. Overall, delays in trade routes and rising logistics costs are reducing availability and increasing prices of imported consumer goods, especially from Gulf-linked supply chains. Overall, this is leading to supply shortages, rising costs, and production slowdowns in India's chemical and pharma sectors, with the impact likely to worsen if the conflict continues. Prolonged geopolitical tensions or conflict in the region could lead to sustained increases in crude oil and LPG prices, which may translate into higher input costs across industries and contribute to inflationary pressures in the Indian economy.

Domestically, policy momentum remains strong. The 56th meeting of the GST Council marked a major structural reform by proposing a simplified two-rate system of 5% and 18%, replacing the earlier four-slab framework, along with a 40% demerit rate for luxury and sin goods. This rationalisation aims to reduce compliance burdens, enhance efficiency, and stimulate private consumption. Together with recent revisions in personal income tax rates, these measures are projected to release savings exceeding Rs 2.5 lakh crore into the economy, supporting demand and easing inflationary pressures.

The Union Budget's allocation of Rs 12.20 lakh crore for capital expenditure in FY27 further reinforces the government's commitment to infrastructure-led growth. Public investment is expected to catalyse private sector activity, evidenced by rising project announcements and growing imports of capital goods. Improving rural demand, supported by healthy monsoon progress, favourable sowing conditions, and adequate reservoir levels, provides additional tailwinds for consumption and investment.

2 Global Textile Industry

2.1 Overview of the Textile Industry

The global textile industry is a vast and dynamic sector that plays a crucial role in the world economy, connecting agriculture, manufacturing, design, and retail across continents. It encompasses the production of fibres, yarns, fabrics, and finished garments, involving both natural and synthetic materials. The industry is constantly evolving through innovation, with trends in fashion, sustainability, and technology driving its direction. From cotton fields to high-tech textile labs, the sector reflects a blend of craftsmanship and industrial scale.

Major textile-producing countries include China, India, Bangladesh, Vietnam, and Turkey, which serve as key hubs for manufacturing due to their large labour forces and established infrastructures. Meanwhile, Western nations often lead in high-end fashion design, textile innovation, and sustainable solutions. The industry supports millions of jobs worldwide, from farming and factory work to marketing and retail, making it a vital contributor to both developing and developed economies. This industry supports a wide range of products, including clothing, household textiles (like curtains and bed linens), industrial fabrics, and technical textiles used in sectors like healthcare, construction, and automotive.

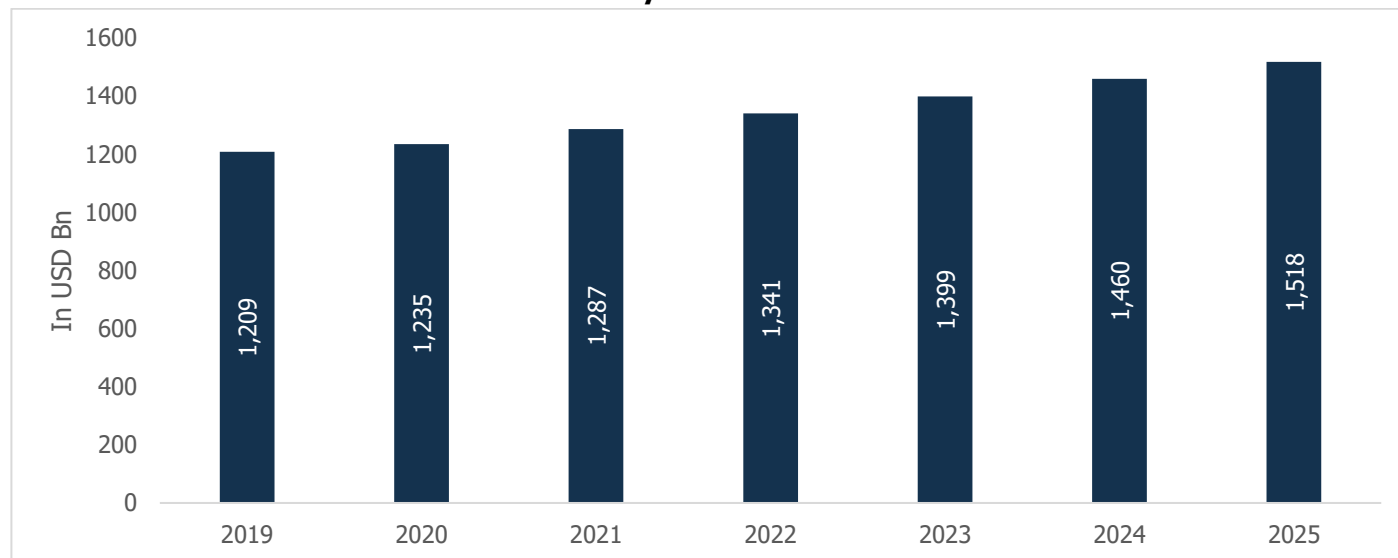
Overall, the textile industry is a complex and interconnected system that supports a wide range of economic activities, cultural expressions, and everyday needs. From the sourcing of raw fibres to the creation of high-performance technical fabrics and fashionable garments, each stage contributes significantly to global trade and employment. Innovation, sustainability, and responsiveness to consumer trends are driving the industry's transformation, making it an essential future focused segment. As it evolves, the textile sector remains a key player in shaping global economies and lifestyles.

2.1.2 Types of Textiles

1. **Natural Textiles:** Natural Textiles are made from fibres that come from natural sources like plants and animals. Common examples include cotton, wool, silk, and jute. These textiles are known for being breathable, biodegradable, and comfortable, making them widely used in clothing, home furnishings, and traditional crafts.
2. **Synthetic Textiles:** Synthetic Textiles are created from chemical processes using petroleum-based products such as ethylene, p-xylene, and monomers. Fibers like polyester, nylon, acrylic, and spandex fall under this category. These textiles are durable, wrinkle-resistant, and quick-drying, and are commonly used in fashion, sportswear, and industrial applications.
3. **Technical Textiles:** Technical Textiles are specially designed for performance and functionality rather than aesthetics. They are used in fields such as medicine, construction, automotive, agriculture, and defence. Examples include medical gowns, fire-retardant fabrics, industrial filters, and geotextiles, offering properties like strength, flexibility, and resistance to extreme conditions.

2.2 Global Market Size

The global textile industry has shown consistent growth over recent years, with its market size increasing steadily from USD 1,209 billion in 2019 to USD 1,518 billion in 2025. This upward trend reflects the rising demand for textiles across various segments including fashion, home furnishings, and technical applications. The growth is driven by factors such as expanding global population, the rise of fast fashion, and advancements in textile technology. Additionally, growing awareness around sustainable and functional textiles has further diversified market offerings, contributing to this continued expansion in value.

Chart 12: Global Market Size of Textile Industry

Source: Industry Sources

2.3 Global Cotton Industry

The global cotton industry is the backbone of the textile sector. Cotton remains an essential material, driving garment production worldwide. Cotton clothing and apparel remain highly sought-after by consumers. Although synthetic fibres like polyester pose competition, the growing emphasis on sustainable clothing presents a potential advantage for cotton due to its natural origin.

Further, international trade plays a crucial role in the cotton industry. Whereas government subsidies can significantly impact trade patterns, highlighting the need for a comprehensive understanding of the global market dynamics. Besides, cotton consumption is heavily influenced by the ever-changing demand for textiles and apparel.

However, this industry faces a multitude of intricate factors influencing its production, consumption, and future trajectory. Climate change presents a significant threat to cotton production. Unpredictable rainfall patterns and extreme weather events negatively impact crop yields. Sustainability concerns surrounding water usage and pesticide application also cast a shadow on the industry, pressuring producers to adopt more responsible practices. In this regard, organic cotton, grown organically from natural, untreated seeds without the use of harmful chemicals, offers an alternative solution.

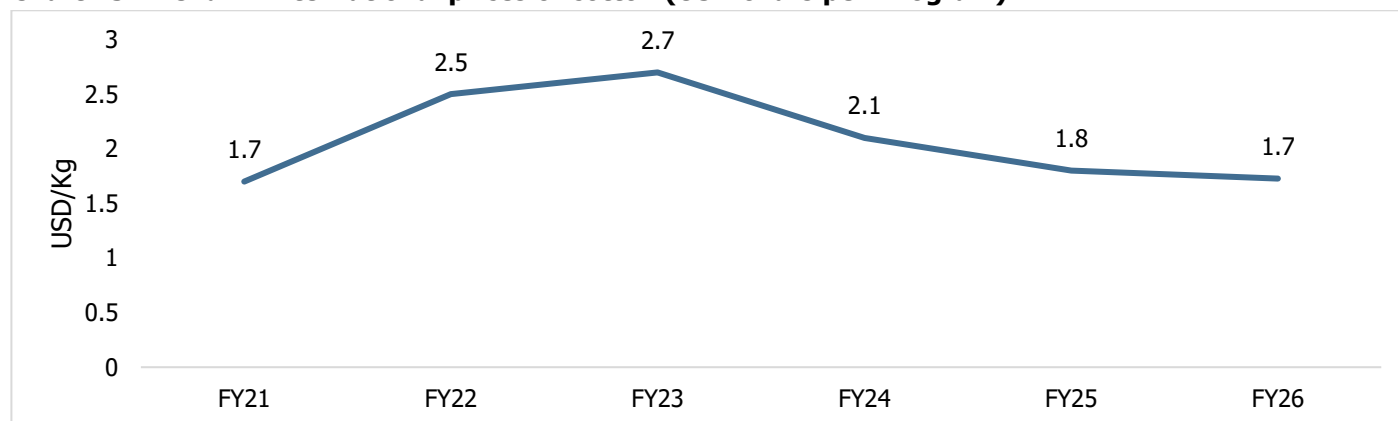
Despite these challenges, the global cotton industry is anticipated to experience moderate growth in the coming years. Technological advancements and a focus on sustainable practices are expected to shape the future of the industry. By addressing sustainability concerns and embracing innovation, the cotton industry can ensure its continued relevance, navigating the evolving demands of consumers and the environment. In essence, the cotton industry occupies a vital position within the global textile market. Through adaptation and a commitment to sustainability, the industry can secure its future and remain a key player in the ever-changing textile landscape.

2.3.1 Trend in International Cotton Prices

International cotton prices are currently facing significant downward pressure, driven by a global oversupply, rising competition from synthetic fibres, and evolving trade dynamics. As production outpaces consumption and market uncertainties grow, cotton prices have fallen to their lowest levels in years, reshaping the landscape for producers, traders, and consumers worldwide.

Global cotton prices have soared from 2020 until 2022. This surge is linked to factors like rising demand after pandemic lockdowns eased and the US ban on Chinese cotton products. International cotton prices have witnessed significant volatility over the past few years. After a sharp rise from USD 1.7/kg in FY21 to a peak of USD 2.7/kg in FY23, driven by post-pandemic demand recovery, prices have steadily declined. By the FY25, cotton prices had eased to around USD 1.8/kg, reflecting a shift towards oversupply, subdued global demand, and increasing competition from synthetic alternatives. In FY26, cotton prices remained at USD 1.7/kg, reflecting moderation compared to the elevated levels witnessed in earlier years. The decline in cotton prices was primarily attributable to improved global cotton production, easing supply chain disruptions, and relatively balanced demand conditions in key textile-consuming markets.

Chart 13: Trend in International prices of cotton (US Dollars per Kilogram)



Source: Index Mundi, CareEdge Research

3 Overview of Indian Textile Industry

The Indian textile industry is one of the oldest and most important sectors in the country, playing a vital role in employment, trade, and cultural heritage. The Indian textile industry spans a wide range of segments, including cotton, silk, wool, synthetic fibres, ready-made garments, and traditional handlooms, showcasing the country's diversity in fabric and craftsmanship. Known for its global presence, Indian textiles are exported to major international markets. The industry receives strong support from the government through various schemes aimed at modernization and infrastructure development. While it faces challenges like global competition, environmental concerns, and logistical hurdles, the growing demand for sustainable products, digital transformation, and innovation in technical textiles offer significant opportunities for expansion and progress. This industry is marked by remarkable diversity ranging from age-old, hand-woven and hand-spun traditions to modern, capital-intensive textile mills equipped with advanced technology.

A key strength of India's textile industry lies in its extensive and versatile raw material base. The country can produce a vast spectrum of fibres and yarns, including natural fibres such as cotton, silk, wool, and jute, as well as a wide array of synthetic and man-made fibres like polyester, nylon, viscose, and acrylic. This robust supply chain supports a dynamic manufacturing ecosystem. Among its various segments, the decentralized power loom, hosiery, and knitting units form the backbone of the textile manufacturing landscape. The industry's strong interconnection with agriculture particularly for raw materials like cotton and its deep roots in India's rich cultural heritage and traditional practices give it a distinctive character when compared to other sectors.

India's textile industry is uniquely positioned to cater to a wide range of markets, both domestic and international, with products that suit varying consumer preferences and demands. To enhance investment, generate employment, and boost infrastructure, the government has launched several initiatives including the Amended Technology Upgradation Fund Scheme (ATUFS), the Scheme for Integrated Textile Parks (SITP), and the Mega Integrated Textile Region and Apparel (MITRA) scheme.

3.1 Indian Textile Industry: Overview of the Value Chain

The textile value chain encompasses the entire process of transforming raw fibre into finished textile products. It begins with the sourcing of raw materials, such as natural fibres like cotton and wool or synthetic fibres like polyester and nylon. These fibres are then spun into yarn, which is woven or knitted into fabric. The fabric undergoes wet processing, including dyeing, printing, and finishing treatments to enhance its appearance and functionality. During garmenting, the fabric is cut and stitched into final products such as clothing or home textiles. The finished goods are distributed through retail or wholesale channels to reach consumers. Increasingly, the value chain incorporates post-consumer recycling and upcycling, reflecting the industry's growing commitment to sustainability and circular practices.



1. Fiber Acquisition: The textile value chain begins with raw material sources, which lays the groundwork for all subsequent processes. This stage involves acquiring both natural fibres such as cotton, wool, and silk, and synthetic fibres like polyester and nylon. The selection of raw materials greatly affects the cost, quality, and sustainability of the final textile products. After sourcing, the materials go through fibre processing, where they are cleaned, aligned, and converted into spinnable fibres through processes like ginning and carding. Proper fibre preparation is crucial to ensure consistent yarn quality. These fibres are then spun into yarn using methods such as ring spinning or air-jet spinning, which determine key properties like strength, elasticity, and texture.

- In India, fibre sourcing is closely tied to regional agro-climatic conditions, which support the cultivation and availability of key fibres in specific states. Cotton is sourced primarily from Maharashtra, Gujarat, Telangana, and Punjab, where black soil and warm climates are ideal for cotton cultivation. Jute is sourced mainly from the alluvial plains of West Bengal, due to the humid climate and fertile soil near the Ganges delta. Karnataka is India's largest producer of mulberry silk. Assam is known for its unique varieties like Muga and Eri silk, which are sourced from indigenous silkworm's native to the region. India also imports synthetic fibres like polyester and viscose, mostly from China, South Korea, and Indonesia, to support its growing man-made fibre industry, as domestic production is still catching up.

2. Fabric Formation: Second phase begins with the weaving and knitting stage which transforms yarn into fabric. While weaving creates more structured fabrics, knitting allows for flexibility and stretching, with the chosen technique influencing the final product's application. Once the fabric is formed, it undergoes dyeing and finishing. This stage enhances the aesthetic appeal and adds functional traits such as water resistance or wrinkle-free properties. These processes must comply with environmental and safety standards to support sustainability goals. The finished fabric then moves to garment manufacturing, where it is cut, stitched, and assembled. This stage demands skilled labour and often integrates technologies like digital design tools to improve speed and precision. In the weaving industry, within a time span of ten years, a total of 715 clusters across various States/UTs received financial assistance amounting to Rs. 49,655.02 lakh, supporting widespread development in the weaving sector. Through this, 1,73,421 weavers benefited via skill upgradation, provision of upgraded looms, individual worksheds, and lighting units.

- The fabric formation stage is distributed across different textile hubs. Surat (Gujarat) is India's largest centre for synthetic fabric weaving, especially polyester and georgette. Ludhiana (Punjab) is a hub for woollen and hosiery fabrics, while Tiruppur (Tamil Nadu) specializes in cotton knitwear and T-shirts. Bhiwandi (Maharashtra) is known for power loom-based fabric production. Fabric dyeing and finishing units are heavily concentrated in Surat, Jetpur (Gujarat), and Erode (Tamil Nadu). However, many of these processing hubs face environmental compliance issues, especially around wastewater management.
- In the garment manufacturing phase, Tiruppur leads in knitwear exports, while Bangalore (Karnataka) is a key hub for apparel manufacturing, particularly for export-oriented women's wear and fashion garments. Delhi-NCR, Noida, and Gurugram (Haryana) house many medium and large garment exporters, especially in ready-made garments (RMG). These regions depend heavily on skilled and semi-skilled labour, particularly women, and are gradually adopting CAD ((Computer-Aided Design) /CAM (Computer-Aided Manufacturing) and automation tools in export units. Meanwhile, India imports a small portion of high-end garments and winterwear from countries like China and Bangladesh to serve premium domestic markets.

3. Retail Dynamics: In the final stretch of the chain, garments are prepared for distribution and retail. Efficient logistics ensure timely delivery to retailers or direct-to-consumer channels. Branding, packaging, and marketing strategies are also key in this stage to position the product in the market. Ultimately, the end consumer evaluates the product based on comfort, design, price, and sustainability, which feeds back into the entire value chain. Ultimately, consumers

evaluate products based on comfort, design, price, and sustainability, influencing innovation and decisions across earlier stages, thus completing the textile ecosystem's feedback loop.

- In the retail and distribution phase, metros like Mumbai, Delhi, and Bangalore are centres of fashion retail, warehousing, and logistics. Indian e-commerce has expanded reach through various platforms. India is also witnessing the rise of D2C (Direct-to-Consumer) brands, especially in urban areas.

Overall, India commands a strong position in the global textile value chain with a full-spectrum presence from fibre production to finished apparel. With the government promoting integrated textile parks through the PM MITRA scheme, offering incentives under the PLI Scheme, and supporting exports through RoSCTL and RoDTEP, India is positioned not only as a manufacturing hub but also as a rising force in sustainable and value-added global fashion.

3.2 Key segments of the Indian textile industry

The Indian textile industry is one of the most diverse and dynamic sectors of the country's economy, encompassing a broad spectrum of segments that reflect both its rich heritage and modern advancements. From age-old natural fibres like cotton, wool, silk, and jute to innovative manufactured fibres and technical textiles, the industry spans the entire value chain including raw material sourcing, spinning, weaving, processing, and garment manufacturing. Each segment plays a vital role in driving exports, generating employment, and contributing to India's global reputation as a leading textile and apparel hub. Together, these segments serve both domestic demand and international markets, blending tradition with technology and artisanry with commercial scale.

1. Natural Fibres: Cotton, Wool, Silk & Jute Textiles

India's textile industry is historically grounded in natural fibres like cotton, wool, silk, and Jute textiles.

• Cotton is the largest segment, with India being the world's top producer. Cotton textiles include spinning, weaving, and garmenting of yarns and fabrics used both domestically and globally. States like Gujarat, Maharashtra, and Tamil Nadu are major hubs. India's cotton yarn exports are a vital component of the industry, representing a substantial portion of 25-35% of its total production in FY26. The primary driver for revenue growth in fiscal 2027 is expected to be steady but moderated demand for yarn exports, with China demand remaining volatile rather than a strong growth engine. China's share is structurally declining, with incremental growth increasingly coming from Bangladesh, Vietnam, and other emerging textile hubs as global supply chains diversify.
• Woolen textiles, though smaller, are significant in colder northern regions like Punjab and Himachal Pradesh. Known for high-quality shawls, suits, and blankets, this segment supports winter clothing and luxury wear. India's total wool production for the year 2024–25 is estimated at 34.57 million kilograms, indicating an increase growth of 2.63% over the previous year's output. The production stood at 36.76 million kilograms in 2019–20, 33.61 million kilograms in 2022–23 and 33.69 million kilograms in 2023-24. State wise Rajasthan remains the dominant contributor to national wool output, accounting for 47.85% of the total, followed by Jammu & Kashmir (22.88%), Gujarat (6.22%), Maharashtra (4.75%), and Himachal Pradesh (4.30%). Together, these states contribute 85.98% of the country's total wool output, indicating their role in India's wool industry.
• Silk holds deep cultural and artisanal significance in India, as it is the only country producing all four natural silk types such as Mulberry, Tussar, Eri, and Muga. Karnataka leads in production, with regions

like Banaras and Kanchipuram known for traditional handloom silk. India is the second-largest global producer and consumer of silk, with raw silk output rising from 31,906 MT in 2017–18 to 35,104 MT in 2025–26 (April to January), and mulberry cultivation expanding to 2,76,231 hectares in 10MFY26.

- **Jute:** India ranks as the world's top jute producer, followed by Bangladesh and China, with cultivation mainly concentrated in West Bengal, Assam, and Bihar. However, production and domestic usage are on the decline due to costly procurement, limited raw material supply, and outdated equipment. Demand is further impacted by strong competition from synthetic alternatives and fibres like mesta.

2. Synthetic and Man-Made Fibres (MMF): This segment includes polyester, viscose, nylon, acrylic, and other man-made fibres and filaments. These are widely used due to their durability, affordability, and versatility textiles are heavily utilized in sportswear, industrial textiles, home furnishing, and technical applications. The MMF sector is rapidly expanding, supported by changing urban lifestyles, innovation in fibre technology, and global demand for performance fabrics. The demand for man-made fibres and fabrics (MMF&F) increased in 2022–23 as garment manufacturers turned to MMF&F due to the rising cost of cotton. In 2023–24, MMF&F production grew at a robust 14.7%, with synthetic fibre output surging by 24.2% and synthetic yarns rising by 7.3%. In 2024–25, the production of MMF is increased by 15.93% supported by demand from the textile and apparel sector and increased use of synthetic fibres as an alternative to cotton amid fluctuations in cotton prices. In 2025–26, MMF production growth is expected to grow at a slower pace in 2025-26 compared to 2024-25. This growth driven by slowdown in demand from the cloth industry. Cloth demand may be affected as higher US tariffs could impact overseas shipments of the apparel industry, which is a key end-use sector for cloth. Meanwhile, the Cotton Corporation of India (CCI) has increased the Minimum Support Price for cotton, encouraging farmers to sell at government centres. This has limited private ginners' access to cotton, and with CCI expected to release stocks only after June, domestic prices may stay elevated. However, Indian cotton remains costlier than global rates, reducing its competitiveness in export markets.

3. Technical Textiles and Industrial Use: Technical textiles, a rapidly growing and innovation-driven segment, refer to textile products used for applications beyond conventional clothing. These include automotive textiles (such as airbags and seat belts), medical textiles (like masks and PPE kits), agro textiles (e.g., crop covers), defence textiles, and more. India is actively investing in this field through dedicated missions and incentive programs that promote research and development, adoption of advanced machinery, and enhancement of global competitiveness.

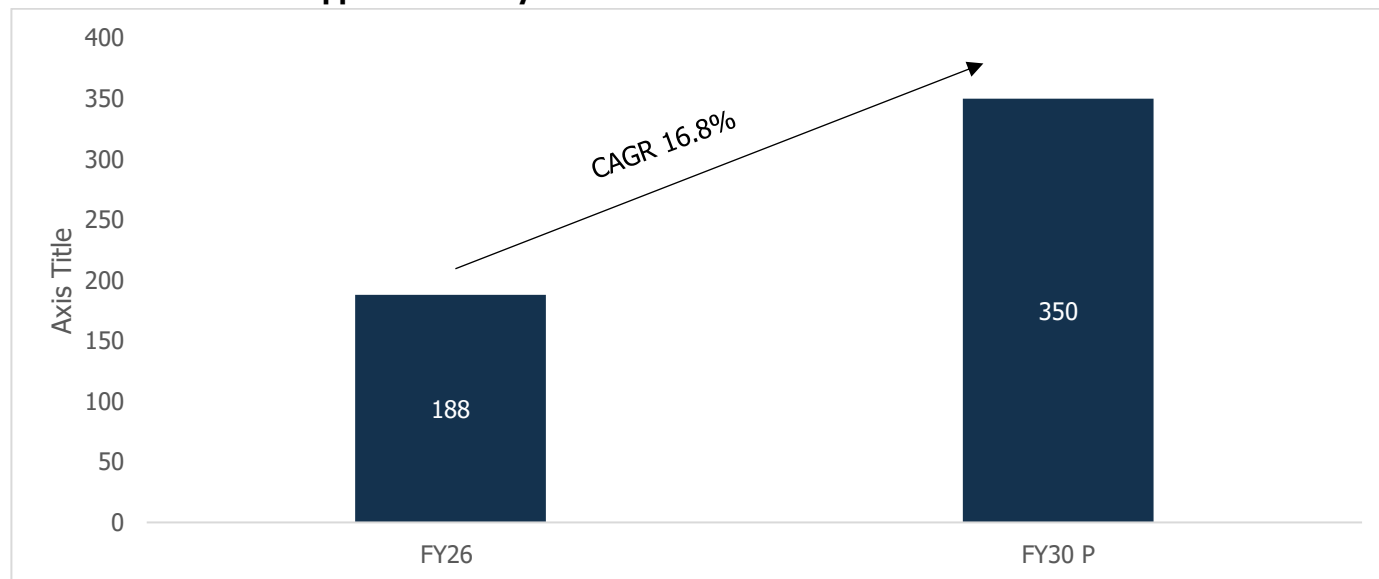
The industry continues to face challenges such as limited domestic availability of high-performance speciality fibres, dependence on imports for certain raw materials, and gaps in skilled manpower and product standardization. To address these issues, the Government of India launched the National Technical Textiles Mission (NTTM) with an outlay of Rs. 1,480 crores (2020–2026), focusing on R&D, market development, export promotion, and skill development. As of recent updates, over 150+ R&D projects have been approved, with several progressing toward commercialization. Initiatives such as Grant for Internship Support in Technical Textiles (GIST) and Grant for Research & Entrepreneurship across Aspiring Innovators in Technical Textiles (GREAT) continue to strengthen industry academia collaboration and startup participation. Additionally, the government has been promoting investment through capital support schemes and PLI incentives for MMF and technical textiles, while industry events such as Technotex and supportive state policies are aiding ecosystem development.

4. Readymade Garments (RMG), Handlooms & Handicrafts: The Readymade Garments (RMG) or apparel industry is a key part of the overall textiles industry in India. Indian textiles and apparel products have high global appeal due to their fine craftsmanship across the entire value chain from fibre, yarn, and fabric to apparel. RMG industry in India is a non-capital-intensive industry and it is largely unorganised with 60-70% where the manufacturers belong to the micro, small and medium enterprises (MSME) operating in specific clusters across the country. In FY 2025–26, India's wearing apparel sector decline by 5.31% (IIP index 110.5) in FY26, driven by lower demand in the RMG segment, slowdown in textile and apparel exports, global trade conditions, and consumer spending patterns amid economic uncertainty. The decline was also affected by export competitiveness following higher tariffs in key international markets such as the U.S., which resulted in lower apparel shipments during FY26. Textile and apparel exports, including handicrafts, showed resilience in FY26, with overall sector exports rising 2.1% to Rs. 3,16,334.9 crore. Growth was driven by strong demand in key markets such as the UAE (22.3%), Japan (20.6%), Spain (15.5%), and Germany (9.9%). Lower inventories in the US and EU have increased apparel imports since mid-2024. The India-UK Free Trade Agreement offers preferential tariff access, enhancing export competitiveness, while ongoing EU trade talks may open further markets. These factors support sustained growth amid global shifts away from China sourcing. The India–UAE Comprehensive Economic Partnership Agreement (CEPA) has provided duty-free access for a range of textile and apparel products, supporting India's export opportunities in the Middle East market. Similarly, the India–Australia Economic Cooperation and Trade Agreement (ECTA) has removed tariffs on several textile products, improving the competitiveness of Indian exporters relative to countries such as China and Bangladesh.

3.3 Overview of Indian Textile and Apparel Industry Market Size

The Indian textile and apparel industry operates across a vast, interconnected value chain, starting from the cultivation of natural fibres and production of synthetic materials to spinning, weaving, processing, apparel manufacturing, and retail. As the world's second-largest producer of textiles and garments and the third-largest exporter, India holds a significant position in the global market. The sector contributes around 13% to industrial production, 2.3% to GDP, and 10.5% to national exports. With growing demand, modernization, and policy support, its GDP contribution is expected to double by 2030. The industry's scope includes not just apparel, but also home textiles and technical textiles, placing India among the top five global exporters across various textile segments.

Beyond manufacturing, the sector has strong linkages with allied domains. It supports agriculture by creating demand for cotton, wool, and jute, while contributing to rural livelihoods. It collaborates with the design community to integrate traditional craftsmanship with modern trends. Logistics ensures efficient movement of materials and finished goods across the value chain, and the rise of e-commerce platforms is enabling even small and rural players to tap into national and global markets. The industry is also focusing on sustainability, ethical sourcing, and circular fashion, emerging not just as a supplier but a global influencer of textile trends.

Chart 14: Textile and Apparel Industry Market Size

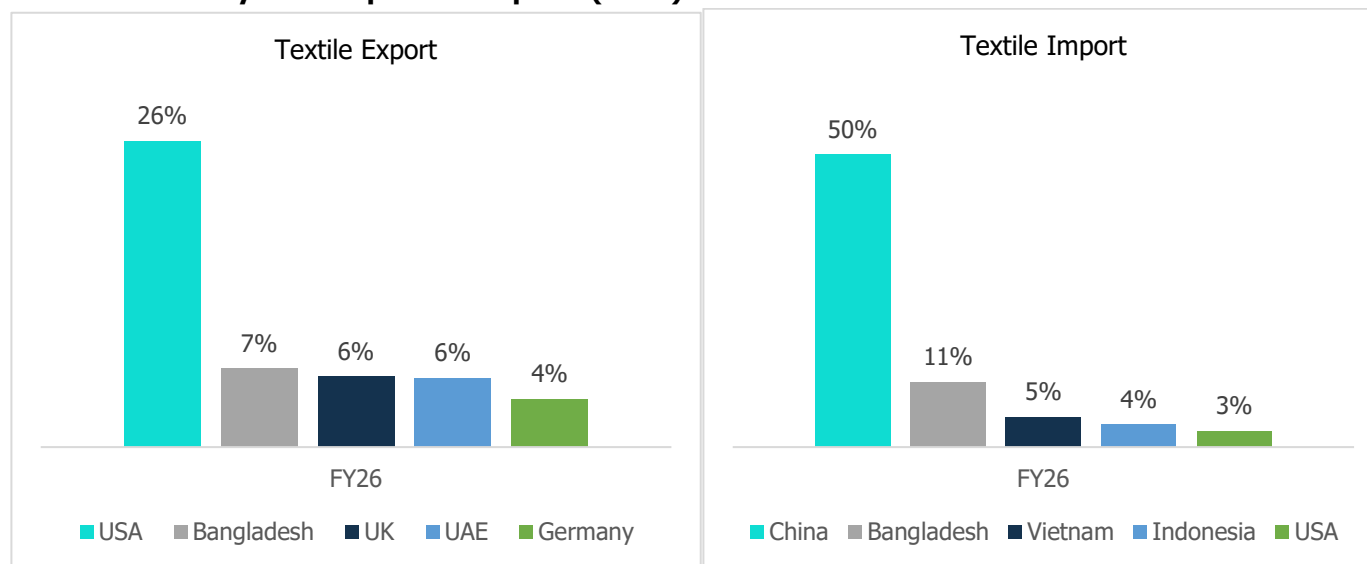
Source: PIB and CareEdge Research

The Indian textile and apparel industry is set to grow from USD 188 Billion in FY26 to USD 350 Billion in FY30, with a 16.8% CAGR driven by rising domestic and export demand. Domestically, rising disposable incomes, and rapid urbanization have led to increased consumption of fashion and home textiles. The boom in online retail and e-commerce platforms has also expanded market access and visibility, particularly for small and medium textile enterprises.

On the global front, India has benefitted from shifting supply chains as countries seek alternatives to China, positioning India as a reliable sourcing destination. Government interventions such as the Production-Linked Incentive (PLI) scheme, the establishment of PM MITRA Parks, and support for technical and man-made fibres have further strengthened infrastructure and innovation capabilities. Sustainability trends, focus on organic cotton, and the increasing popularity of Indian handlooms and heritage textiles in international markets have also boosted the sector's appeal. Together, these factors have created a solid foundation for long-term, inclusive growth in industry.

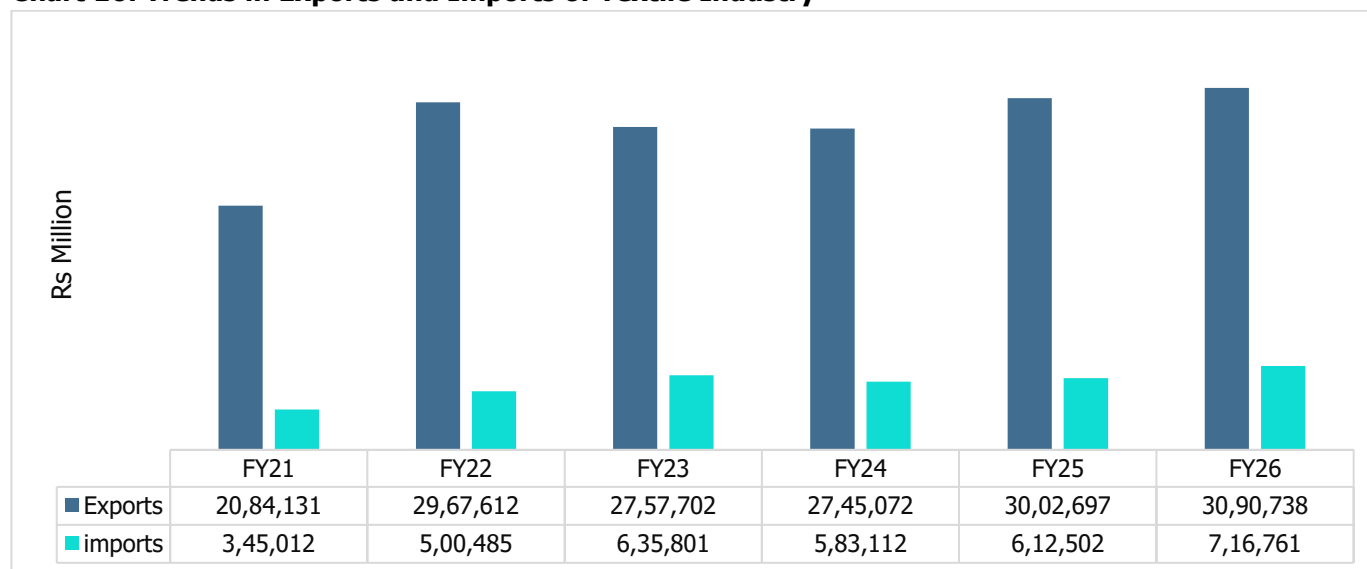
3.4 Trends in Exports and Imports of Textile Industry

India's textile export sector continues to reflect the country's strong capabilities across a diverse product spectrum, ranging from traditional cotton-based items to modern, value-added garments. In FY26, the export structure continued to reflect India's emphasis on market diversification and strengthening its position across key global markets, supported by evolving trade partnerships, stable demand from developed economies, and the government's continued focus on export-led growth in the textile and apparel sector.

Chart 15: Country-wise Exports & Imports (FY26) of Textile


Source: CIME, CareEdge Research

This spread highlights both resilience and evolution. While legacy segments like cotton remain vital, emerging categories like manmade and value-added garments are gaining ground. The structure of exports shows India's ability to balance heritage-based artisanry with modern, industrial-scale manufacturing, positioning the country competitively in global textile trade.

Chart 16: Trends in Exports and Imports of Textile Industry


Source: CMIE and CareEdge Research

The Indian textile industry has consistently maintained a robust trade surplus, underscoring its position as a leading global exporter. Exports have risen from Rs 20,84,131 million in FY21 to Rs 30,02,655 million in FY25, demonstrating India's expanding presence and competitiveness in the international textile market. In FY26, textile exports increased to Rs. 30,90,738 million compared to Rs. 30,02,697 million in FY25, supported by demand from international markets,

recovery in apparel and home textile orders, and easing supply chain disruptions. Export performance was also supported by India's position in cotton textiles, diversification of export destinations, and focus on manufacturing and logistics efficiency.

Over the same period, imports also increased from Rs 3,45,012 million in FY21 to Rs 6,12,502 million in FY25, reflecting sustained domestic demand for raw materials and specialized textile products. Textile imports increased to Rs. 7,16,761 million in FY26 from Rs. 6,12,502 million in FY25, driven by imports of raw materials, man-made fibres, specialty fabrics, and value-added textile inputs required by domestic manufacturers. The increase in imports was also supported by domestic consumption, expansion in textile production capacity, and integration of India within global textile value chains. Overall, the textile sector continued to benefit from initiatives aimed at improving export competitiveness, strengthening textile infrastructure, and promoting value-added manufacturing.

The widening gap between exports and imports highlights India's strong export capabilities and its ability to generate significant trade surpluses in the textile sector. This growth is driven by several key factors such as India's abundant raw material base, skilled labor force, and an integrated textile value chain that ensures cost-effective and quality production.

3.5 Government Initiatives

The Indian Government has been implementing various policy initiatives and schemes for supporting the development of textile sector. These schemes and initiatives are created to promote technology upgradation, creation of infrastructure, skill development and sectoral development in the textile sector. Moreover, these initiatives focus on creating a conducive environment and provide enabling conditions for textile manufacturing in the country which will help in boosting the textile sector. The Union Budget announced an outlay of Rs 5,279.01 crores for the Ministry of Textiles for 2026-27. This is an increase of 0.13% over budget estimates of 2025-26 (Rs 5,272 crore).

Further, previously, the government announced various incentives/schemes towards increasing the global competitiveness of the Indian textile industry which includes the extension of Rebate of State and Central Taxes and Levies (RoSCTL), Remission of Duties and Taxes on Export Products (RoDTEP), Production Linked Incentive Scheme (PLI) and PM Mega Integrated Textile Region and Apparel (PM MITRA).

These schemes have given a boost to the capacity expansions by various textile players and form an integrated textiles value chain right from spinning, weaving, processing/dyeing, and printing of garments at one location leading to a reduction in operational and logistics costs of the players thereby increasing margins. The Government has also signed FTAs with UK and UAE to boost apparel export. In addition to this, the RoDTEP scheme has also been launched supporting the garments and apparel exporters' margins by export incentives.

a) Production Linked Incentive (PLI) Schemes

The Production Linked Incentive (PLI) Scheme for Textiles, active from 24 September 2021 to 31 March 2030, has been instrumental in strengthening India's capacity in man-made fibre (MMF) apparel, fabrics, and technical textiles. With a total outlay of Rs 10,683 crore, the scheme requires minimum investments of Rs 100 crore (Part I) or Rs 300 crore (Part II), and ties incentive access to achieving 25% year-on-year incremental turnover. The scheme has spurred Rs 7,343 crore in investment, generated Rs 4,648 crore in turnover, and driven Rs 538 crore in exports, with technical textiles representing 56.75% of the 74 approved applications.

The Government has approved 52 applications under Round III of the PLI Scheme for Textiles. Among the approved applications, 5 relate to MMF apparel, 19 to MMF fabrics, 18 to technical textiles, and 10 to multiple segments. The approved applicants have committed investments of Rs. 6,708 crores with an expected turnover of Rs. 21,186 crores. The approved proposals are expected to support the textile sector, particularly in the segments of man-made fibre (MMF) fabrics, MMF apparel, and technical textiles. These investments are expected to increase domestic manufacturing capacity, support product development, and strengthen India's position in the textile market. The PLI Scheme for Textiles is intended to support textile production, attract investments, and generate employment. During the first three quarters of FY 2025–26, participant companies under the scheme reported investments of Rs. 944.48 crores, turnover of Rs. 4,473 crores, and exports of Rs. 363.55 crores. The Government continues to implement policy measures to support the textile industry and manufacturing competitiveness.

b) Remission of Duties and Taxes on Exported Products (RoDTEP)

The Remission of Duties and Taxes on Exported Products (RoDTEP) scheme was launched in the year 2020, with applicability from 1st January 2021. This scheme was enforced to repeal and reduce taxes for exported products and thereby increasing exports from the country. The scheme's objective is to refund currently un-refunded duties and taxes. This scheme is available to eligible exporters at a notified rate as a percentage of Freight on Board (FOB) value. In addition to this, Rebate on certain export products will also be provided subject to value cap per unit of the exported product. RoDTEP is implemented by Customs through a simplified IT System. RoDTEP covers 8,555 tariff lines in addition to similar support being extended to apparel and made-ups exports under Rebate of State and Central Taxes and Levies (RoSCTL) scheme of Ministry of Textiles. Majorly, the Employment Oriented Sectors like Marine, Agriculture, Leather, Gems & Jewellery etc. are covered under the Scheme. Other sectors like Automobile, Plastics, Electrical / Electronics, Machinery etc. also get support of this scheme. Moreover, entire value chain of textiles also gets covered through RoDTEP & RoSCTL. Amongst the various sectors, cotton-based textile products have received favourable rates under RoDTEP in the range of 3.8%-4.3% as compared to around 2% rate under MEIS although there is a cap on the maximum benefit available under RoDTEP.

As of 31st March 2025, total disbursements under the RoDTEP scheme have crossed Rs. 57,976.78 crore, underscoring its significant role in supporting India's merchandise exports. For the Financial Year 2025–26, the Government has allocated Rs. 18,233 crores under the scheme. The support will cover 10,780 HS lines for Domestic Tariff Area (DTA) exports and 10,795 HS lines for AA/EOU/SEZ exports, ensuring broad-based coverage for diverse sectors of the economy.

The Remission of Duties and Taxes on Exported Products (RoDTEP) scheme offers significant advantages for India's textile exporters by reimbursing embedded taxes and duties such as fuel levies, electricity tax, mandi fees, and documentation charges that were previously non-recoverable. This cost neutralization enhances the global competitiveness of Indian textiles, particularly cotton-based products that receive high rebates compared to earlier regimes like MEIS. The scheme also improves liquidity, with credits deposited into exporters' electronic ledgers via a streamlined digital platform, reducing working capital constraints and enabling MSMEs in hubs like Tiruppur and Surat to scale operations more effectively. Additionally, it supports diversification into value-added textiles and technical fabrics by freeing financial resources for R&D, innovation, and quality enhancement while aligning India's policies with WTO-compliant trade norms and boosting confidence among global buyers.

c) Comprehensive Economic Partnership Agreement (CEPA) with UAE

The Comprehensive Economic Partnership Agreement (CEPA) agreement was signed between the two nations India and United Arab Emirates (UAE) on 18 February 2022. It is India's complete free trade agreement signed with any countries in a decade. CEPA was operationalized on 01 May 2022.

Overall, India is going to benefit from preferential market access provided by the UAE on over 97 % of its tariff lines which account for 99% of Indian exports to the UAE in value terms particularly from labour-intensive sectors such as Gems and Jewellery, Textiles, leather, footwear, sports goods, plastics, furniture, agricultural and wood products, engineering products, pharmaceuticals, medical devices, and Automobiles. As regards trade in services, Indian service providers will have enhanced access to around 111 sub-sectors from the 11 broad service sectors. CEPA is expected to increase the total value of bilateral trade in goods to over USD 100 billion and trade in services to over USD 15 billion within five years. In the coming years, this agreement will significantly increase export of apparels and textile products to UAE.

The India-UAE CEPA, operational since 1 May 2022, continues to deliver strategic advantages for India's textile industry especially in duty-free access for man-made fibre (MMF) and related apparel.

d) Financing Subsidy Schemes

The Indian government actively supports the textile industry's growth and modernization through various financing subsidy schemes.

- **Pradhan Mantri MUDRA Yojana:** This broader scheme offers loans to micro-units across various sectors, including textiles. It provides loans under three categories (Shishu, Kishore, and Tarun) with varying loan amounts and interest rate subsidies.
- **Weaver Mudra:** MUDRA Scheme is a government initiative under the Ministry of Textiles, aimed at providing concessional credit to handloom weavers and related micro-units. This scheme offers loans at a subsidized interest rate of 6% per annum, with additional benefits such as margin money assistance and credit guarantee support. It is designed to support the financial needs of individual weavers, Self Help Groups (SHGs), Joint Liability Groups (JLGs), and handloom organizations, thereby promoting the growth and sustainability of the handloom sector in India.
- **Scheme for Capacity Building in Textile Sector (SAMARTH):** This scheme addressed the skilled manpower shortage by providing financial assistance for skill development programs relevant to the textile industry. It provided financial support to training providers conducting these programs. Budget Allocation: An amount of Rs 115 crores were sanctioned during the FY 2023-24, out of which Rs 114.99 crores (99.9%) were disbursed. As of March 27, 2025, more than 4.78 lakh users have been registered on the Samarth portal. As on March 19, 2025, a total of 3.82 lakh beneficiaries has been trained (passed), and 2.97 lakh beneficiaries (77.74%) have been placed.
- **National Technical Textiles Mission (NTTM):** The National Technical Textiles Mission (NTTM), launched in 2020 with an outlay of Rs. 1,480 crores, aims to support research and innovation in specialty fibres and technical textiles, development of indigenous machinery, export promotion and skill development. Under the mission, 168 research projects have been approved across technical textile segments, including three projects for machinery development, along with support for 24 start-ups and 45 educational institutions offering courses in technical textiles. The mission has also facilitated the development of 24 skill courses, with more than 1,000 individuals trained, and has empanelled 21 agencies to conduct internship programmes for undergraduate students. A total of 16 research projects were approved under the NTTM in February 2026. The projects focus on areas such as development of technical textile products, fibres, smart and functional textiles, protective gear, textile machinery, and composite systems for infrastructure and industrial applications. One of the objectives under Component-I of NTTM is to support research for the development of specialty

fibres, including carbon fibre, aramid fibre, nylon fibre, and Ultra High Molecular Weight Poly Ethylene (UHMWPE). Under this component, a project for the development of intermediate modulus grade carbon fibre has been approved for the CSIR-National Aerospace Laboratories. Under NTTM, the "Grant for Research and Entrepreneurship across Aspiring Innovators in Technical Textiles (GREAT)" programme has been implemented to support the technical textiles start-up ecosystem by assisting innovators, scientists, technologists, and start-up ventures in commercialising technologies and products. Under the GREAT guidelines, support of up to Rs. 50 lakh is provided to each approved start-up. A total of 31 start-ups has been approved under NTTM with an outlay of Rs. 15.40 crores.

According to trade data from the Directorate General of Commercial Intelligence and Statistics, during the financial year up to December 2025, exports of technical textiles from India stood at Rs. 21,970 crores, compared to imports of Rs. 18,953 crores. The details of exports and imports of technical textiles during the last three financial years and the financial year, as per DGCIS data, are provided below.

FY	Exports (INR Cr)	Imports (INR Cr)	Trade Balance (INR Cr)
2022-23	23,050	21,809	+1,241
2023-24	24,724	21,132	+3,592
2024-25	28,392	22,865	+5,527
2025-26 (April - December 2025)	21,970	18,953	+3,017

Source: DGCIS, PIB, Ministry of Commerce.

➤ **TEX-RAMPS:** The Textiles Focused Research Assessment, Monitoring, Planning and Start-up Scheme (Tex-RAMPS) Scheme is a Central Sector Scheme with 100% funding from the Government of India, Ministry of Textiles, aimed at strengthening India's textiles and apparel sector through research, statistical systems, evaluation, sectoral planning, capacity development and innovation support. The Government of India has approved the Tex-RAMPS Scheme to support research, innovation and competitiveness in the textile sector. The scheme has an outlay of Rs. 305 crores for the period FY2025–26 to FY2030–31 and will be implemented as a Central Sector Scheme, funded by the Ministry of Textiles.

e) Other Schemes –

➤ PM Mega Integrated Textile Region and Apparel (PM MITRA) park With a vision of building Atma Nirbhar Bharat and to position India strongly on the Global textiles map, the Government has approved the setting up of 7 PM MITRA parks as announced in Union Budget for 2021-22. This will include 7 Mega Integrated Textile Region and Apparel Parks which will be set up at Greenfield/Brown field sites located in different willing states. This project will develop 50% Area for pure Manufacturing Activity, 20% area for utilities, and 10% area for commercial development. With a total budget allocation of Rs 4,445 crore spread over the period from 2021–22 to 2027–28, the scheme aims to reduce logistics costs, attract greater foreign direct investment (FDI), and enhance India's competitiveness in global textile markets. As of now, seven PM MITRA Parks have been approved across key textile-producing states including Gujarat, Maharashtra, Madhya Pradesh, Tamil Nadu, Karnataka, Uttar Pradesh, and Telangana, laying the foundation for a more efficient and globally integrated textile industry. As per the Union Budget 2026-27, The PM MITRA Park Tamil Nadu allotted 190.44 acres of industrial land to 23 investors, enabling committed investments of approximately Rs. 2,192.21 crore and the potential to generate around 15,000 jobs. The approved investments cover segments such as integrated textile plants, yarn manufacturing, fabric production, processing and finishing, garment manufacturing and technical textiles. The PM MITRA Park at Virudhunagar is one of the seven parks being developed under the PM MITRA scheme. The park is being constructed

at a cost of Rs. 1,894 crore and includes facilities such as a 15 MLD CETP with ZLD, a 20 MW solar power plant, centralised steam boilers and plug-and-play units covering approximately 13 lakh sq. ft. Located along National Highway NH 44 and around 106 km from Tuticorin port, the park provides connectivity and logistics access. Infrastructure works worth approximately Rs. 550 crores are under execution in and around the site, with completion targeted by December 2027.

➤ **Textile Cluster Development Scheme (TCDS)**

The Indian textile industry relies on interconnected clusters, some of which struggle with outdated technology. This inefficiency hinders worker productivity. To address this, the Ministry of Textiles has implemented the Textile Cluster Development Scheme (TCDS) from 2021-22 to 2025-26. This scheme aims to create a modern, connected workspace for existing new textile units, improving their operational and financial viability. The TCDS cluster development model offers several benefits, including cost-effective production, access to better technology, and a more competitive manufacturing environment. With a total budget of Rs 853 crores allocated to finalize ongoing projects; this scheme aims to revitalize the Indian textile industry. As of March 18, 2025, about 1.22 lakh employment opportunities have been generated under the scheme. During 2024-25, Rs. 34.48 crore have been released. Under the scheme, grant-in-aid is provided to Integrated Textile and Apparel Development Centres (ITADCs), formerly known as Powerloom Service Centres, operated by Textile Research Associations (TRAs) and State Governments. Two ITADCs are located in the Bhiwandi cluster, while one each is located in the Ichalkaranji and Malegaon clusters. These centres provide testing, training, technical consultancy, and troubleshooting services to the powerloom industry in these clusters. During the last three years, training has been provided to 1,433 weavers across these clusters.

➤ **Integrated Processing Development Scheme (IPDS)**

The Ministry of Textiles has implemented the Integrated Processing Development Scheme (IPDS) to help the industry meet environmental standards. This program, initially launched during the 12th Five Year Plan, is being extended with modifications from 2021-22 to 2025-26 to focus on building new and upgrading existing common effluent treatment plants (CETPs) in both processing clusters and new parks, especially in coastal zones. This ongoing initiative aims to address environmental challenges faced by the textile processing sector.

➤ **Bharat Tex 2026**

India's largest global textile event is scheduled to be held from 14–17 July 2026 at Bharat Mandapam, New Delhi, bringing together buyers, manufacturers and policymakers across the textile value chain. The exhibition will cover segments including apparel, home furnishings, fibres, yarns, fabrics, carpets, silk, handloom, jute, woollen garments and technical textiles. The event is expected to feature over 1,500 exhibitors from across India and participation from international buyers and sourcing consultants across the textile and apparel supply chain.

➤ **The Amended Technology Upgradation Fund Scheme (ATUFS)** is a key initiative aimed at promoting modernization and enhancing the competitiveness of India's MSME-driven textile sector. Its primary objective is to facilitate the flow of credit for technology upgradation by providing financial incentives to units investing in benchmarked machinery and equipment. By supporting capital investments, the scheme encourages textile businesses to adopt advanced, energy-efficient, and globally competitive technologies.

Source: Industry Sources

3.6 Growth drivers of Indian textile industry

1. Abundant Raw Material Availability: India is one of the largest producers of cotton, jute, and silk in the world, providing a durable base for textile manufacturing. The wide availability of natural fibres, along with increasing production of man-made fibres, ensures a steady and cost-effective supply of raw materials, supporting both traditional and modern textile segments.

2. Large Skilled Workforce: The Indian textile industry benefits from a vast pool of skilled and semi-skilled labour. Millions of weavers, artisans, and factory workers are engaged across rural and urban areas, making it one of the largest employment-generating sectors in the country. This human resource strength supports mass production as well as intricate handcrafted products.

3. Rising Domestic Consumption: India's growing middle class, increasing disposable income, and urbanization are fuelling a steady rise in domestic textile and apparel consumption. The demand for both ethnic and western wear, along with home textiles and lifestyle products, is expanding in metros, towns, and even rural areas.

4. Strong Export Potential: Indian textiles are in high demand globally due to their quality, variety, and competitive pricing. India exports textiles and apparel to over 100 countries, with key markets including the U.K., European Union, and the Middle East. Government initiatives like RoSCTL (Rebate of State and Central Taxes and Levies) and the PLI (Production Linked Incentive) scheme further boost export competitiveness.

5. Government Support and Policy Push: The Indian government has introduced several initiatives to strengthen the textile sector, such as the National Technical Textiles Mission, Integrated Textile Parks (SITP), and the PLI scheme for MMF and technical textiles. Subsidies, tax rebates, and infrastructure investments are also encouraging modernization and attracting foreign investment.

6. Technological Advancements and Modernization: The industry is rapidly adopting advanced machinery, automation, and sustainable technologies to improve productivity and meet global standards. Smart textiles, digital printing, and eco-friendly dyeing processes are gaining traction, helping Indian manufacturers stay competitive in the international market.

7. Growth of E-Commerce and Fashion Retail: Online shopping platforms and organized retail have revolutionized textile and apparel sales in India. E-commerce has made it easier for small brands, artisans, and startups to reach a wider audience, while global fashion trends are quickly influencing consumer choices through digital media.

Textile Weaving: India's weaving industry is underpinned by a diverse array of fibre inputs comprising man-made, natural, and specialty fibres, each contributing uniquely to the sector's scale of operations, structural composition, and level of technological advancement.

- **Man-made fibres (MMF):** During the first half of FY2024–25 (April–September 2024), MMF production increased by 3.3% year-on-year to 1.02 million metric tonnes, reflecting an increase in production during the period. Widely used in the organized power loom and mill sectors, MMFs such as polyester and viscose are processed through automated systems, including high-speed shuttle-less looms like air-jet and rapier machines. Their uniformity and tensile strength make them ideal for mass production of blended fabrics, ready-made garments, furnishings, and technical textiles. MMFs enable high efficiency, cost-effectiveness, and scalability, positioning India competitively in global textile exports.
- **Cotton,** producing 5.00 million metric tons in FY25, remains the backbone of India's traditional and semi-mechanized weaving industry. It is processed in handloom and power loom units, with handlooms preserving artisanal techniques and power looms enabling higher productivity. Cotton's softness and breathability make it

ideal for ethnic wear, casual clothing, and home textiles, giving it a unique dual role in both mass and artisanal markets.

- Jute (1.52 million metric tons in FY25) and silk (41,121 metric tons in FY25) also play vital roles. Jute is mainly woven for industrial uses like sacks and mats, supporting rural agro-industries and eco-friendly products. Silk drives the luxury and heritage segment, produced mainly on handlooms and jacquard looms in clusters such as Varanasi, Kanchipuram, and Assam, supporting artisanal livelihoods and cultural heritage.
- Consumer preferences in India are rapidly evolving due to urbanization, rising incomes, and growing sustainability awareness. Domestic demand covers ethnic wear (sarees, kurtas) and functional fabrics (wrinkle-free, moisture-wicking). Regional tastes differ, with the South favouring fine cotton, the East silks, and the West colourful prints like Bandhani and Patola. Globally, Indian fabrics are sought after in the US, Europe, and the Middle East for shirting, home textiles, and eco-labelled products, pushing producers to meet international quality and ethical standards.
- Challenges include industry fragmentation, outdated technology in smaller units, and competition from imports. Government programs such as the National Handloom Development Programme, Power Tex India, and the PLI scheme aim to modernize infrastructure, enhance skills, and boost exports. The growth of e-commerce and rising consumer interest in handmade and sustainable textiles offer new opportunities. Balancing tradition with innovation and sustainability is key to the industry's future.

Textile Processing: The Indian textile processing industry, valued at USD 180 billion in 2025, is poised to grow to USD 241 billion by 2030, driven by both natural and synthetic fibres. Natural textiles like cotton and silk lead the market due to India's abundant raw materials, traditional expertise, and growing global demand for eco-friendly fabrics. Meanwhile, synthetic fibres are the fastest-growing segment, fuelled by demand for durable, affordable, and versatile fabrics used in activewear, fast fashion, and technical textiles. Textile processing involves preparing fibres and fabrics for dyeing and finishing by removing impurities and creating uniform surfaces to ensure better colour absorption and fabric performance. Quality control during processing helps maintain consistent texture, strength, and durability throughout production.

Competitive Strength of the Indian Textile Industry Across the Value Chain: India's textile industry enjoys a strong competitive advantage across the entire value chain from abundant raw material availability to a wide spectrum of finished goods and robust export capabilities. The country hosts over 3,376 spinning mills, numerous weaving mills and processing units, supported by a skilled workforce and a growing base of textile parks, including 7 planned PM MITRA mega parks. This extensive infrastructure enables the production of a broad range of products, from basic fabrics to high-end fashion, technical textiles, and handcrafted goods. Coupled with efficient port logistics, a competitive cost structure, supportive government policies, and adherence to international quality standards, India has positioned itself as a versatile and reliable global textile powerhouse.

3.7 Outlook on Textile Industry-

India's textile trade has seen fluctuations in exports and imports due to changing global demand, trade policies, and economic conditions. While exports have moderated in recent years, strategic policy support, sustainability initiatives, and increasing focus on high-value textiles are expected to drive future growth. The Indian textile sector is set for growth with government initiatives like the Textile Policy, Khadi App Store, Bharat Tex 2026, and Pradhan Mantri Fasal Bima Yojana. These programs boost modernization, market access, and raw material stability, fostering sustainability and global competitiveness.

Moreover, Free Trade Agreements (FTAs) with countries and regions including ASEAN, the European Union, and the United Kingdom are expanding India's market access by reducing tariff barriers and facilitating smoother trade flows.

These FTAs underpin the positive trajectory of the textile industry by boosting export potential and reinforcing India's position as a preferred sourcing destination.

The Ministry of Textiles has outlined an export objective under Vision 2030 to increase textile exports from around Rs. 3 lakh crores to approximately Rs. 9 lakh crores through expansion of domestic manufacturing and improved global market access. Trade developments are also influencing the sector's outlook. The India–EU Free Trade Agreement (FTA) provides zero-duty access for textiles and clothing across tariff lines and reduces tariffs by up to 12%. It also lowers duties of up to 10.5% on Indian wooden, bamboo and handcrafted furniture. According to the Commerce Minister, the agreement could support expansion of India's textile and garment exports to the European market by improving tariff conditions for labour-intensive segments.

The Ministry of Textiles stated that the agreement between India and the US supports textile trade between the two countries. The US represents a textile, apparel and made-ups import market of around USD 118 billion, with the US already being India's largest export destination, accounting for approximately USD 10.5 billion in exports, of which about 70% comprises apparel and 15% made-ups. The agreement supports India's export objective of reaching USD 100 billion in textile exports by 2030, with the US expected to account for a share of this target. The 18% reciprocal tariff on textile products, including apparel and made-ups, places Indian exporters in a competitive position compared with other exporting countries such as Bangladesh, China, Pakistan and Vietnam. The agreement may also support diversification of sourcing of intermediates from the US, facilitating value-added textile manufacturing, expanding exports and encouraging investment and employment in the sector.

Representatives from the apparel industry and exporters have requested the removal of the 11% import duty on cotton to reduce cost pressures on the sector. The delegation included members from textile and apparel associations in the Tiruppur cluster. According to the industry body, cotton demand for the year is estimated at 33.7 million bales, while arrivals for the 2025–26 season are projected at 29.2 million bales, indicating a supply gap of nearly 4.5 million bales. The delegation stated that the gap is affecting spinning mills and downstream textile manufacturers due to availability of raw materials and higher input costs.

According to the Confederation of Indian Textile Industry, prices of cotton and man-made fibre (MMF) increased by around 15–30% since February 2026 due to the West Asia conflict. An increase in fertiliser prices contributed to higher cotton prices, while an increase in crude oil and derivative prices led to higher MMF prices. Higher input costs have affected textile mills and exporters. The sector has sought government support measures, including lower import duties and a cotton price stabilisation fund, to reduce pressure across the textile value chain.

An increase in commercial liquefied petroleum gas (LPG) prices has raised costs for textile exporters in Tiruppur and Noida at a time when global buyers are seeking lower product prices. The textile industry uses LPG for dyeing, finishing, and steam generation. The increase in LPG prices has raised production costs and affected margins. According to the Tiruppur Exporters Association, export-oriented units are facing pressure as prices are generally fixed through forward contracts, limiting the ability to pass on higher costs. The association also stated that global demand conditions and geopolitical developments are affecting export orders and competitiveness relative to countries such as Vietnam and Bangladesh. Commercial LPG cylinder prices increased by Rs. 993 on 1st May 2026, taking the price of a 19 kg commercial cylinder above Rs. 3,000.

The Confederation of Indian Textile Industry (CITI) has requested the government to remove the 11% import duty on cotton, create a strategic cotton reserve, and introduce measures to improve cotton sales policy and credit access for the textile sector. According to CITI, lower domestic cotton output, higher MSP, and import duties have increased Indian

cotton prices above global levels, affecting the competitiveness of domestic textile manufacturers. The report recommended that the Cotton Corporation of India (CCI) supply cotton to mills at globally competitive prices. It estimated that such a mechanism would require government support of around Rs. 15 billion annually to supply nearly 10 million bales, equivalent to around one-third of the crop. CITI also recommended that CCI maintain a strategic cotton reserve covering around three months of consumption to manage price movements. In addition, the report proposed a Cotton Price Stabilisation Fund with a 5% interest subvention to reduce working capital pressure during the peak procurement season from November to March. The industry body stated that continuation of the current price gap may result in a decline of 20–25% in India's cotton yarn exports, potentially affecting textile export earnings by USD 0.5–1.2 billion annually.

Overall, the industry is witnessing balanced growth, driven by increasing investments, policy support, and rising demand. Government-backed initiatives, including research funding and large-scale textile parks, are enhancing manufacturing capabilities and attracting private sector participation. With abundant raw materials and a cost-efficient workforce, India holds a competitive edge over other global players. Expanding domestic consumption and growing international demand further fuel the sector's momentum.

4 Indian Grey Cloth Industry

4.1 Overview of Indian Grey Cloth Industry

Grey cloth, also referred to as greige fabric, is an unprocessed textile produced directly from the loom or knitting machine, prior to any bleaching, dyeing, or finishing treatments. Typically composed of natural or synthetic fibres such as cotton, polyester, or their blends, it retains its original, untreated appearance, usually a pale, off-white or greyish hue. As a foundational material in the textile industry, grey cloth is essential for further processing, serving as the primary substrate for customized fabric development. Its versatility and adaptability make it a critical component in the production of finished textiles across various applications. It is widely used in sectors such as apparel, home textiles, industrial textiles, and technical fabrics, and plays a key role in global textile supply chains due to its versatility, cost-effectiveness, and scalability.

Grey cloth plays a vital role in enabling value addition across the textile value chain. Its characteristics such as yarn count, weave density, fibre composition, and weight can be tailored to meet diverse end-use requirements. The manufacturing of grey cloth is highly mechanized, involving automatic shuttles less looms, air-jet looms, or rapier looms, depending on the desired fabric quality and output efficiency. Quality parameters like evenness, tensile strength, and contamination level are crucial at this stage, as they directly affect downstream processing outcomes such as dye uptake, print clarity, and finish durability.

From an industrial standpoint, the grey fabric segment is often considered a barometer for upstream textile activity, with demand closely linked to garment production cycles and export orders. Large-scale production hubs, especially in countries like India and China, benefit from vertical integration, allowing grey cloth to be rapidly converted into finished goods. Moreover, the fabric has gained relevance in the context of sustainable textile production, with manufacturers increasingly focusing on organic fibre sourcing, reduced water usage during processing, and adoption of eco-friendly finishes, starting from the grey fabric stage.

As global fashion and furnishing markets demand faster turnaround and greater customization, grey cloth offers manufacturers the flexibility to stockpile unfinished material, reducing lead times by dyeing or finishing fabric as per real-time market needs. This makes it not only a functional base material but also a strategic asset in agile textile manufacturing and supply chain management.

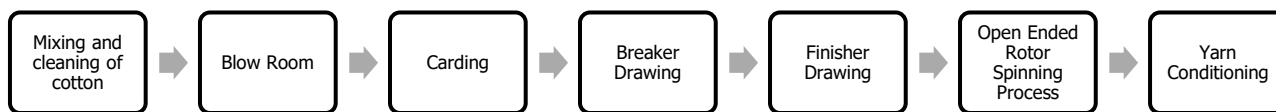
4.2 Processes for Grey Cloth Production and Market Share

Manufacturing / production process

A. Spinning

Yarn manufacturing through Open Ended Rotor Spinning is the process of converting Raw Cotton lint obtained after ginning into yarn. This process involves removal of external impurities (Termed as Trash) to the maximum extent. During the manufacturing process cotton is opened, cleaned and then is converted through a series attenuation of Sliver involving fibre to orient parallel to its axis through the process doubling into final yarn.

The production of the Yarn at units is carried out by following processes/steps as set out below.



- (1) **Mixing & Cleaning:** - Cotton fibers are delivered to spinning units in the form of tightly compressed bales from various sources such as ginneries, cotton stations, or processed cotton suppliers. To ensure consistency in quality, the cotton from these different sources is first blended through a process called mixing. Since the bales are highly compressed, they must be opened before further processing. This initial stage takes place in the mixing and opening section of the Blow Room. Here, the cotton is broken down into smaller tufts, which are then transported to the main blow room machinery for further cleaning.
- (2) **Blow Room:** In this stage of the process, cotton lint is thoroughly opened and cleaned to achieve the highest possible level of fibre separation and impurity removal. The primary goal is to ensure the cotton is broken down into fine tufts while eliminating physical contaminants such as dust, leaf particles, and other foreign matter. This is accomplished by passing the cotton lint through a series of high-speed revolving beaters of various designs, supported by air currents that aid in loosening and separating impurities from the fibres. Once adequately opened and cleaned, the cotton lint is transferred to the next stage carding via a Chute Feed System. This automated feeding mechanism eliminates the need for manual handling and ensures a smooth, continuous transfer of material between processes, enhancing production efficiency and consistency. Any waste or by-product generated during the blow room operations is efficiently managed through an Automatic Waste Evacuation System, which collects and removes waste material without interrupting the production flow. This not only maintains cleanliness within the facility but also supports a more sustainable and efficient manufacturing process.
- (3) **Carding:** - Carding is the process of converting opened cotton lint into a thin web first and then in a loose open rope like form, called sliver. This process plays a vital role in determining the quality of the final yarn, as well-carded fiber is essential for producing high-quality yarn. As such, carding is often regarded as one of the most important steps in the spinning process from a quality perspective. During this process of carding there are two types of waste generated, (i) liker-in-dropping and (ii) flat strips. Both of these waste materials are collected separately through an automated waste management system, ensuring that the production line remains clean and efficient. These waste types fall under the category of "sellable waste" in spinning mills, as they can be reused or sold for secondary applications.
- (4) **Drawing:** - Once the carded sliver is produced, it must be further evened out to ensure consistency in yarn quality and to maintain control over key yarn parameters. This is achieved through a process known as Doubling and Drafting. For open-end (OE) spinning applications, the carded sliver first undergoes a step called Breaker Drawing. In this stage, multiple carded slivers are combined (doubling) and then stretched (drafting) to produce a more uniform sliver. This process significantly improves the evenness of the sliver by blending and straightening the fibres. The sliver from the Breaker Drawing is then fed into Finisher Draw Frames for further refinement. During this stage, the drafting process is enhanced by the use of an auto-leveler a highly sensitive mass measuring device installed within the machine. This instrument continuously monitors and adjusts the sliver thickness, ensuring greater uniformity and improved output quality. Additionally, during the drafting process, the fibres are aligned parallel to the sliver axis, which is essential for achieving uniformity and strength in the final yarn. This alignment and evenness are critical to producing high-quality yarn in the final stages of manufacturing. Overall, the Doubling and Drafting process plays a key role in improving sliver

uniformity, enhancing fibre orientation, and ensuring that the final yarn meets the desired standards of quality, consistency, and performance.

- (5) **Open end rotor spinning machines:** - The sliver produced from the Draw Frames is directly fed into the Rotor Spinning Machine, with each rotor position using one can of sliver. From these cans, sliver is individually fed into the Spin Box of each rotor position. Inside the Spin Box, an Opening Roller with a saw-tooth surface separates and individualizes the fibres. These fibres are then guided into the Rotor, which spins at extremely high speeds. The centrifugal force throws the fibres onto the groove of the rotor, where yarn formation begins. This spinning method is called Open-End Spinning, as there is a continuous open gap between the incoming fibres and the yarn already being formed. Fibers are fed using a feed roller and fibre channel, aligned onto the rotor groove, and the newly formed yarn is drawn out through the navel into the machine's winding system. The yarn is wound directly onto yarn tubes (parallel cheese packages) at the winding unit. Each package is produced to a preset length, after which the spindle stops automatically, and the doffer system replaces the full package with an empty one. Each empty tube carries a starter yarn, which is spliced to the new yarn by the piecing unit, restarting the winding process without manual intervention. As the OE spinning system produces a final marketing-ready package, no additional winding is needed. These yarn packages typically range from 2 kg to 4 kg, based on market requirements.
- (6) **Yarn Conditioning:** - The yarn packages produced from the rotor spinning process are subsequently sent for yarn conditioning in a vacuum yarn conditioning plant.

B. Weaving

Weaving is the process in which two different sets of yarns or threads are interlaced with each other to form a fabric or cloth. One of these sets is called warp which is the lengthwise yarn running from the back to the front of the loom. The other set of crosswise yarns are the fillings which are called the weft or the woof.

The production of the Grey Fabric at our units is carried out by following processes/steps as set out below:



(1) Yarn Procurement and Quality Check

The process begins with the procurement of quality yarn, typically in cone form, for both warp and weft purposes. Upon arrival, the yarn undergoes thorough quality checks to ensure it meets the desired specifications such as counts, tensile strength, elongation, and uniformity. Lab testing is conducted to verify twist per inch (TPI), count strength product (CSP), hairiness, and nep content. This ensures the yarn is suitable for further processing and will perform well during weaving.

(2) Warping and Warp Tying

Once the yarn passes inspection, the next stage is warping, where the required number of yarn ends are wound in parallel from cones onto a warp beam. This is done by mounting the cones on a creel and guiding the yarns through tension controllers and stop motion devices to ensure alignment and uniform tension. Depending on the design and production schedule, the process may proceed to warp tying. In case of repeated styles already running on the loom, the new warp beam is connected to the previously running one using a warp tying machine. This machine automatically ties each new yarn end to the corresponding old end, allowing the new warp to be pulled through the existing drop wires, healds, and reed. This method significantly reduces loom downtime and manual re-threading, enabling a faster and more efficient transition.

(3) Sizing

After warping or tying, the warp yarns are sent for sizing, which is essential to strengthen the yarns and reduce friction-related breakages during weaving. In the sizing machine, the warp sheet is passed through a size solution consisting of starch and others. The yarns are then squeezed to remove excess liquid and dried using steam or hot air dryers. The final product is a sized warp beam where yarns have a protective coating that enhances their performance on high-speed looms.

(4) Drawing-In / Knotting-In

Depending on whether it is a new design or a repeat order, either drawing-in or knotting-in is done. For a new design, each warp end is manually drawn through drop wires, heald eyes (of the heald frames), and the dents of the reed in a specific sequence according to the fabric design. For repeat orders, knotting-in is done using the warp tying machine to connect the new warp to the existing ends, which are already set in the loom. This saves time and ensures consistency in production.

(5) Weaving on Airjet Looms

With the warp beam ready and installed on the loom, the weaving process commences. Airjet looms, which are known for their high speed and precision, are used to insert the weft yarn using a stream of compressed air. As the warp threads are raised and lowered by the heald frames to form a shed, the weft yarn is blown across the width of the fabric through this shed. The reed then beats the weft into place, and the process continues in a cycle to produce the fabric. Airjet looms are especially suitable for producing lightweight to medium-weight fabrics at high efficiency.

(6) Grey Fabric Inspection

Once weaving is completed, the grey fabric is taken for inspection to identify and grade any defects. The fabric is unrolled and passed over a lighted inspection table or through a manual inspection system. Trained personnel look for defects such as broken ends, broken picks, oil stains, floatings, thick and thin places, or any irregularities in the weave. The inspection is usually conducted as per the industry practice, and based on the number and type of faults, the fabric is categorized into different quality grades.

(7) Sorting and Packing

In the final stage, the fabric is sorted according to grade, length, quality, and order specifications. The sorted fabric is then packed in suitable packaging materials such as polythene sheets, HDPE fabric, or carton boxes. For export or bulk dispatch, rolls may be vacuum packed or placed on pallets. Each package is labelled with all necessary details for easy identification. The entire lot is prepared for dispatch along with packing lists and invoices, completing the grey fabric production process.

Preparing Warps and Wefts for Weaving:-

The warp yarns, which form the foundation of fabric, undergo several preparatory steps before weaving—namely spooling, warping, and slashing. In spooling, yarn is wound onto large cones placed on a creel. From there, the yarns are transferred onto a warp beam, aligned in parallel. These yarns are then fed into a slasher machine for slashing (or sizing), where they are coated with a protective layer typically starch-based or synthetic (e.g., polyvinyl alcohol or water-soluble acrylics). This sizing process strengthens the yarns, reducing breakage and abrasion during weaving. Finally, the sized yarns are wound onto the final warp beam, ready to be used on the loom.

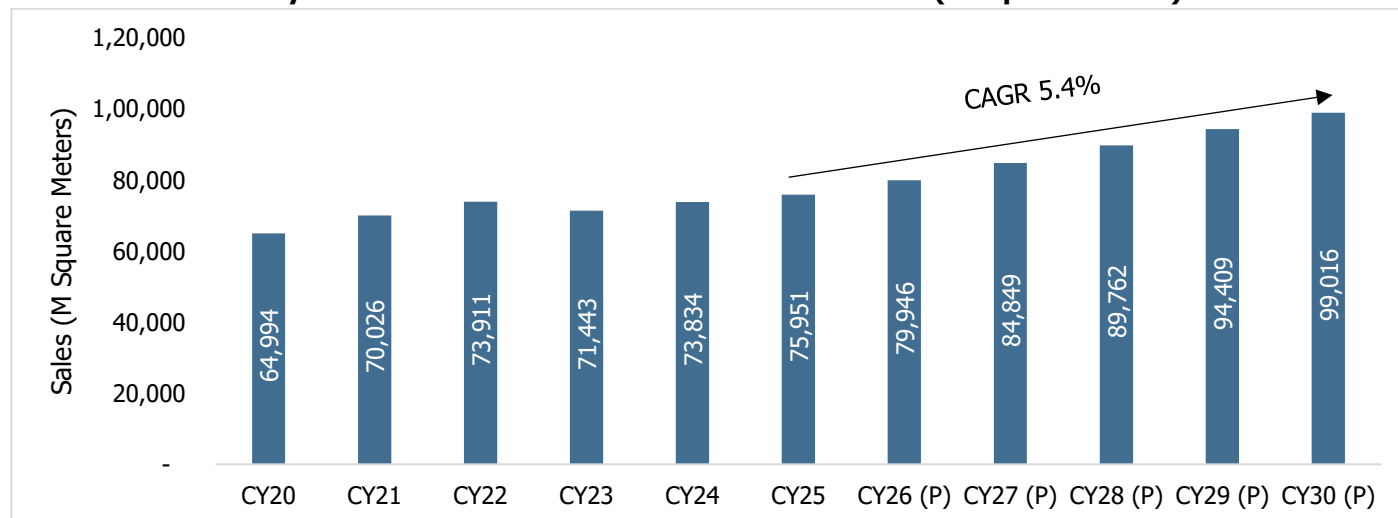
Shedding: In the shedding process, alternate warp yarns are lifted to create an opening, or shed, allowing the filling yarn (weft) to be inserted through the warp. On modern weaving looms, shedding is performed automatically by a component called the harness. The harness is a rectangular frame that holds a series of wires known as heddles. As each warp yarn unwinds from the warp beam, it is threaded through an eye in the heddle. The process of threading each warp yarn through the correct heddle eye is called drawing-in.

Picking: As the warp yarns are lifted during shedding, the weft yarn is inserted through the shed using a carrier device. Each pass of the weft yarn from one side of the loom to the other is known as a pick. Various types of looms use different methods to insert the weft yarn, depending on their design. Common types include shuttle looms, shuttleless looms, and circular looms, each employing distinct techniques for weft insertion.

Beating up: This stage of the weaving process, known as battening, involves compacting the fabric after each weft insertion. All warp yarns pass through the heddle eyelets and then through the reed, a comb-like frame. With every pick (weft insertion), the reed moves forward to push or beat the weft yarn firmly against the already woven fabric. This action ensures a tight and compact fabric structure, contributing to the strength and uniformity of the finished material.

Taking Up and Letting Off: As the shedding, picking, and battening processes occur, the newly formed fabric is gradually wound onto the cloth beam, a step known as "taking up." Simultaneously, the warp yarns are released from the warp beam, a process referred to as "letting off." The weave pattern is determined by how groups of warp yarns are raised by the harnesses to allow the insertion of the weft yarn. Variations in this movement result in different types of fabric weaves, each offering unique characteristics. These weave structures not only influence the appearance and utility of the fabric but also determine its strength, texture, and durability.

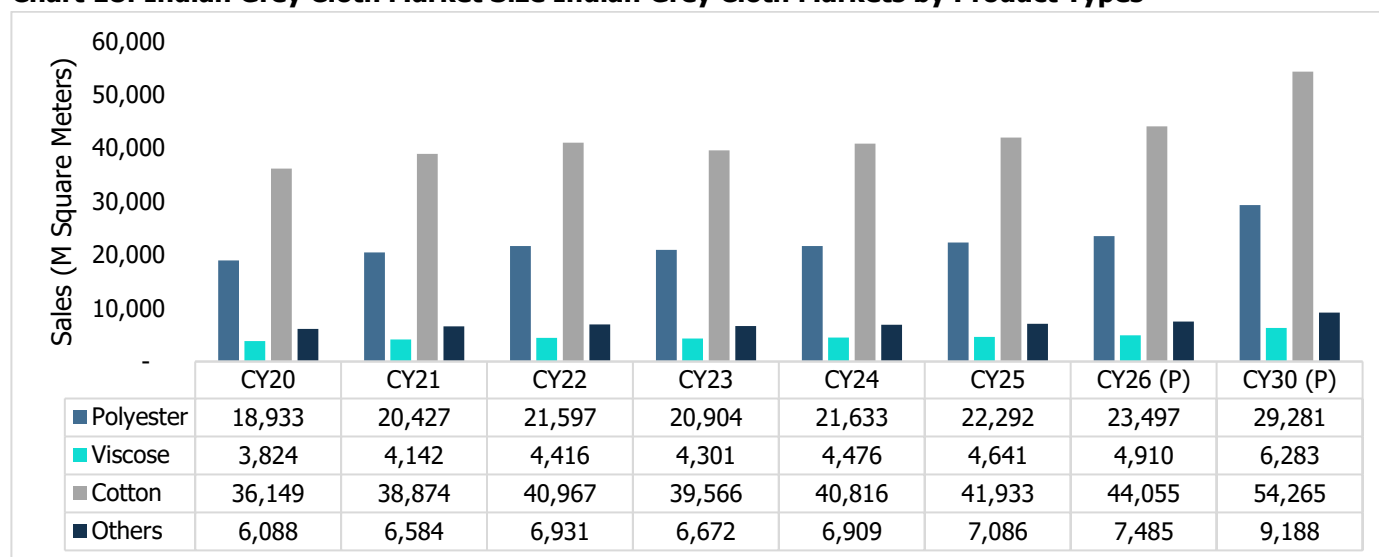
In India, particularly in textile hubs like Ahmedabad, the production and processing of grey cloth play a significant role in the textile industry. The city's well-established infrastructure and skilled workforce support the efficient manufacturing & Processing of grey fabric. Local textile mills and processing units employ advanced pretreatment technologies to cater to both domestic and international markets. By adhering to international standards in fabric preparation, Indian manufacturers enhance the quality and competitiveness of their products in the global textile market.

Chart 17: Indian Grey Cloth Market Size - Market size taken as Sales (M Square Meters)


Source: Maia Research, CareEdge Research

India's grey cloth market is projected to grow from 75,951 million square meters in CY25 to approximately 99,016 million square meters by CY30, reflecting a robust and sustained demand trajectory. This anticipated growth is underpinned by several key factors such as increasing domestic consumption driven by population growth and rising incomes, expansion of the garment and home textile industries, and strong export potential supported by government Incentives under schemes like PLI (Production Linked Incentive) and MITRA (Mega Investment Textiles Parks). Additionally, advancements in textile manufacturing technologies and a shift toward integrated value chains are expected to improve efficiency and scalability, further fuelling market expansion over the forecast period.

4.3 Indian Grey Cloth Market Size Indian Grey Cloth Markets by Product Types

Chart 18: Indian Grey Cloth Market Size Indian Grey Cloth Markets by Product Types


Source: Maia Research, CareEdge Research

Others include flax and recycled fibres.

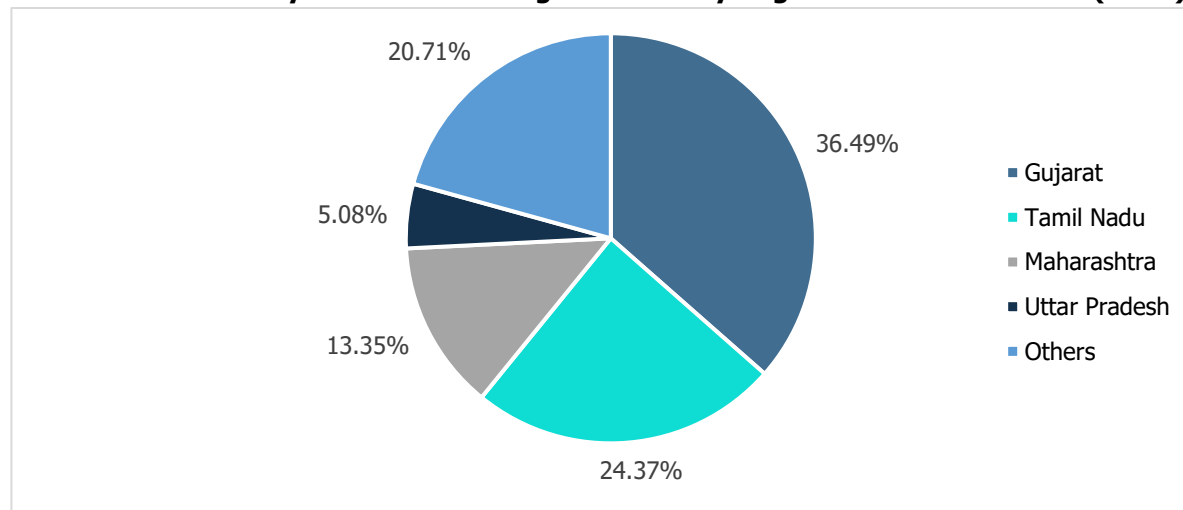
As of CY25, India's grey cloth market reached 75,951 million square meters, with cotton-based grey fabric accounting for the largest share at 41,933 million square meters representing approximately 55% of the total market. Polyester followed with 22,292 million square meters (29%), while viscose and others contributed 4,641 million square meters (6%) and 7,086 million square meters (9%), respectively.

By CY30, the market is projected to expand significantly to 99,016 million square meters, with cotton grey fabric continuing its dominance, growing to 54,265 million square meters, and maintaining a 55% share. This is driven by sustained demand from the apparel and home textile sectors, especially for breathable, natural-fibre fabrics preferred in both domestic and export markets. Polyester is projected to rise to 29,281 million square meters, though its market share remains steady around 30%, driven by its affordability, durability, and use in blended fabrics. Viscose, though smaller in scale, is expected to see the growth rising to 6,283 million square meters due to its application in soft, sustainable, and biodegradable textiles. The Others' category, encompassing specialty blends and technical textiles, is also set to grow to 9,188 million square meters, indicating increasing diversification in end-use applications.

While cotton remains the backbone of India's grey fabric market, polyester and viscose are gaining momentum due to their functional benefits, cost competitiveness, and adaptability to evolving consumer and industry needs.

4.4 Indian Grey Cloth Market- Segmentation by Region Wise

Chart 19: Indian Grey Cloth Market- Segmentation by Region Wise – Sales In % (CY25)



Source: Maia Research, CareEdge Research

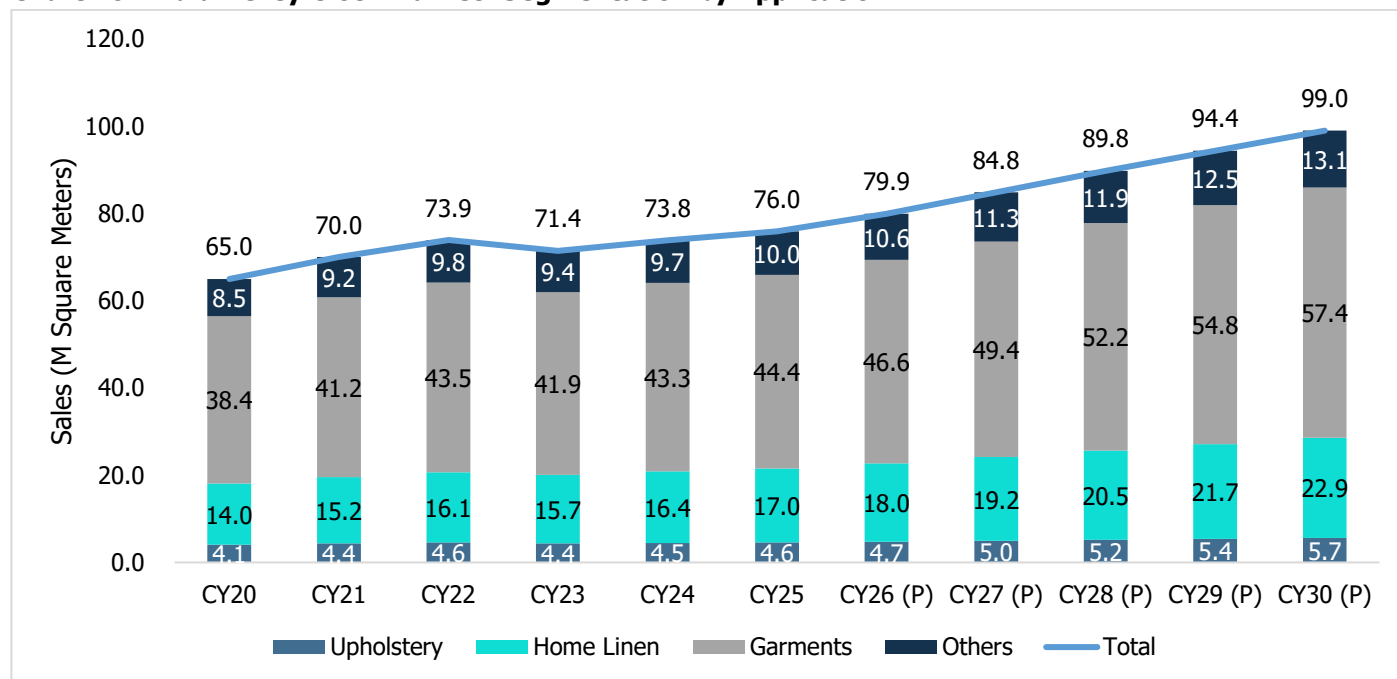
Others include Punjab, Karnataka, Haryana, and Rajasthan.

The Indian grey cloth market exhibits a distinct regional concentration, with Gujarat emerging as the dominant hub, accounting for approximately 36.5% of the total market share. This leadership is driven by the state's well-established textile clusters such as Surat and Ahmedabad, which are equipped with modern weaving infrastructure, a strong presence of synthetic fabric production, and an efficient supply chain ecosystem. Tamil Nadu follows with a 24.4% share, leveraging its robust cotton-based textile industry and the presence of numerous spinning and weaving mills, particularly in regions like Coimbatore, Erode, and Tiruppur. Maharashtra, contributing 13.4%, benefits from industrial centres like Ichalkaranji and Bhiwandi, known for producing a wide range of woven fabrics. Uttar Pradesh holds a smaller but notable 5.1% share, with traditional textile hubs like Varanasi playing a key role, especially in artisanal and power loom-based production. The remaining 20.7% is distributed among other states including Rajasthan, Punjab, Madhya

Pradesh, and West Bengal, which have emerging textile zones and contribute to the diversification of the national production base. This regional segmentation highlights the decentralised yet complementary nature of India's grey cloth manufacturing landscape, driven by regional strengths in fibre availability, workforce skills, and policy support.

4.5 Indian Grey Cloth Market- Segmentation by Application

Chart 20: Indian Grey Cloth Market- Segmentation by Application



Source: Maia Research, CareEdge Research

Others mainly include medical textiles and industrial canvas.

As of CY25, India's grey cloth market is 76 billion square meters, with the garment sector being the largest application segment, consuming 44 billion square meters, followed by home linen at 17 billion square meters, others at 10 billion square meters, and upholstery at 5 billion square meters. By CY30, the market is projected to expand to 99 billion square meters, with garments expected to further strengthen their dominance at 57 billion square meters, driven by rising demand for ready-made apparel in both domestic and international markets. Home linen is forecast to reach 23 billion square meters, supported by increasing consumer focus on home furnishing and lifestyle upgrades. Modest but steady growth is also projected in upholstery (6 billion square meters) and other applications (13 billion square meters), reflecting broader diversification in end-use sectors such as industrial textiles, automotive, and technical textiles. This trend indicates a healthy expansion across categories, underpinned by a growing textile ecosystem, government support, and evolving consumer preferences.

4.6 Growth Drivers and Challenges

Key Growth Drivers in Grey Cloth Segment (India)

1. Strong Domestic Textile Ecosystem: India has a well-established textile value chain, from raw cotton to finished garments. The grey cloth segment, being the intermediate stage between yarn and finished fabric,

Key Challenges in Grey Cloth Segment (India)

1. Technological Obsolescence in Weaving Units: A significant portion of India's weaving sector still operates with outdated shuttle looms, leading to lower productivity, higher defect rates, and inconsistent quality. While modern

benefits immensely from this integration. Many weaving clusters across states like Gujarat, Maharashtra, Tamil Nadu, and Uttar Pradesh fuel consistent demand and output in the grey fabric space.	looms like rapier and air-jet are gaining traction, adoption remains limited due to high capital costs.
2. Rising Demand from Processing and Garmenting Units: The increase in domestic and export demand for processed fabrics and ready-made garments creates a stable pull for grey cloth. As garment manufacturers look to scale production, they rely on a steady supply of greige fabric, especially in cotton and blended categories.	2. Fragmented and Unorganized Structure: The grey cloth segment is highly fragmented, with many small and unorganised players. This leads to challenges in maintaining quality standards, meeting large-volume orders, and adhering to global compliance norms, making it harder to attract premium buyers.
3. Cost-Competitiveness of Indian Producers: India's grey cloth producers, especially in traditional weaving clusters, have maintained a competitive cost structure due to low labour costs and access to raw materials. This makes India an attractive sourcing destination for bulk fabric orders from both domestic processors and overseas buyers.	3. Volatility in Raw Material Prices: Being closely tied to cotton yarn prices, the grey fabric segment is vulnerable to raw material cost fluctuations. When yarn prices spike or fall suddenly, it impacts weaving unit margins and working capital cycles.
4. Government Support & Cluster Development: Schemes like Integrated Textile Parks, Amended TUFS, and PM-MITRA have improved infrastructure and technology access for grey cloth producers. Power subsidies and other incentives provided by state governments (like in Gujarat and Maharashtra) are also boosting output and modernization in weaving hubs.	4. Environmental and Compliance Pressures: Though grey fabric production itself is less polluting, the segment is increasingly being scrutinized for labour practices, energy consumption, and traceability. Export buyers now expect traceable, ethically sourced fabrics, which small weavers often find hard to deliver due to lack of systems and certifications.
5. Export Potential in Emerging Markets: As many Southeast Asian and African countries expand their textile processing capacities but lack strong weaving bases, Indian grey cloth exports have opportunities to grow. With consistent quality and scalability, Indian suppliers are gradually penetrating these markets.	5. Competitive Pressure from Other Countries: Countries like China, Vietnam, and Pakistan offer grey fabric at competitive prices with better consistency and large-scale capacity. This affects India's export potential unless Indian weavers modernize and scale up rapidly.

4.7 Outlook for Grey Cloth Industry:

The outlook for grey cloth in India is optimistic, marked by consistent growth in production and demand across key fabric types. Cotton and polyester continue to dominate the market, with rising consumption driven by both domestic needs and export potential. The industry is benefiting from improved manufacturing capabilities, innovation in fabric blends, and increasing preference for versatile textile materials across fashion and industrial applications.

Regionally, states like Gujarat and Tamil Nadu remain central to the sector's momentum, backed by strong infrastructure and skilled labour. With supportive government policies, technological advancements, and a growing focus on sustainability, the grey cloth market is well-positioned for long-term expansion. The sector is expected to maintain a healthy balance between volume growth and value generation, reinforcing its crucial role in India's textile economy.

5 Indian Cotton Yarn Industry

5.1 Overview of Indian Cotton Yarn Industry

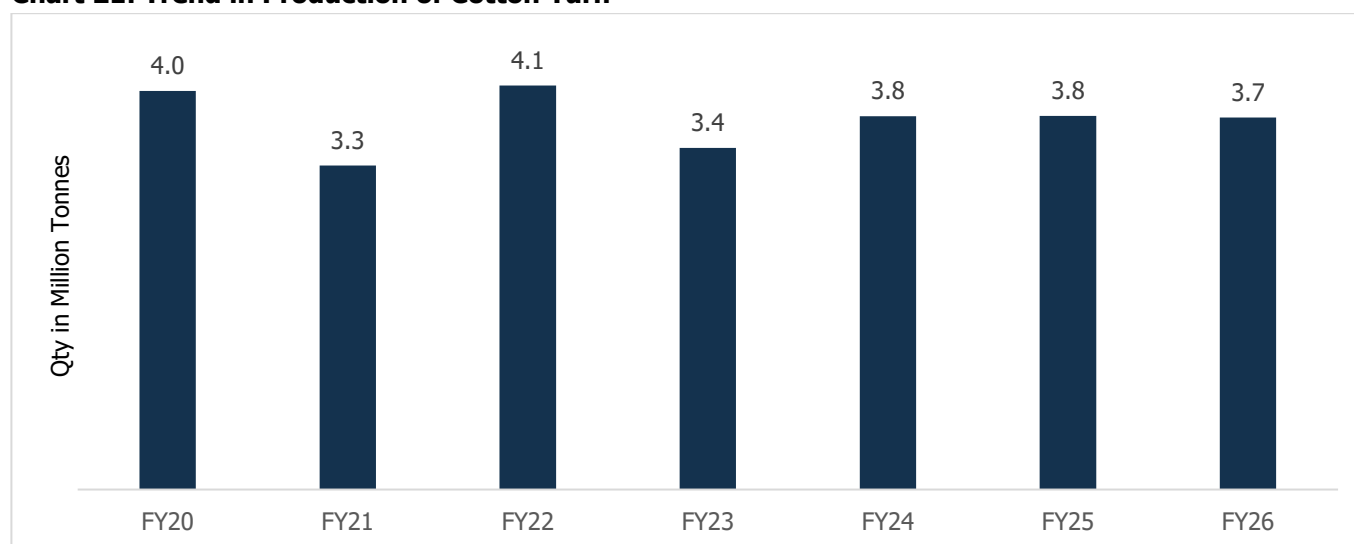
Domestic Market for Cotton Yarn—Demand and Supply Dynamics

Cotton is more than just a fabric in India. It is one of the sturdiest pillars of India's economic well-being, earning it the apt moniker of "White Gold." It is a vital cash crop accounting for a significant portion of global fibre production. Within India itself, cotton makes up a whopping 60% of the raw materials used in the textile industry. India's dominance in cotton extends beyond production. It has become a global leader, ranking among the top producers, consumers, and exporters of cotton. This leadership translates directly to the textile industry, where cotton yarn forms the bedrock upon which the sector thrives.

Further, India's cotton industry boasts a complete value chain, exporting everything from raw cotton to finished garments, a testament to its expertise in this crucial material. This robust export ecosystem significantly bolsters India's net foreign exchange earnings, solidifying cotton's position as a cornerstone of the nation's economic well-being. The Indian cotton industry has demonstrated remarkable resilience, bouncing back significantly after the disruptions caused by the pandemic. Cotton is a vital commercial crop in India, contributing about 24% to global cotton production and sustaining the livelihoods of millions of farmers and workers. It plays a crucial role in India's foreign exchange earnings through exports of raw cotton, intermediate products, and finished goods. India holds the largest cotton acreage in the world.

Several factors support continued growth in cotton yarn production. The "China Plus One" strategy, where businesses are diversifying their manufacturing bases away from China, has shifted some global demand towards India. Additionally, the government's supportive policies, including the Minimum Support Price (MSP) program, create a favourable environment for cotton farmers and producers. Accordingly, the Indian cotton industry has overcome recent challenges and is well-positioned for continued success. Its strong domestic market, export potential, and supportive government policies provide a solid foundation for future growth.

Chart 21: Trend in Production of Cotton Yarn



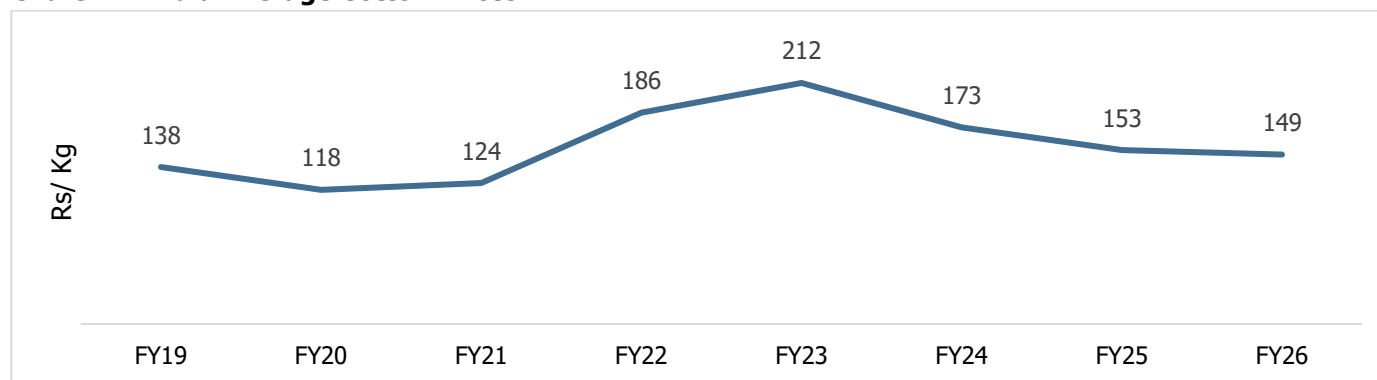
Source: CMIE, CareEdge Research

Cotton yarn production in India has shown moderate fluctuations over the past few years, reflecting both domestic and global textile-market dynamics. Production stood at 4.0 million tonnes in FY20 but declined to 3.3 million tonnes in FY21 due to pandemic-driven disruptions in demand and mill operations. Output recovered strongly in FY22 to 4.1 million tonnes, supported by improved export demand and normalised manufacturing activity. However, FY23 saw another dip to 3.4 million tonnes, largely because of high cotton prices and weakening global demand. In FY24, production improved to 3.8 million tonnes, a level that is broadly maintained in FY25, reflecting stabilising cotton availability and steady orders from both domestic and international buyers. Cotton yarn production remained stable at approximately 3.7 million tonnes during FY26, compared with 3.8 million tonnes in FY25, indicating a balanced demand-supply environment in the spinning segment. The stability in production can be attributed to steady domestic demand from downstream weaving and apparel sectors, along with adequate raw material availability supported by minimum support price (MSP) operations.

5.2 Trend in Cotton Prices

Indian cotton prices have seen significant fluctuations in recent years, influenced by global supply chain disruptions, demand variations, and input cost pressures. After a sharp rise due to supply constraints and strong export demand, prices started to ease with improved availability and stabilizing market conditions. This moderation in prices is providing some relief to textile manufacturers by lowering raw material costs, potentially improving their margins. However, the softening trend may affect farmer earnings and needs to be balanced with supportive government policies. Overall, the cotton market is entering a more stable phase, though global dynamics and weather conditions will continue to play a crucial role.

Chart 22: India Average Cotton Prices



Source: Index Mundi

During October–March 2025–26, the average price of S-6 lint cotton declined by 0.47% year-on-year to Rs 15,151 per quintal from Rs 15,223 a year earlier, while J-34 lint cotton prices decline by 6.48% to Rs 13,893 per quintal. The decline in prices can be attributed to higher domestic availability, subdued global demand, and increased competition from cheaper synthetic fibres, which have collectively put downward pressure on cotton prices.

Table 5: Cotton Season-wise Monthly average prices of a few popular varieties of lint cotton (in Rs per quintal)

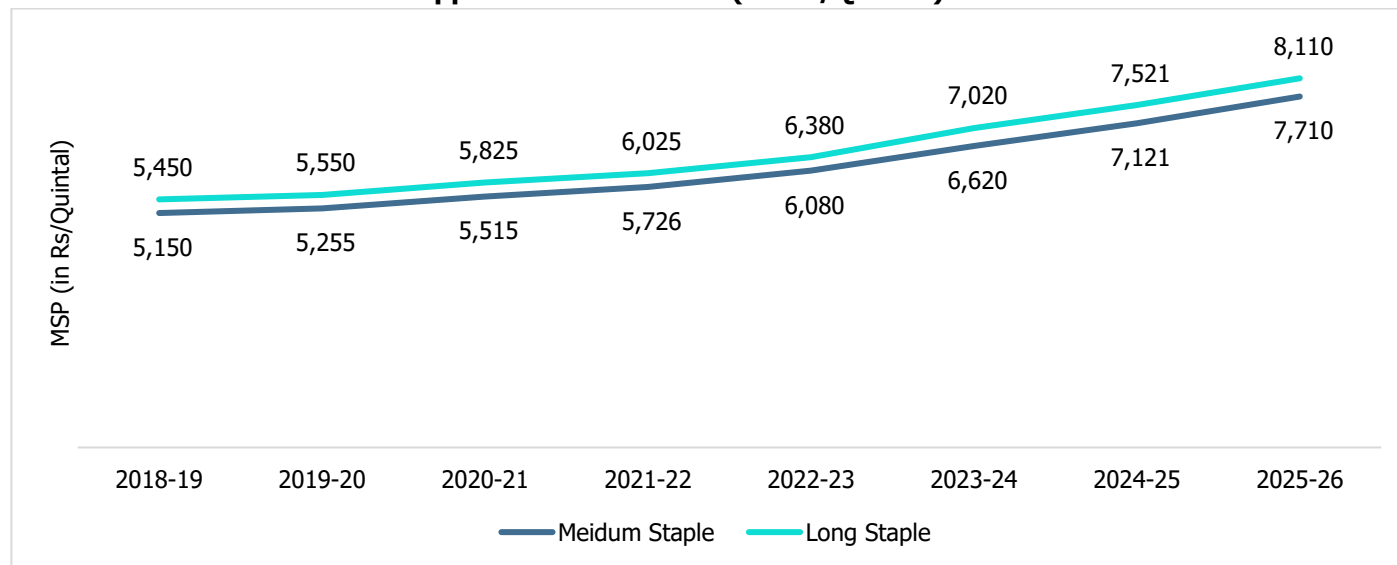
Product	Oct - March 2024-25	Oct - March 2025-26	Y-o-Y % change
S-6	15,223	15,151	-0.47%
J-34	14,855	13,893	-6.48%

Source: Office of Textile Commissioner, CareEdge Research

The Indian government sets a Minimum Support Price (MSP) for cotton to safeguard the income of cotton farmers. This MSP serves as a safety net, guaranteeing a minimum price for their produce in case market prices fall below this level. The MSP for cotton in India varies depending on the variety and staple length. The breakdown of the current MSP for the 2025-26 marketing season (October-September):

- Medium Staple Cotton: Rs 7,710 per quintal (approximately \$90 per quintal)
- Long Staple Cotton: Rs 8,110 per quintal (approximately \$95 per quintal)

Chart 23: Trend of Minimum Support Price on Cotton (in Rs /Quintal)



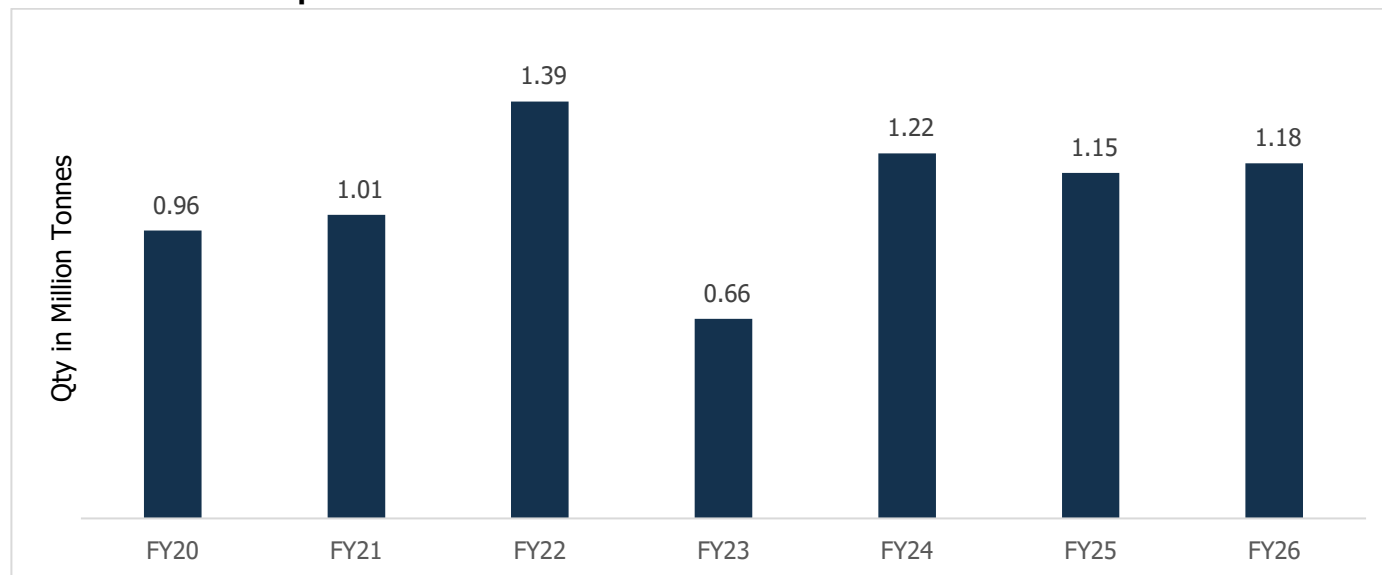
Source: Farmer's Portal, PIB, CareEdge Research

5.3 Export Market

5.3.1 Demand Dynamics for Indian Cotton Yarn

India's cotton yarn exports are a vital component of the industry, representing a substantial portion of 25-35% of its total production. Currently, Indian cotton holds the most competitive pricing in the global market, attracting buyers with its affordability. As a result, there has been a noticeable rise in exports, as reported by the Cotton Association of India. The cost advantage enjoyed by Indian cotton over supplies from the United States and Brazil, the world's leading exporters, can be attributed to lower prices and freight costs, which are influenced by India's proximity to importing countries. However, despite the strong demand and promising export prospects, India's exports may face limitations due to a reduction in surplus caused by an anticipated decrease in local production.

However, FY23 posted significant challenges, with exports plunging by 52% year-on-year due to a sharp disparity between domestic and international cotton prices, making Indian cotton yarn less competitive in global markets. Additionally, a global economic slowdown, driven by high inflation and recessionary pressures in key economies such as the US and EU, led to weaker demand for textiles, further affecting Indian cotton yarn exports. While FY24 saw signs of recovery, the momentum remained gradual.

Chart 24: Trend in Exports of Cotton Yarn

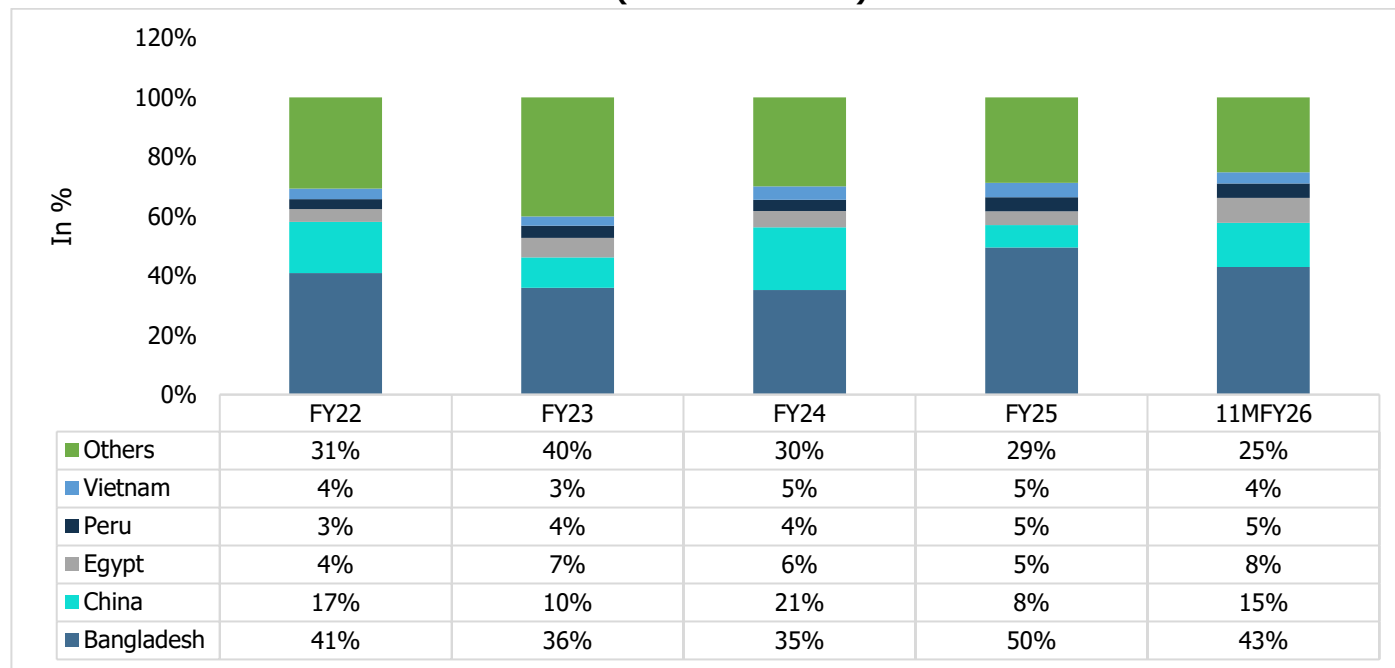
Source: CIME, CareEdge Research

In FY25, India's cotton yarn exports experienced a decline, with volumes falling to approximately 1.15 million tonnes, a decrease from 1.39 million tonnes in FY22. This downturn can be attributed to several factors, including reduced demand from key markets such as China, Bangladesh, and Vietnam. Specifically, exports to China saw a significant dip during the fiscal year. India's yarn exports to China fell in FY25 due to a surge in Chinese domestic cotton production, resulting in a dip in total exports. Cotton yarn exports increased by 2.7% in FY26 compared to FY25, reaching around 1.18 million tonnes from 1.15 million tonnes. This growth was primarily supported by improving demand from key textile manufacturing countries, recovery in global apparel production, and stabilization in international cotton prices, which improved export competitiveness for Indian spinners.

5.3.2 Export Destination for India

India is one of the world's largest producers and exporters of cotton yarn, playing a pivotal role in the global textile value chain. With abundant raw cotton availability, cost-effective labour, and a robust spinning capacity, India serves as a key supplier of high-quality cotton yarn to various textile manufacturing hubs around the world. Cotton yarn exports form a crucial segment of the country's textile export basket, catering to countries that have large downstream industries in weaving, knitting, and garment production. Over the years, India's cotton yarn exports have shown dynamic trends influenced by global demand patterns, trade policies, and shifting preferences in the international textile market. The country's strategic geographical location and trade relations with countries like Bangladesh, China, and Vietnam further reinforce its position as a reliable and competitive supplier of cotton yarn globally.

In FY24 and FY25, Bangladesh was the largest destination for India's cotton yarn exports, supported by demand from its ready-made garment manufacturing sector, which relies on imported yarn for fabric production. China was the second-largest importer, reflecting changes in demand from Chinese textile mills and sourcing patterns. Egypt, Peru and Vietnam also imported Indian cotton yarn due to textile and garment manufacturing activity. In 11MFY26, Bangladesh accounted for a 43% share of exports, followed by China (15%), Egypt (8%), Peru (5%) and Vietnam (4%), while other markets accounted for 25%. The concentration of exports to these countries reflects the distribution of textile production, where fabric and garment manufacturing centres rely on imported cotton yarn.

Chart 25: Destination for Indian Cotton Yarn (% Share to Total)


Source: CMIE, CareEdge Research

Others include Portugal, Sri Lanka, Korea Republic (South), Colombia, Turkey, Italy, Germany, Myanmar (Burma), Japan

5.4 Automated Textile Machinery

The textile industry has undergone significant advancements with the integration of automated machinery, revolutionizing traditional manufacturing processes. Automation encompasses the use of advanced technologies, including robotics, sensors, and computerized systems, to perform tasks that were once manual. This shift has led to enhanced efficiency, precision, and scalability in textile production.

Advantages of using Automated Textile Machinery

- **Enhanced Efficiency and Productivity:** Automated machines operate at speeds and accuracies far exceeding manual methods. For instance, air-jet looms can achieve weaving speeds up to 1,200 picks per minute, significantly increasing fabric production rates. Similarly, automatic spinning machines maintain consistent yarn quality while operating continuously, reducing downtime and labor costs.
- **Energy and Resource Optimization:** Modern automated textile machines are designed with energy efficiency in mind. They incorporate features like variable frequency drives and automated shutdowns to minimize energy consumption. Additionally, precise control mechanisms reduce material waste, leading to more sustainable production practices.
- **Improved Product Quality and Consistency:** Automation ensures uniformity in production, leading to consistent product quality. Sensors and real-time monitoring systems detect and correct deviations in processes, such as yarn tension or weaving patterns, ensuring that each batch meets the desired specifications.
- **Reduced Labor Dependency and Enhanced Safety:** By automating repetitive and hazardous tasks, the reliance on manual labour decreases, leading to a safer work environment. Robotic systems handle tasks like yarn handling and fabric inspection, reducing the risk of worker injuries and exposure to harmful substances.

- **Scalability and Flexibility:** Automated systems can be easily adjusted to accommodate different production volumes and product types. This flexibility allows manufacturers to quickly respond to market demands and customize products without significant downtime or reconfiguration.

5.4.1 Global brands machines in weaving facility

Toyota Shuttleless Air Jet Looms: These looms utilize a jet of air to propel the weft yarn through the warp shed, allowing for faster operation compared to traditional shuttle looms. The incorporation of advanced air-saving systems reduces energy consumption, making them more energy-efficient. Additionally, the looms are equipped with intelligent systems that minimize manual intervention, ensuring consistent fabric quality. Their versatility allows for the weaving of various fabric types, from lightweight to heavy-duty, catering to diverse market demands.

Karl Mayer High-Speed Multi-Cylinder Sizing Machine: This machine ensures uniform application of sizing agents, enhancing yarn strength and weaving efficiency. Its high throughput capabilities are optimized for large-scale operations, maintaining consistent quality. The automated controls feature advanced technology that reduces labor costs and ensures consistent sizing. This machine is integral in preparing yarns for the weaving process, ensuring they possess the necessary strength and durability for high-speed weaving.

Itema Weaving Machines: Itema S.p.A., an Italian multinational company, produces advanced weaving machines under the brands Somet, Vamatex, and Sulzer/Sultex. Their machines, such as the R9500 rapier loom, are known for high-speed operation, versatility, and energy efficiency. Itema's commitment to innovation ensures that their looms meet the diverse needs of the textile industry, from fashion fabrics to technical textiles.

Picanol Weaving Machines: Picanol, a Belgian company, offers a range of weaving machines, including air-jet and rapier looms. Their machines are recognized for high productivity, low energy consumption, and adaptability to various fabric types. Picanol's focus on technological advancements ensures that their looms deliver consistent quality and performance.

5.4.2 Global brands machines in spinning facility

Saurer BD 8 Semi-Automatic Rotor Spinning Machine: The Saurer BD 8 Semi-Automatic Rotor Spinning Machine is designed to produce 6,000 tonnes of cotton and blended yarn annually. It features up to 600 spinning positions, allowing for high productivity. The machine incorporates Twinsuction technology, resulting in up to 10% energy savings compared to previous models. Its automatic package doffing units enable swift package changes without interrupting the spinning process, enhancing efficiency. The BD 8 also boasts take-up speeds of up to 230 m/min and rotor speeds of up to 120,000 rpm, ensuring high-quality yarn production. Additionally, the machine's ergonomic design and LED operator guidance system improve user experience and operational efficiency.

Rieter Spinning Machines: Rieter, a Swiss-based company, offers a comprehensive range of spinning machinery, including ring spinning, rotor spinning, and air-jet spinning systems. Their machines are known for high efficiency, energy savings, and adaptability to various fiber types. Rieter's focus on sustainability and digitalization ensures that their spinning solutions meet the evolving needs of the textile industry.

Murata Spinning Machines: Murata Machinery, a Japanese company, is renowned for its advanced spinning technologies, including vortex spinning and air-jet spinning systems. Their machines offer high productivity, energy efficiency, and consistent yarn quality. Murata's commitment to innovation and quality has earned them a strong reputation in the spinning machinery market.

5.5 Growth Drivers and Challenges

Key Growth Drivers for the cotton yarn industry

1. Rising Demand in Textiles: The global demand for cotton yarn continues to grow, driven primarily by the booming textile and apparel industries. Cotton yarn serves as a critical raw material for garments, home furnishings, and industrial textiles. As populations grow and disposable incomes rise, particularly in developing countries, the demand for clothing and textiles also increases, directly benefiting the cotton yarn sector.
2. Favourable Government Policies: Many governments, particularly in cotton-producing nations like India, have introduced supportive policies to boost the textile value chain. Incentives such as the Production Linked Incentive (PLI) scheme, subsidies on capital investment, and assistance in modernizing infrastructure have created a conducive environment for growth in the cotton yarn industry.
3. Growing Export Opportunities: With increasing global integration and demand for quality yarn, exporting countries like India, Vietnam, and Pakistan are seeing a rise in international orders. Trade tensions, such as those between the US and China, have also redirected orders to alternative suppliers, enhancing export potential for others in the region.
4. Sustainability Trends: Environmental awareness among consumers is fuelling demand for natural, biodegradable fibres like cotton. As sustainability becomes a top priority for global fashion brands, the preference for cotton yarn over synthetic alternatives like polyester is expected to strengthen, creating a long-term growth trajectory.
5. Vertical Integration by Brands: Global fashion and retail brands are increasingly adopting vertical integration by directly sourcing yarn from mills to ensure quality, traceability, and ethical compliance. This strategy has opened new long-term contracts for cotton yarn manufacturers and improved their revenue visibility.

Key Challenges faced by cotton yarn industry

1. Volatile Cotton Prices: Cotton prices are highly sensitive to global supply demand dynamics, weather patterns, and government policies. Sudden price spikes or crashes directly impact the cost structure of yarn producers, who often have limited flexibility to pass on the price changes to buyers, thus squeezing their margins.
2. Global Competition: The industry faces stiff competition from low-cost manufacturing countries like Vietnam, Bangladesh, and Pakistan, where labour and operational costs are lower. These competitors often enjoy better trade access and infrastructure, making it harder for others to maintain market share without significant cost optimization.
3. Dependency on Monsoon & Agriculture: Cotton being an agricultural crop, its supply is heavily dependent on favourable climatic conditions. In countries like India, monsoon failure or pest outbreaks can drastically affect cotton output, leading to raw material shortages or inflated prices for yarn manufacturers.
4. Power and Labor Costs: Power availability and cost, along with labour-related challenges, are significant concerns in many manufacturing hubs. Frequent power outages, rising wage bills, and labour shortages during peak seasons can disrupt operations and reduce profitability.
5. Operational and External Challenges Facing the Cotton Yarn Industry: Spinning mills face multiple challenges that threaten their global competitiveness, including technological obsolescence, where outdated machinery leads to lower productivity, poor quality, and higher wastage. Additionally, tightening environmental regulations demand significant capital investment in sustainable practices, straining especially small and mid-sized units. On top of these operational hurdles, the industry is exposed to geopolitical risks such as changes in trade agreements, tariffs, sanctions, and conflicts, all

	of which can disrupt supply chains and create uncertainty for export-driven businesses.
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5.6 Key Threats and Challenges in the spinning and weaving industry

- **Global Competition & Raw Material Volatility:** India's spinning and weaving mills face strong international competition especially from nations like Bangladesh, Vietnam, and China, which benefit from subsidies and lower labour costs. In addition, the industry remains exposed to fluctuations in the prices of key raw materials, including cotton and man-made fibre (MMF) feedstocks. Variations in raw material costs, driven by changes in global commodity prices, crude oil-linked inputs, weather conditions, and supply-demand dynamics, may affect production costs and profitability. Given the significant share of raw materials in overall manufacturing expenses, sustained cost volatility may impact the competitiveness and operating performance of textile manufacturers.
- **Aging Machinery & Underinvestment in Technology:** Although India's spinning industry is globally respected for scale and quality, much of its installed base is outdated—over 15 million spindles older than 20 years and weaving looms rarely exceeding 2–3% adoption of shuttle-less technology. This leads to lower yields, higher defects, higher energy usage, and reduced productivity—undermining competitiveness in both weaving and spinning.
- **Escalating Operational Costs & Utility Constraints:** Operational costs such as labour, electricity, and logistics have soared. Labor accounts for 20–30% of monthly operating costs, while power outages due to coal shortages in key spinning states raise risks of production disruptions. Loom clusters like Bhiwandi have witnessed shutdowns and closures. Some of the power looms have ceased operations due to high electricity and yarn cost.
- **Fragmented Industry & Skill Shortages:** Spinning and weaving remain highly fragmented with over 90% of units being micro or small enterprises. The sector grapples with severe skill shortages—with many workers untrained—and lacks economies of scale. This fragmentation limits investment in automation, quality systems, and capacity expansion.
- **Weak Infrastructure & High Logistics Overheads:** Weak logistics infrastructure including poor warehousing, lack of intermodal freight systems, and transport inefficiencies pushes logistics costs to 13–14% of export value, significantly higher than the global average of 8–10%. This crunch reduces Indian yarn exporters' pricing competitiveness.
- **Limited Innovation & Product Diversification:** Despite the industry's scale, the weaving segment lags in R&D and product innovation. Adoption of advanced models like shuttle-less looms remains low, and product development capabilities are weak. This restricts movement into higher-value technical and blended yarns, limiting growth in global markets demanding innovation.

5.7 SWOT Analysis of the spinning and weaving Industry

- **Strengths:** India's spinning industry benefits from a robust raw material ecosystem including the world's largest cotton production and expanding MMF (man-made fibre) base ensuring consistent supply and competitive cost advantage. The sector also enjoys a full value chain integration from fibre production to fabric manufacturing, enabling smooth downstream operations from spinning through weaving and minimizing reliance on imports. With millions employed across direct and indirect weaving and spinning segments, India maintains global position in cotton yarn diversity, volume, and price competitiveness.

- **Weaknesses:** A critical challenge lies in technological obsolescence. Most spinning spindles and weaving looms in India are outdated, with negligible adoption of shuttle-less or AI-enabled systems, resulting in lower productivity and higher energy consumption. The industry is highly fragmented, with over 90% of units being micro or small-scale, limiting economies of scale, uniform quality assurance, and access to formal repayment-based financing. Added to this are high input and power costs, unfavourable financing rates, and the non-refund of embedded taxes making Indian yarn relatively 10–20% more expensive in global markets.
- **Opportunities:** Strong tailwinds from the "China+1" sourcing strategy and rapidly expanding global demand present an opportunity for India to capture increased exports of cotton and MMF yarn, especially in apparel and technical textiles. Government-backed integrations such as PLI, PM-MITRA parks, and ATUFS are building world-class infrastructure and enabling integrated fabric parks to support modernization and attract global buyers. Additionally, India can move up the value chain through development of specialty yarns, performance fabrics, and differentiated product offerings. MMF spinning is emerging as a high-growth area, reflecting broader shifts in global textile consumption patterns. The Indian textile industry is thus witnessing a dual trajectory, with traditional cotton spinning maintaining its position and MMF spinning experiencing robust expansion. This dynamic underscore the need for stakeholders to monitor these developments closely to adapt to evolving market demands.
- **Threats:** India's spinning and weaving mills are under pressure from global competition especially low-cost producers like Bangladesh and Vietnam and volatile raw material pricing driven by cotton MSP fluctuations and global MMF rates. Rising operational costs for labour and power have triggered shutdowns in clusters such as Bhiwandi, while increased scrutiny on environmental compliance demands capital investments in effluent treatment. Automative machineries used for spinning and weaving industry

5.8 Outlook for Indian Cotton Yarn Industry

In India, e-commerce portals have boosted the sales of traditional garments by giving larger exposure to producers who were confined to one geography. Other growth drivers include a rise in the millennial and Gen Z population. Additionally, rising purchasing power in emerging and developed economies is expected to add to the industry's growth prospects. In the near term, despite challenges from inflation and higher interest rates, customer expectations have improved, and further economic normalization is expected to bode well for the industry.

The domestic cotton yarn production is anticipated to experience medium-term growth due to a projected softening of cotton prices. This price decrease is expected as fresh cotton harvests arrive and export levels decline. However, geopolitical tensions and potential disruptions like those impacting the Red Sea route could cause future cost and demand fluctuations. Furthermore, both domestic and global cotton crop supply and pricing will likely influence overall demand sentiment.

According to the Cotton Association of India, cotton yarn demand has increased from countries such as China, Bangladesh, and Vietnam. This follows disruptions in global logistics due to conflicts in West Asia. Delays in cotton shipments have led buyers in China to source cotton yarn from India to meet requirements. The increase in demand has resulted in a rise of approximately Rs. 10–15 per kg in cotton yarn prices.

India's cotton yarn exports to China have increased as disruptions in the Middle East have affected global supply chains, resulting in a shift in sourcing toward India. China continues to rely on imports for around 20% of its yarn requirements. Disruptions in trade routes have affected cotton supplies to China from the United States and Brazil, increasing sourcing from India. In addition, depreciation of the Indian rupee against the Chinese yuan has improved the cost competitiveness of Indian cotton yarn for Chinese buyers. Export demand has increased, with order books rising by around 40% in

recent months and factories operating at full capacity compared to earlier utilisation levels. According to the Gujarat Chamber of Commerce and Industry, exports to China increased nearly fivefold to around 1,500 containers per month since November 2025, compared to an earlier average of 300 containers.

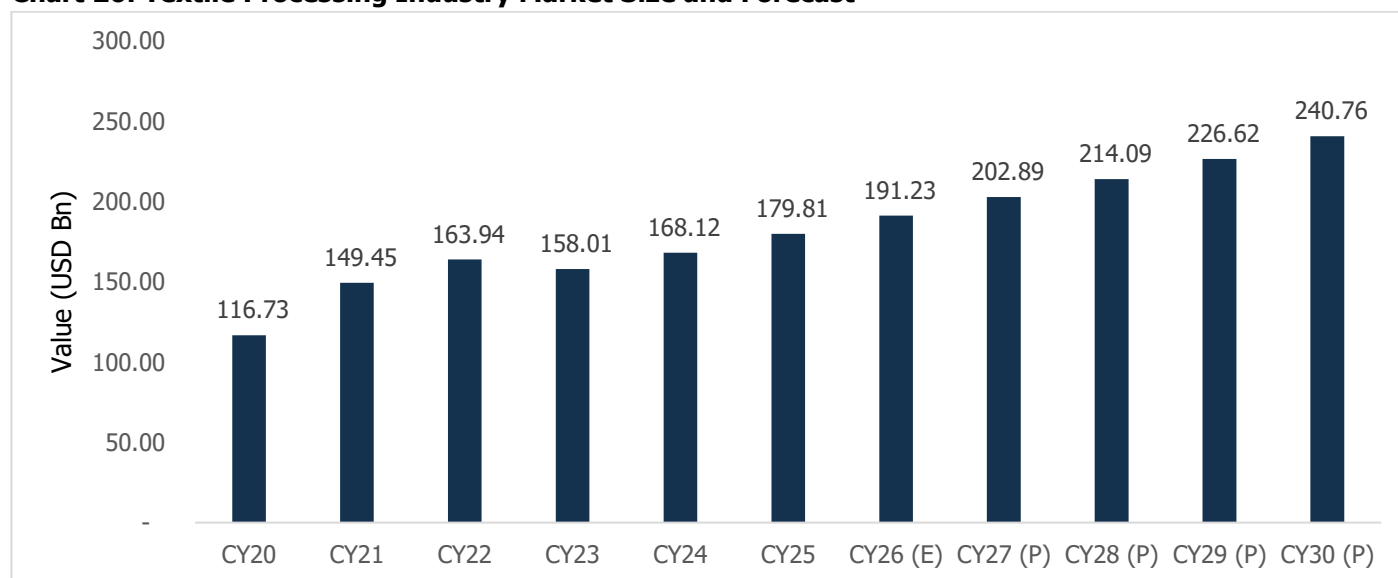
Additionally, the surplus production capacity within the country has intensified competition, leading to margin pressures due to market price undercutting. In response, the government's focus aligns with its aim of inclusive and participatory development. Their central strategy involves bolstering domestic textile manufacturing by establishing best-in-class infrastructure, promoting technological advancements to foster innovation, and enhancing skill development while leveraging the sector's traditional strengths.

6 Overview of Indian Textile Processing Industry

The textile processing industry covers a range of treatments applied to fibres, yarns, and fabrics to enhance their appearance, texture, and performance characteristics. These processes are vital for converting raw materials into finished textiles suitable for various applications, including clothing, home furnishings, and industrial products. Core stages include pre-treatment (desizing, scouring, bleaching), dyeing and printing, and finishing, which imparts properties such as softness, wrinkle resistance, and water repellence. The industry is substantial and continues to grow steadily, driven by a strong supply of raw materials, a large and cost-effective labour force, and rising domestic demand. With abundant availability of key inputs and efficient labour costs, the industry can produce competitively priced products, attracting significant interest from both local and global manufacturers.

Supportive policy measures, investment incentives, and focus on local manufacturing are creating a favourable environment for capacity expansion and technological upgrades. At the same time, increasing awareness around sustainable production and the rise of digital commerce are opening new growth avenues. India's push towards trade cooperation through free trade agreement and heightened demand for eco-friendly textiles are expected to boost exports and enhance India's position in the global market. With these trends, the industry is well-placed to sustain healthy growth in the coming years.

Chart 26: Textile Processing Industry Market Size and Forecast



Source: Maia Research, CareEdge Research

After a challenging CY20, marked by pandemic related disruptions, CY21 marked a sharp recovery driven by increased demand as markets reopened and production resumed after the impact of Covid-19. CY22 continued this growth trajectory, albeit at a slower pace, with a moderate increase. However, in CY23, the industry faced a slight decline possibly due to challenges like fluctuating cotton prices, diminishing demand, capacity under-utilization and dumping of imported fabrics and garments from China and Bangladesh.

The Indian apparel and textile industry had a mixed performance in calendar year 2026 (CY26), characterized by modest growth, export woes, and strategic direction toward sustainability and rising global competitiveness. Projections for CY26 to CY30 indicate steady and stable growth. This growth outlook is expected to be driven by factors such as the recovery from past setbacks, the continued expansion of domestic and international markets, and advancements in

processing technologies that enhance efficiency and sustainability. The increasing demand for eco-friendly textiles and the adoption of digitalisation and automation in production are likely to fuel this growth. By CY30, the Indian textile processing industry is expected to mature, supported by its competitive edge in both local and global markets, ensuring long-term stability and growth despite short-term fluctuations.

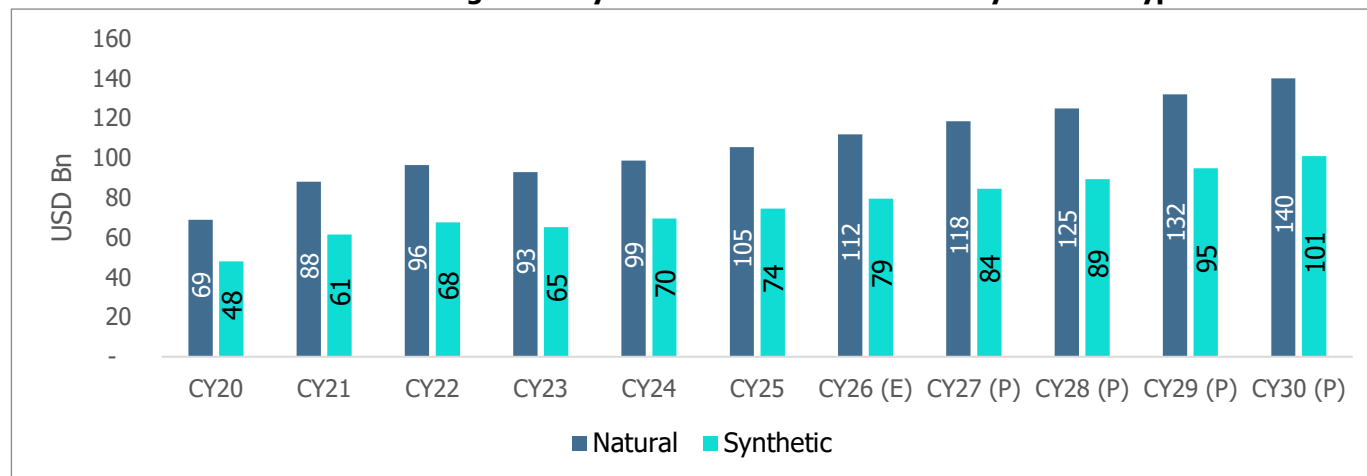
6.1 Indian Textile Process Market Size by Product Type

Natural textiles represent the leading segment within India's textile processing industry. The country benefits from an abundant supply of natural fibres such as cotton, jute, and silk, which ensures stable and cost-efficient raw material availability. This self-sufficiency reduces reliance on imports and supports scalable, consistent production.

India's deep-rooted tradition in natural fibre cultivation and textile craftsmanship has fostered strong consumer trust in these materials. Valued for their comfort, breathability, and environmental attributes, natural textiles align closely with evolving consumer preferences. This has reinforced their market leadership and sustained high demand in both domestic and international markets.

Synthetic textiles form the fastest-growing segment in India's textile processing industry, driven by their versatility, durability, and affordability. Comprising fibres such as polyester, nylon, and viscose, they serve a broad range of sectors including sportswear, fast fashion, and technical textiles. Their capacity for mass production and limited reliance on agricultural cycles further enhances their appeal. The industry is also embracing sustainability, with rising adoption of recycled fibres and eco-friendly manufacturing processes to meet global environmental standards. Supported by technological advancements and strong export potential, synthetic textiles are rapidly gaining market share and are poised to play a key role in India's emergence as a global textile leader.

Chart 27: Indian Textile Processing Industry Market Size and Forecast- By Product Types



Source: Maia Research, CareEdge Research

The Indian textile processing industry, valued at USD 191 billion in CY26, is projected to reach USD 241 billion by CY30, driven by growth across both natural and synthetic fibre segments. Natural textiles, which currently lead the market with USD 99 billion, are expected to grow to USD 140 billion in CY30, due to India's abundant raw material base, traditional expertise in cotton and silk, and rising global demand for breathable and eco-friendly fabrics. The sector also benefits from government support and strong consumer preference for sustainable, comfortable materials. On the other hand, synthetic fibres are the fastest-growing segment, projected to increase from USD 79 billion in CY26 to USD 101 billion by CY30, fuelled by demand for durable, affordable, and easy-care fabrics used in activewear, fast fashion, and

technical applications. This growth is further supported by increased investment in recycling technologies, innovation in performance textiles, and India's rising role as a low-cost, high-capacity global manufacturing hub. Together, these factors are shaping a robust and diversified future for India's textile processing industry.

6.1.1. Indian Textile Processing Industry Export Contribution

India's textile processing industry plays a pivotal role in bolstering the nation's export capabilities. It contributes significantly to employment and economic growth, making India one of the largest exporters of textiles and apparel globally.

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| <ul style="list-style-type: none"> Large-Scale Manufacturing Units: Large-scale manufacturing units are central to India's textile processing industry, enabling high-volume production to meet both domestic and global demand. These expansive facilities are concentrated in key textile hubs such as Surat, Ahmedabad, and Tirupur, each specializing in distinct segments of textile production. In Surat, Gujarat, the focus is on synthetic textiles, particularly polyester fabrics, with the city being one of the largest centres for polyester production in India. Ahmedabad, known as the 'Manchester of the East,' has a rich history in textile manufacturing, especially in cotton fabrics. Tirupur, Tamil Nadu, stands out as a leading centre for knitwear, contributing significantly to India's garment exports. |
| <ul style="list-style-type: none"> Export Infrastructure and Logistics Connectivity: India's expanding network of ports, inland container depots, and freight corridors enables efficient movement of goods, reducing turnaround times for exports. Textile hubs such as Mumbai, Chennai, and Mundra offer direct shipping access to key international markets, which facilitates cost-effective and timely delivery of processed textiles. |
| <ul style="list-style-type: none"> Technological Advancements: The adoption of modern technologies, such as automated dyeing machines and waterless dyeing techniques, enhances product quality and reduces lead times. These innovations make Indian textiles more appealing to global buyers seeking efficiency and sustainability. |
| <ul style="list-style-type: none"> Strong Domestic Textile Ecosystem: India's well-integrated domestic supply chain, encompassing everything from raw material production to finished goods, enhances export readiness. This integration ensures timely delivery and consistent quality, strengthening India's position in the global textile market. |

Growth Drivers of Indian Textile Processing Industry

India's textile processing industry has significantly enhanced its export capabilities through various strategic initiatives.

- Government Support and Policies:** The Indian government has implemented several initiatives to modernize the textile sector, and boost exports. The Amended Technology Upgradation Fund Scheme (ATUFS), seeks to enhance productivity, quality, and employment while promoting export growth and import substitution. Additionally, the establishment of **Mega Integrated Textile Region and Apparel (MITRA) Parks** aims to streamline operations and reduce logistics costs by creating integrated textile hubs. Export incentives under schemes like the **Merchandise Exports from India Scheme (MEIS)** further support the industry's global competitiveness.
- Free Trade Agreements (FTAs):** India's Free Trade Agreement (FTA) with the UK will enable demand in the textile sector by removing duties on major exports such as garments and fabrics, allowing Indian products to compete more strongly in the UK market. This should raise export levels and assist in employment generation in the textile sector, which is labour-intensive. India is actively pursuing Free Trade Agreements with key partners to enhance market access for its textile products. Negotiations with the **European Union (EU)** focus

on reducing tariffs and aligning industry standards to facilitate smoother trade. Similarly, discussions with the **United States (US)** aim to secure preferential access for Indian textiles, potentially eliminating tariffs and boosting exports. These agreements are expected to level the playing field for Indian exporters in global markets.

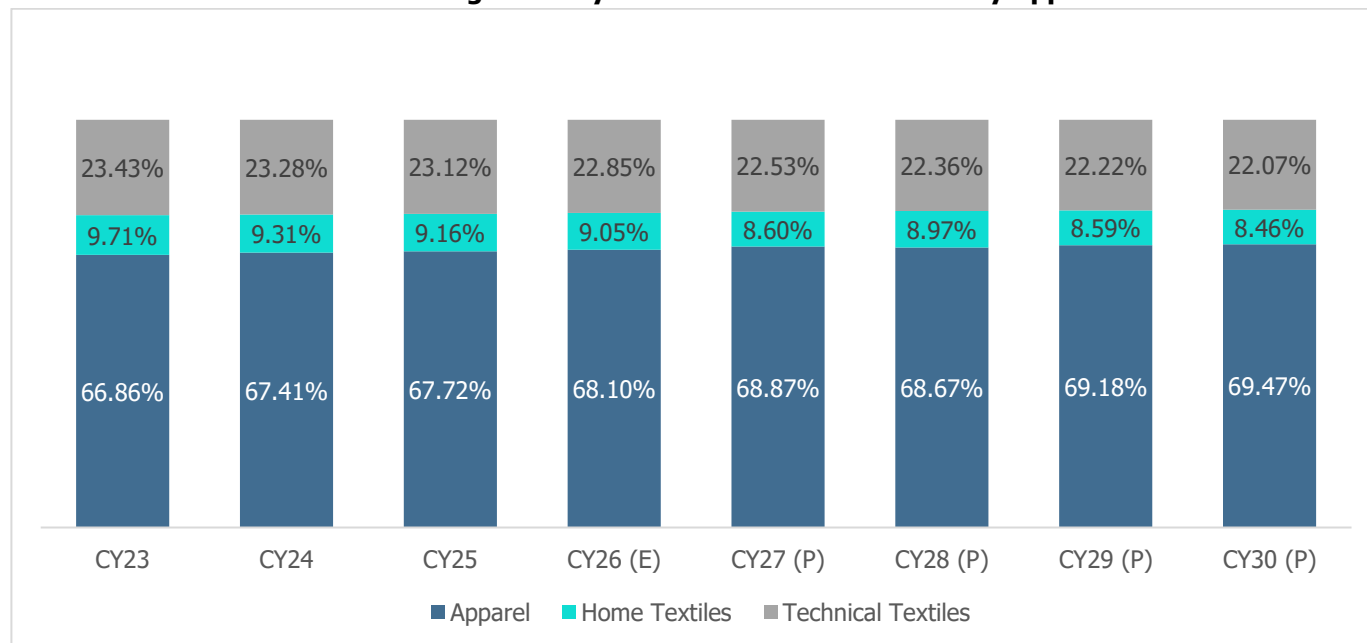
- **Sustainability Trends:** Global demand for eco-friendly textiles has prompted Indian manufacturers to adopt sustainable practices. Techniques such as **waterless dyeing** and the use of **organic cotton** are becoming prevalent, aligning with international environmental standards.
- **Export-Focused Product Diversification:** India's textile exports encompass a wide range of products, including **ready-made garments, home textiles, and ethnic wear**. This diversification allows India to cater to various international markets, enhancing its global footprint. Notably, home textile exports have seen significant growth, driven by global demand and strategic initiatives.
- **Digital Platforms and E-Commerce:** The rise of e-commerce has opened new avenues for Indian textile exporters. Several Platforms enable Indian manufacturers to reach international customers more easily, expanding their global presence. This digital expansion facilitates access to a broader customer base and streamlines the export process.

6.1.2 Key sustainability challenges in the Indian textile processing industry:

1. Excessive Water Consumption: Textile processing, especially dyeing and finishing, requires large amounts of water, leading to over-extraction from water-scarce areas and water pollution due to untreated chemical discharge.
2. Chemical Pollution: The use of hazardous chemicals, such as toxic dyes and heavy metals, is widespread, contributing to environmental degradation and health risks for workers and nearby communities.
3. High Energy Consumption: The energy-intensive nature of textile processing results in significant carbon emissions, with many units still relying on non-renewable energy sources like coal and diesel.
4. Textile Waste Generation: Large amounts of fabric scraps, offcuts, and non-recyclable packaging contribute to solid waste, which often ends up in landfills, increasing environmental pollution.
5. Limited Recycling and Circular Economy Practices: There is a lack of widespread adoption of recycling processes for textile waste, and the industry has yet to fully embrace circular economy practices that could reduce waste and enhance material reuse.

6.2 Indian Textile Process Market Size by Application

The Indian textile processing industry caters to a broad spectrum of applications, reflecting its diverse capabilities and deep integration across domestic and global value chains. Key application areas include apparel, which remains the largest segment driven by strong domestic consumption and growing exports, home textiles, such as bed linen, curtains, and upholstery, supported by rising urbanization and lifestyle upgrades and technical textiles, a rapidly emerging segment used in sectors like healthcare, automotive, construction, and agriculture. Additionally, industrial textiles serve niche applications requiring specialised performance characteristics like durability, resistance, and insulation. This wide application base not only ensures the industry's resilience but also positions it for robust growth, driven by evolving consumer preferences, policy support, and increasing investments in innovation, sustainability, and capacity expansion.

Chart 28: Indian Textile Processing Industry Market Size and Forecast- By Application

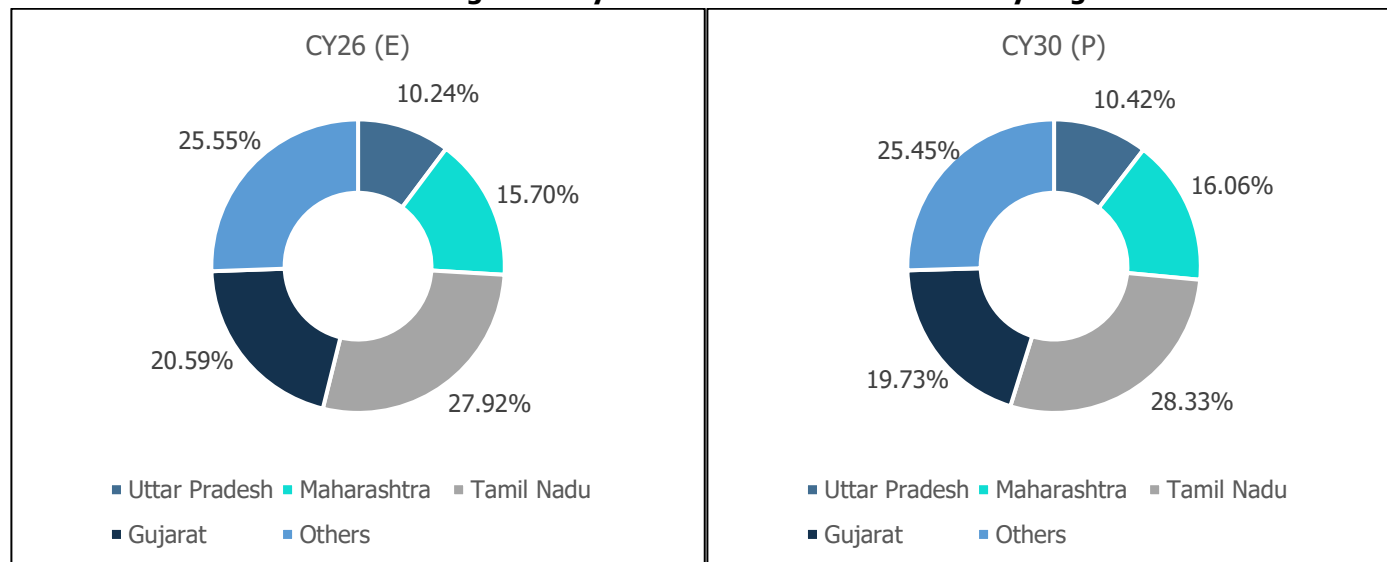
Source: Maia Research, CareEdge Research

Apparel continues to dominate, maintaining a strong and slightly growing share from 68% in CY26 to 69% by CY30 driven by India's large consumer base, rising fashion consciousness, the growth of organized retail, and expanding export markets. This increase also reflects growing demand for fast fashion and performance wear, particularly in synthetic and blended fabrics.

Home textiles, which include products like bed linens, towels, and curtains, hold a steady but slightly declining share, falling from 9% in CY26 to 8% by CY30. The demand remains stable due to factors like rising disposable income, positively impacting the living standards, home renovation trends, and export strength, the relative decline suggests other segments are growing at a faster pace. Meanwhile, technical textiles used in sectors such as healthcare, agriculture, automotive, and infrastructure maintain a consistent share of 23% until CY27, before slightly dipping to 22% by CY28 and beyond. Despite the marginal decline, this segment is expected to remain vital, fuelled by government initiatives like the National Technical Textiles Mission and increasing industrial usage. Overall, while apparel remains the core driver, the data reflects a well-diversified application mix supporting sustained industry growth.

6.3 Indian Textile Process Market Size by Region

The Indian textile processing industry is geographically well-distributed, with several key states driving its growth through strong industrial infrastructure, skilled labour, and access to raw materials. Major regions like Uttar Pradesh, Maharashtra, Tamil Nadu, and Gujarat play a pivotal role in shaping the sector, each contributing based on their regional strengths in traditional textiles, spinning, dyeing, and synthetic processing. In addition to these leading states, many other regions are emerging as new textile hubs, supported by government incentives and increasing private investment. This regional spread ensures a balanced and resilient growth trajectory for the industry nationwide.

Chart 29: Indian Textile Processing Industry Market Share and Forecast- By Region

Source: Maia Research, CareEdge Research

Others Include: Rajasthan, Telangana, Karnataka, and Andhra Pradesh

The regional revenue distribution of India's textile processing industry from 2026 and 2030 reflects the dominance of traditional hubs with slight shifts. Tamil Nadu remains the top contributor, increasing from 27.92% in CY26 to 28.33% CY30(P), supported by its strong industrial base, export-oriented units, and integrated processing facilities. Maharashtra's share is expected to grow from 15.70% to 16.06%, driven by its increasing focus on synthetic textiles and improved logistics infrastructure. Uttar Pradesh may see a modest increase from 10.24% to 10.42%, reflecting steady expansion in traditional textile zones and enhanced state-level initiatives. In contrast, Gujarat sees a minor decline from 20.59% to 19.73% in CY30(P), potentially due to saturation and rising competition from other states. The "Others" category remains relatively stable, suggesting that while new regions are developing, growth is more pronounced in the established centres.

6.4 Technology Landscape

India's textile processing industry is experiencing a significant transformation, moving from traditional methods to modern, technology-driven solutions. Traditional processing techniques such as manual dyeing and screen printing are often labour-intensive, inconsistent, and environmentally taxing. In contrast, modern technologies emphasize efficiency, precision, and sustainability. Innovations such as automated machinery, advanced treatment processes, and eco-compliant systems improve product quality while reducing operational costs and environmental impact.

A key area of advancement is the adoption of innovative processes like digital printing, enzyme-based treatments, and waterless dyeing. Digital printing offers high-speed, low-waste, and highly customizable fabric solutions with reduced water and chemical usage. Enzyme-based processes replace harsh chemicals with eco-friendly biological agents for fabric treatment, improving sustainability and fibre strength. Similarly, waterless dyeing technologies, including those utilising supercritical carbon dioxide, are gaining prominence amid growing water scarcity and increasingly stringent environmental regulations.

The integration of automation and Industry 4.0 technologies is further revolutionising textile processing. IoT-enabled systems, real-time analytics, and smart sensors facilitate precise monitoring and control, ensuring consistent quality and optimal resource use. Automation, robotics, and AI-driven tools are streamlining production, reducing manual

intervention, and enhancing predictive maintenance and supply chain visibility. These advancements are essential for improving turnaround times, meeting global standards, and staying competitive in an increasingly demanding market.

6.5 Challenges and Threats in the Textile Processing Industry

Challenges in the Textile Processing Industry	Threats in the Textile Processing Industry
1. Infrastructure Gaps: The textile processing industry faces significant infrastructure challenges, particularly in the availability and reliability of essential utilities such as water and electricity. These issues often lead to operational inefficiencies and increased production costs. Additionally, the lack of adequate Common Effluent Treatment Plants (CETPs), especially in small and decentralized industrial clusters, makes it difficult for units to comply with environmental regulations, further constraining sustainable operations.	1. Cost Efficiency and Scale: China poses a significant competitive threat to the Indian textile processing industry due to its superior cost efficiency and economies of scale. Chinese manufacturers benefit from well-developed infrastructure, bulk production capabilities, and state-backed incentives that reduce overall production costs. This enables them to offer products at more competitive prices than Indian counterparts, putting pressure on domestic processors to reduce costs without compromising quality.
2. Compliance Costs and Environmental Liabilities: With tightening environmental norms, textile processing units are burdened with increasing compliance costs. Investments in effluent treatment systems, waste management infrastructure, and pollution control equipment are becoming essential. These expenditures, combined with the risk of environmental penalties and liabilities, are particularly challenging for smaller units with limited financial resilience, making regulatory compliance a costly and complex issue.	2. Technological Advancement: The Chinese textile industry has made substantial investments in advanced processing technologies, automation, and digitization. This has resulted in higher productivity, consistent quality, and reduced environmental impact. In contrast, many Indian processing units still operate with outdated machinery and manual processes, leading to inefficiencies and inconsistent output. Without accelerated modernization, Indian players risk falling further behind in the global value chain.
3. Limited Access to Finance for Modernization: Access to finance remains a major constraint for modernization efforts in the industry. Many processing units continue to rely on outdated machinery due to their inability to secure affordable funding for upgrades. Financial institutions often perceive small and medium enterprises (SMEs) as high-risk borrowers, further limiting their access to credit. This restricts the adoption of energy-efficient and environmentally friendly technologies necessary to remain competitive.	3. Dumping Concerns: There are persistent concerns about China engaging in dumping practices, wherein textile products are sold in international markets including India at prices below their cost of production. This undermines domestic manufacturers by flooding the market with low-priced imports, eroding margins and discouraging investment in capacity and innovation. Addressing these issues requires vigilant trade policies and protective measures.
4. Skilled Labour Shortage: There is a growing gap between the industry's skill requirements and the available workforce. As processing technologies evolve, the need for trained and technically proficient workers has increased. However, the limited availability of skilled labour, particularly in semi-urban and rural clusters, leads to productivity bottlenecks and operational inefficiencies.	4. Need for Quality and Speed Enhancement in India: To remain competitive, Indian textile processors must focus on improving product quality and reducing turnaround times. Global buyers increasingly demand faster delivery schedules and consistent product standards. While China has adapted quickly to these demands, Indian units often struggle due to fragmented

Addressing this gap is critical for improving overall industry performance	supply chains, infrastructure bottlenecks, and slower processing cycles. Upgrading technology, adopting lean practices, and investing in workforce training are essential for India to stay relevant in the global textile market.
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7 Gujarat: India's Textile Powerhouse

Gujarat stands as a cornerstone in India's industrial landscape, particularly within the textile sector. Known as the "Manchester of the East," the state has evolved into a global manufacturing leader, contributing significantly to both domestic and international markets. Gujarat's prominence in cotton cultivation is fundamental to its thriving textile industry. The state's favourable agro-climatic conditions, coupled with advanced farming techniques, have positioned it as a leading cotton producer in India. This robust domestic supply ensures that textile manufacturers in Gujarat have consistent access to high-quality raw materials, minimizing reliance on external sources. Such self-sufficiency not only stabilizes production costs but also enhances the competitiveness of Gujarat's textile products in both national and international markets.

Gujarat alone produces 60 to 70% of the country's denim fabric, which ranks first in the country and third in the world. The state also produces 37% cotton, contributing 60% to exports from the country. Gujarat contributes 5% to the total man-made cotton fibre production of the country. Gujarat is the highest contributing state with a 30% share in woven fibre production in synthetic fibre production.

Ahmedabad holds a pivotal role in Gujarat's textile industry, serving as its primary manufacturing and innovation centre. Ahmedabad serves as a prominent textile hub, supported by favourable policies like the Gujarat Government's Textile Policy, which incentivizes businesses within the sector. The city's strategic location in the heart of the cotton-growing region, combined with its rich industrial heritage, has solidified its reputation as a global textile powerhouse. Its emergence as a textile hub began in 1861 with the establishment of the Ahmedabad Spinning and Weaving Company, also known as Shahpur Mill. Its infrastructure, skilled workforce, and proximity to key ports further enhance its position as a leading hub in India's textile sector.

7.1 Strategic Positioning: Ahmedabad's Central Role in Gujarat's Cotton Ecosystem

Ahmedabad also benefits from a strategically advantageous raw material ecosystem that underpins its textile competitiveness. As per CCI (Cotton corporation of India) The city lies at the heart of Gujarat's cotton belt, which contributes a substantial share in India's total cotton output, estimated at approximately 73 lakh bales in the 2025–26 season. Its proximity to fertile black-soil districts such as Surendranagar, Rajkot, Jamnagar, Bhavnagar, and Amreli ensures consistent access to high-quality long-staple cotton, reducing dependency on external sources.

- ❖ **Integrated Raw Material Ecosystem:** Ahmedabad's position on the banks of the Sabarmati River provides a vital water source for processing functions such as dyeing and washing a key requirement for fabric finishing while its fertile soil and favourable rainfall support large-scale cotton cultivation. Complementing cotton, the region's burgeoning textile machinery and processing sectors are supported by local production of processing equipment and ginned cotton waste (comber noil), which is used in blending and recycled textile lines. Through this integrated supply chain, Ahmedabad's raw material availability fosters a synergistic, resilient environment for sustained textile manufacturing.
- ❖ **Favourable Climatic Conditions:** Gujarat's climate is highly conducive to cotton cultivation, positioning it as a leading producer in India. The state experiences a tropical climate with temperatures ranging from 20°C to 35°C, which is ideal for cotton growth. The monsoon season, occurring from June to September, provides the necessary moisture for cotton crops, with July being the wettest month. Cotton cultivation in Gujarat is primarily rainfed, relying on the monsoon rains for water supply. The deep black soils, known as regur soils, found in Gujarat are particularly favourable for cotton cultivation. These soils are rich in nutrients and have good moisture-retaining capacity, which supports the growth of cotton plants. Additionally, the state's agro-climatic zones, such as the Gujarat Plains and Hills Region, characterized by semi-arid conditions, are particularly suitable

for cotton. This region experiences summer temperatures ranging from 26°C to 42°C making it ideal for cotton cultivation. These favourable climatic and soil conditions contribute to Gujarat's prominence in India's cotton production.

- ❖ **Strategic Infrastructure:** Gujarat's strategic infrastructure significantly boosts the local textile industry by ensuring seamless connectivity between cotton producers, raw material suppliers, manufacturers, and local markets within the state. Well-developed roads, industrial clusters, and textile parks enable quick and cost-effective movement of inputs like cotton, yarn, dyes, and machinery to factories, while also facilitating fast distribution of finished goods to local retailers and consumers. Proximity to ancillary units and skilled labour further enhances production efficiency and quality control. This integrated local supply chain reduces costs, shortens production cycles, and strengthens Gujarat's textile ecosystem, helping local companies meet regional demand effectively and driving economic growth within the state.

7.2 Gujarat's key policy for Textile Industry

1. Capital & Interest Subsidies: Gujarat provides capital subsidies ranging from 25% to 35% of Eligible Fixed Capital Investment (eFCI), with a cap of 150 crore, depending on the project's location and activity type. These subsidies aim to encourage investment in the textile sector, promoting growth and modernization. The policy also includes other incentives such as interest subsidies, payroll assistance, and power tariff reductions to support the development of the textile industry in Gujarat.

2. Power Tariff Subsidy (Fiscal Incentives to Labour-Intensive Unit (Scheme-1): Recognizing that energy forms a major cost component, the policy offers a Rs 1 per unit (kWh) power tariff subsidy for five years from the date of commercial production (DoCP), applicable to electricity sourced either from DISCOMs or through renewable open access. For large facilities, particularly energy-intensive operations like dyeing, spinning, or weaving, this translates to potentially savings annually significantly improving production cost competitiveness.

3. Payroll Assistance & Labour-Intensive Unit Benefits (Fiscal Incentives to Labour-Intensive Unit): To stimulate job creation, the policy offers payroll subsidies of Rs 2,000 and Rs 4,000 per male worker for technical textile and garment units and Rs 3,000–Rs 5,000 per female worker per month for technical textile and garments, for 10 years. Emphasis on female employment enhances inclusivity and cost-efficiency. This structured support creates sustainable employment avenues and encourages large-scale investments.

4. Self-Help Group (SHG) Empowerment (Assistance to SHG for Job Work): Acknowledging the role of micro-enterprises and grassroots participation, the policy extends tailored support to SHGs involved in textile-related job work. It provides training subsidies of Rs 5,000 per member per month for three months, and payroll subsidies 25% of job work value turnover limited to up to Rs 5,000 per member per month for five years. This ensures sustainable income generation and promotes inclusion of rural women and marginalized communities in the textile value chain.

5. Quality, Technology & Sustainability Incentives (Assistance for Quality Certification): The policy encourages modernization and green practices by offering financial support for quality certification, adoption of energy- and water-efficiency systems, technology acquisition, and deployment of green infrastructure such as solar energy, zero-liquid discharge (ZLD) dyeing units, and recycled-fibre processing. These measures align Gujarat's textile sector with global standards, reduce environmental impact, and attract premium-market opportunities.

6. Infrastructure & Export Ecosystem Enhancement: Several new industrial parks including a Bulk Drug Park in Jambusar, a Medical Device Park in Rajkot, a Vehicle Scrappage Recycling Park in Bhavnagar, a Ceramic Park in Morbi, and an Agro-Food Park in Banaskantha are being developed to accelerate Gujarat's economic growth. In alignment with the "Make in India" and "Make for the World" initiatives, a PM MITRA Textile Park has been selected for development.

on approximately 1,141 acres in Vansi Borsi, Navsari district. This integrated textile cluster is expected to open new avenues for industrial development in the region, particularly benefiting South Gujarat. The state government has expressed gratitude to the central government for choosing Gujarat for this flagship PM MITRA project Customer-Centric Advantages of Gujarat's Textile Ecosystem.

Gujarat's textile ecosystem stands out for its customer-centric advantages, driven by a harmonious blend of infrastructure, policy support, and sustainable practices. The state's strategic location, coupled with a robust logistics network encompassing ports, airports, and highways, ensures efficient connectivity for both domestic and international markets. This seamless integration facilitates timely delivery and responsiveness to market demands.

7.3 Enhancing Textile Industry Competitiveness through Gujarat's Robust Logistics Infrastructure

1. Assured Supply & Faster Turnaround: With around 37% of India's cotton grown within the state, Gujarat businesses benefit from fast domestic sourcing reducing lead times, lowering logistics costs, and enabling nimble responses to market changes. Local cotton availability ensures manufacturers can maintain fresh stock without relying on distant suppliers or enduring shipping delays.

2. Cost Efficiency & Competitive Pricing: By avoiding long import routes and global supply chain complexities, local sourcing reduces overheads transportation, customs, inventory warehousing allowing businesses to offer fabrics and garments at more competitive price points. These savings ultimately benefit retailers and end consumers through lower retail prices.

3. Enhanced Quality & Traceability: Gujarat's strong ecosystem from cotton farms to finishing units supports holistic quality control. Its embrace of sustainable cotton practices, such as regenerative farming and Kala Cotton revival, and local SHG-led processing ensures clean, traceable, premium-grade fabrics. This transparency appeals to conscientious customers demanding eco-friendly and ethically sourced textiles.

4. Supporting Local Economy & Craftsmanship: Consumers purchasing locally made textiles help preserve traditional crafts, like Zari weaving, and economically empower thousands of local artisans and small-scale producers. Each purchase fuels community growth and promotes cultural heritage an aspect increasingly valued by socially aware buyers.

5. Cultural Resonance & Consumer Confidence: Gujarat-made textiles resonate deeply with local consumers due to their authenticity and cultural connection. They embody regional aesthetics, craftsmanship, and pride, fostering strong brand loyalty and consumer trust.

7.4 Textile Facilities in Ahmedabad

Ahmedabad hosts a comprehensive range of textile-related facilities spanning research, education, design, manufacturing, and heritage preservation—that contribute to its prominence as India's textile hub:

1. ATIRA (Ahmedabad Textile Industry's Research Association): ATIRA, established in 1947, is India's leading textile research institute, offering advanced R&D support across the value chain from fibre processing and geotextiles to nano-web technology and composites. With NABL-accredited testing labs, pilot plants, and multiple Centres of Excellence, ATIRA advances innovation, quality assurance, skills development, and pollution control for textile stakeholders.

2. Calico Museum of Textiles: Since 1949, the Calico Museum housed in Shahibaug curates a world-class collection of Indian fabrics, artisanal weaves, and textile design. It serves as a research hub and design inspiration centre, influencing fashion education and preserving India's textile heritage.

3. Educational & Skill-Development Institutes: Ahmedabad and nearby Gandhinagar nurture a pipeline of textile and design talent through institutions such as NIFT (National Institute of Fashion Technology), NID (National Institute of Design), ATDC, and RC Technical Institute which offer specialised diplomas in spinning, weaving, printing, and textile engineering.

4. Emerging Textile Parks & SEZs: Gujarat is heavily investing in its textile sector by developing modern infrastructure like greenfield spinning/weaving units and integrated textile parks. These projects, including those under the PM MITRA initiative, aim to boost production efficiency, export capabilities, and overall investment appeal within the state's textile industry.

5. Clusters Enhancing Common Facilities: Gujarat's cluster-driven approach includes 83+ industrial clusters across sectors. For textiles, clusters in Ahmedabad support powerloom, ginning, printing, and garment manufacturing enabling shared investing in infrastructure, technology, and skills.

8 Competition for the Indian Textile Sector

The Indian textile industry operates in a highly competitive environment, characterized by both established domestic players and new entrants striving to capture market share. This intense competition is further amplified by the presence of international textile manufacturers, particularly from countries like Bangladesh and Vietnam, which offer lower production costs. Consequently, Indian textile companies face significant pressure on pricing and market positioning, compelling them to adopt strategies that enhance efficiency and value proposition to maintain competitiveness.

Domestically, the competition is equally fierce. Smaller spinning mills and regional manufacturers often struggle to compete with larger, more established players due to limited access to capital, technology, and markets. This disparity leads to challenges in scaling operations and achieving economies of scale. Additionally, inconsistent quality standards and fragmented supply chains further complicate efforts to maintain competitive pricing and product consistency. These factors collectively contribute to a challenging domestic competitive landscape, requiring companies to innovate and streamline operations to sustain their market positions.

Key Reasons for Competition: -

Fragmentation and Scale Limitations: The Indian textile industry is predominantly composed of micro, small, and medium enterprises (MSMEs). This fragmentation results in limited economies of scale, making it challenging for these businesses to compete with larger, more integrated players both domestically and internationally.

Outdated Technology and Infrastructure: Many textile units in India operate with outdated machinery and infrastructure, leading to inefficiencies in production and higher costs. The lack of investment in modernization hampers the industry's ability to improve productivity and quality, making it difficult to compete globally.

High Raw Material and Input Costs: Indian manufacturers face significant cost disadvantages. Cotton and yarn are more expensive domestically compared to global rates, making final products costlier. Many Indian spinners are opting for imported cotton rather than domestic varieties because the imported cotton especially from countries like Brazil and Australia offers better quality at competitive prices, sometimes even lower than domestic options. This makes it tough for local farmers and producers to compete.

Rising Imports Adding Pressure: Indian textile manufacturers are increasingly feeling the squeeze from cheaper imports. The combination of cost advantage, trade policies like duty-free access for Bangladesh, and dumping practices from China are intensifying the pressure on Indian manufacturers to lower their prices and margins.

Pressure from Brands and Buyers: Domestic and international brands often demand additional discounts, further squeezing already thin margins. Indian manufacturers find these expectations challenging to meet. While hard numbers are scarce, anecdotal evidence from small producers reveals that brands often demand retroactive discounts or unfavourable credit terms, further eroding already narrow margin. Although not quantified easily, this dynamic consistently results in diminished profitability and increased vulnerability.

Major Players in the Indian Textile industry:

1. Alok Industries Limited: Alok Industries is a prominent textile manufacturer based in Mumbai, specializing in cotton yarn, apparel fabric, and home textiles. With a vertically integrated setup, the company manages the entire production process, from spinning to finished products. Alok Industries exports a significant portion of its products to various countries, including the US, Europe, and Asia.

2. Nitin Spinners Limited: Headquartered in Rajasthan, Nitin Spinners is a manufacturer of cotton yarn, particularly known for its combed compact yarn and organic cotton yarn. The company utilizes advanced German Rieter spinning systems and has a R&D center focusing on technical textiles.

3. K.P.R Mill Limited: KPR Mill, based in Tamil Nadu, is a vertically integrated textile company involved in spinning, weaving, and garment manufacturing. The company produces a range of cotton yarns, including compact cotton and ecological cotton variants.

4. Raymond Limited, is a known name in the Indian textile industry, for its suiting fabrics. The company has diversified its portfolio to include apparel, retail, engineering, and real estate. Raymond Ltd operates a vast network of retail outlets across India and has a significant presence in the global market.

5. Vardhman Textiles Limited: Established over five decades ago, Vardhman Textiles has evolved into India's largest vertically integrated textile manufacturer. The company operates 18 state-of-the-art manufacturing facilities across the country, producing a wide array of products including yarn, fabrics, acrylic fiber, and garments. Vardhman is recognized for its commitment to excellence, innovation, and sustainability, aiming to meet global standards and customer expectations.

9 Company Profiling

1. AlpineTexworld Limited:

AlpineTexworld Limited, originally established in February 2016 as Alpine Spinweave Private Limited in Gujarat, has quickly grown into a vertically integrated textile manufacturer with capabilities in weaving and spinning. The company operates 112 Toyota shuttleless air-jet looms producing 18 million per annum, yielding 0.9 million meters monthly. Their spinning division includes four V.D. open-ended spinning machines generating 6,000 tonnes of yarn per annum, while the sizing machine handles 6,650 per metric tonnes annually.

Since its incorporation, AlpineTexworld has achieved notable milestones commissioning its first 48 looms in 2017, surpassing Rs 100 crore turnover by 2019, and pushing past Rs 200 crore by 2022. In 2023, it installed an 820 kVA rooftop solar plant, and by 2024 completed its transition to AlpineTexworld Limited, expanding its solar and spinning operations via lease agreements. In 2025, the company launched construction of an open-end spinning unit and a 5.4 MW ground-mounted solar facility. In 2026, the company added 475 kW of rooftop solar capacity. Further, in April 2026, the company added 3.6 MW of ground-mounted solar capacity.

It serves the domestic market, particularly customers in Gujarat, brings some advantage to the customers. Local businesses benefit from reduced lead times, lower transportation costs, and the ability to collaborate closely with the manufacturer to meet specific requirements. The company's service portfolio covers yarn sizing, production of yarn, and grey cloth, thereby supporting the growth and competitiveness of the local textile industry.

The company follows a process which begins with raw cotton, which is processed in the blowroom to separate seeds for any impurities. The cotton is then subjected to open-end spinning, resulting in yarns of varying thicknesses to enhance strength. Sizing is applied to the yarns using machinery to improve durability during weaving. The yarns are then woven into grey fabric using looms, producing fabric. Post-weaving, the fabric undergoes finishing processes such as shearing and singeing to remove surface irregularities and ensure a smooth texture. The finished grey fabric is subjected to quality control checks before being packed and dispatched for further processing or delivery to clients.

The company has 10.3 MW of operational solar power. Leveraging German and Japanese machinery, they deliver fabrics in categories like denim, suiting, and shirting across apparel.

10 Peer Profiling

2. United Polyfab Gujarat Limited: It is a textile manufacturing company based in Ahmedabad, Gujarat. They produce cotton yarn, grey and dyed fabrics, and denim fabric. The company operates with a monthly production capacity of approximately 1.5 million meters of fabric and yarn. Their manufacturing facility in Timba Village, Daskroi, Ahmedabad, is equipped with 40,000 spindles for spinning operations.

3. Ken Enterprises Ltd is a vertically integrated textile manufacturer based in Ichalkaranji, Maharashtra, India. The company produces greige and finished fabrics. The company operates two manufacturing units equipped with weaving machinery.

4. Pashupati Cotspin Ltd is a vertically integrated textile manufacturer based in Ahmedabad, Gujarat, India. The company processes raw cotton through ginning, spinning, and delineating processes. Its product portfolio includes cotton bales, cotton yarn, and cotton cakes etc.

**The following information has been sourced from the official websites of the respective companies.

11 Competitive Landscape

FY24 - Peer Benchmarking

Particulars	Revenue from Operations (Rs. Millions) (1)	Gross Profit (Rs. Millions) (2)	EBITDA (Rs. Millions) (4)	Profit After Tax (Rs. Millions) (6)	EBITDA Margin (5)	PAT Margin (7)	Gross Profit Margin (3)	RoE (9)	RoCE (8)	Debt to Equity Ratio (times) (10)
Alpine Texworld Limited	1,836.03	451.85	199.06	48.81	10.84%	2.66%	24.61%	12.17%	12.12%	1.80
United Polyfab Gujarat Limited	9,084.77	742.59	313.12	66.08	3.45%	0.73%	8.17%	9.22%	10.81%	1.58
Ken Enterprises Limited	4,022.08	895.10	197.54	89.27	4.91%	2.22%	22.25%	22.11%	28.46%	1.07
Pashupati Cotspin Limited	6,606.80	823.57	316.05	83.02	4.78%	1.26%	12.47%	7.18%	9.89%	1.26

Source: Company Reports

Note: Alpine Texworld Limited as per standalone data.

FY25- Peer Benchmarking

Particulars	Revenue from Operations (Rs. Millions) (1)	Gross Profit (Rs. Millions) (2)	EBITDA (Rs. Millions) (4)	Profit After Tax (Rs. Millions) (6)	EBITDA Margin (5)	PAT Margin (7)	Gross Profit Margin (3)	RoE (9)	RoCE (8)	Debt to Equity Ratio (times) (10)
Alpine Texworld Limited	2,373.24	578.82	270.00	86.26	11.38%	3.63%	24.39%	18.08%	12.18%	3.14
United Polyfab Gujarat Limited	6,022.18	835.03	438.30	176.98	7.28%	2.94%	13.87%	20.00%	14.64%	1.22
Ken Enterprises Limited	4,828.01	978.24	235.24	123.21	4.87%	2.55%	20.26%	15.75%	28.02%	0.32
Pashupati Cotspin Limited	6,374.91	714.44	267.64	141.11	4.20%	2.21%	11.21%	10.27%	11.00%	0.73

Source: Company Reports

FY26- Peer Benchmarking

Particulars	Revenue from Operations (Rs. Millions) (1)	Gross Profit (Rs. Millions) (2)	EBITDA (Rs. Millions) (4)	Profit After Tax (Rs. Millions) (6)	EBITDA Margin (5)	PAT Margin (7)	Gross Profit Margin (3)	RoE (9)	RoCE (8)	Debt to Equity Ratio (times) (10)
Alpine Texworld Limited	3,427.13	932.23	474.48	217.16	13.84%	6.34%	27.20%	33.85%	17.56%	2.35

Particulars	Revenue from Operations (Rs. Millions) (1)	Gross Profit (Rs. Millions) (2)	EBITDA (Rs. Millions) (4)	Profit After Tax (Rs. Millions) (6)	EBITDA Margin (5)	PAT Margin (7)	Gross Profit Margin (3)	RoE (9)	RoCE (8)	Debt to Equity Ratio (times) (10)
United Polyfab Gujarat Limited	6,820.35	828.04	528.07	242.90	7.74%	3.56%	12.14%	21.13%	17.24%	0.80
Ken Enterprises Limited	6,318.20	1,116.75	300.04	154.07	4.75%	2.44%	17.68%	12.92%	24.99%	0.42
Pashupati Cotspin Limited	6,878.12	782.03	260.25	104.19	3.78%	1.51%	11.37%	6.52%	9.51%	0.60

Source: Company Reports

Notes:

1. Revenue from Operations means the Revenue from Operations as appearing in the Restated Consolidated and Standalone Financial Information.
2. Gross Profit is calculated from the revenue from operations as reduced by Cost of materials consumed, Purchase of traded goods and Changes in inventories of finished goods and work-in-progress.
3. Gross Profit Margin is calculated as Gross Profit divided by Revenue from Operations.
4. EBITDA is calculated as Restated Profit Before Exceptional Items and Tax added by finance costs and depreciation and amortization expenses reduced by other income.
5. EBITDA Margin (%) is calculated as EBITDA divided by Revenue from Operations.
6. Profit After Tax Means Profit for the period/year.
7. PAT Margin (%) is calculated as Profit After Tax as a percentage of Revenue from Operations.
8. RoCE (Return on Capital Employed) (%) is calculated as earnings before interest and taxes (Profit Before Exceptional Items and Tax added by Interest Expense/finance costs) divided by average capital employed ((Opening capital employed + Closing capital employed) / 2). Capital Employed includes Total equity, Long-Term Borrowing & Short-Term Borrowing, Deferred Tax Assets / Liabilities, Lease Liabilities reduced by Right of Use Asset
9. RoE (Return on Equity) (%) is calculated as profit after tax for the year / period divided by Average Total Equity ((Opening Total Equity + Closing Total Equity) / 2).
10. Debt to Equity Ratio is calculated as Total debt divided by Total equity where total debt refers to sum of current & non-current borrowings.

(Rs in Million otherwise Stated)

Particulars	Alpine Texworld Limited	United Polyfab Gujarat Limited	Ken Enterprises Limited	Pashupati Cotspin Limited
	Consolidated	Consolidated	Consolidated	Consolidated
Revenue from Operations	3,427.13	6,820.35	6,318.20	6,878.12
Face Value per Equity Share (Rs)	10	1	10	1
Closing price as on 29.05.2026	NA	33.81	33.05	95.84
P/E (Rs)	NA	31.60	5.27	145.21
EPS (Basic and Diluted) (Rs)	8.18	1.07	6.27	0.66
NAV (Rs per share)	27.79	5.78	51.68	10.40
Profit after tax	217.16	242.90	154.07	104.19
No. of Shares	2,62,23,000	22,95,15,500	2,45,65,480	15,78,40,000
RoNW (%)	29.44%	18.48%	12.14%	6.33%

Source: All the financial information for listed industry peers mentioned above on a Consolidated basis and is sourced from the annual results as available of the respective company for the year ended March 31, 2026, as available on the website of stock exchanges. The financial information of our Company is based on the restated Consolidated and Standalone financial information for the year ended March 31, 2026.

Notes:

- i. P/E Ratio has been computed based on the closing market price of equity shares on May 29, 2026, divided by the EPS.
- ii. Return on net worth is calculated as restated profit/(loss) for the period/year attributable to the owners of the Company divided by Net Worth.
- iii. "Net Worth" means the aggregate value of the paid-up share capital and other equity created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation as per Restated Consolidated and Standalone Financial Information
- iv. Net asset value per equity share is calculated as equity attributable to owners of the Company divided by outstanding number of equity shares.

12 Abbreviation

Abbreviation	Definition	Explanation
ASEAN	Association of Southeast Asian Nations	A regional intergovernmental organization of Southeast Asian countries promoting economic, political, and trade cooperation.
ATDC	Apparel Training & Design Centre	Institution providing skill development and design training for apparel and textile industry professionals.
ATIRA	Ahmedabad Textile Industry's Research Association	A research and development organization supporting technological advancement in textiles.
ATUFS	Amended Technology Upgradation Fund Scheme	Government scheme providing financial support for modernization and technology upgrades in textiles.
CAD	Computer Aided Design	Software used to design products digitally, widely applied in textile pattern and apparel design.
CAM	Computer Aided Manufacturing	Software and systems that automate manufacturing processes.
CCI	Cotton Corporation of India	Government body ensuring price support and procurement of cotton
CETP	Common Effluent Treatment Plant	Facility for treating industrial wastewater collectively to meet environmental norms.
CEPA	Comprehensive Economic Partnership Agreement	Free trade agreement covering trade in goods, services, and investment between countries.
COVID	Coronavirus Disease of 2019	Global pandemic affecting public health and economic activities.
CPI	Consumer Price Index	Economic indicator measuring changes in retail prices, reflecting inflation.
CSP	Count Strength Product	Metric used in textiles indicating yarn quality based on count and tensile strength.
CY	Calendar Year	Standard 12-month period from January to December used in reporting.
D2C	Direct to Consumer	Business model where manufacturers sell products directly to end-users without intermediaries.
DoCP	Date for Commercial Production	The official start date when a manufacturing unit begins production for sale.
DTA	Domestic Tariff Area	Part of a country where standard customs duties apply, contrasted with SEZs.
eFCI	Eligible Fixed Capital Investment	The portion of capital investment is eligible for government incentives or schemes.
EU	European Union	A political and economic union of European countries for free trade and movement.
F	Forecasted	Projected values or estimates based on predictive analysis.
FE	Final Estimates	Officially published finalized data or statistics.

Abbreviation	Definition	Explanation
FDI	Foreign Direct Investment	Investment made by foreign entities into domestic companies or assets.
FMGC	Fast Moving Consumer Goods	Products sold quickly at relatively low cost, including apparel accessories in textiles.
FOB	Freight on Board	Export/import term indicates the seller's responsibility until goods are loaded onto transport.
FRE	First Revised Estimates	Initial revision of previously published statistical estimates.
FTAs	Free Trade Agreements	Agreements between countries to reduce tariffs and trade barriers on goods and services.
FY	Fiscal Year	Accounting period used for financial reporting, e.g., April–March in India.
GIST 2.0	Grant for Internship Support in Technical Textiles	Government initiative providing internships to build skills in technical textiles.
GNDI	Gross National Disposable Income	Total income available to residents for consumption or saving.
GDP	Gross Domestic Product	Total value of goods and services produced within a country.
GVA	Gross Value Added	Measure of contribution of a sector to the economy, subtracting intermediate consumption.
GREAT Scheme	Grant for Research & Entrepreneurship across Aspiring Innovators in Technical Textiles	Support for R&D and startups in technical textiles.
HS codes	Harmonized System Codes	International standardized codes for identifying traded goods.
IIP	Index of Industrial Production	Measure of industrial output in sectors including textiles.
IMD	India Meteorological Department	Government agency providing weather forecasts relevant to agriculture and industry.
IMF	International Monetary Fund	Global financial institution providing monetary support and policy guidance.
IoT	Internet of Things	Network of connected devices used for automation and monitoring in textile manufacturing.
IPDS	Integrated Processing Development Scheme	Government program for modernization of textile processing units.
Itama S.p.A.	Italian business designation	Italian textile machinery manufacturer.
JLGs	Joint Liability Groups	Groups of borrowers, usually in MSMEs, are jointly responsible for loan repayment.
Kva	Kilovolt Amperes	Unit of electrical power used in machines and plants.
KWH	Kilowatt-Hour	Measure of electricity consumption.
LED	Light Emitting Diode	Energy-efficient lighting technology is used in factories and offices.
MEIS	Merchandise Exports from India Scheme	Export incentive program to promote Indian products abroad.

Abbreviation	Definition	Explanation
MITRA	Mega Integrated Textile Region and Apparel	Government initiative creating large integrated textile parks.
MMF	Man Made Fibers	Synthetic or cellulosic fibers are produced artificially.
MSMEs	Micro, Small, and Medium Enterprises	Small-scale enterprises are critical to textiles and apparel sector.
MSP	Minimum Support Price	Price floor for agricultural products like cotton to support farmers.
MUDRA	Micro Units Development and Refinance Agency	Government program providing loans to small enterprises, including textile units.
MW	Megawatt	Unit of electrical power capacity.
NID	National Institute of Design	Design institute contributing to textile and apparel design innovation.
NIFT	National Institute of Fashion Technology	Institution for fashion and textile education.
NTTM	National Technical Textiles Mission	Government mission promoting technical textiles sector.
OE	Open End (spinning method)	A type of rotor spinning used for yarn production.
P	Projected	Estimated value for future periods.
PE	Provisional Estimates	Preliminary published data subject to revision.
PFCE	Private Final Consumption Expenditure	Measure of household consumption expenditure.
PLI	Production Linked Incentive	Government incentive for manufacturing growth in key sectors.
PM MITRA	Prime Minister Mega Integrated Textile Region and Apparel	Flagship initiative for integrated textile clusters.
PPE kits	Personal Protective Equipment kits	Safety gear used in healthcare and industrial applications.
PSF	Polyester Staple Fiber	Type of man-made synthetic fiber widely used in textiles.
PVA	Polyvinyl Alcohol	Synthetic polymer used in textile finishing and coatings.
R&D	Research and Development	Activities for innovation, product improvement, and process efficiency.
RC	Ranchhodlal Chhotalal Technical Institute	Textile-focused technical institute in India.
RBI	Reserve Bank of India	Central bank regulating currency, credit, and financial stability.
RMG	Ready Made Garments	Finished garments ready for retail sale.
RoDTEP	Remission of Duties and Taxes on Exported Products	Scheme reimbursing taxes and duties to exporters.
RoSCTL	Rebate of State and Central Levies and Taxes	Export incentive scheme replacing MEIS for apparel and textiles.
SAMARTH	Scheme for Capacity Building in Textile Sector	Government initiative providing training to improve workforce skills.
SDP	State Domestic Product	Measure of economic output at the state level.

Abbreviation	Definition	Explanation
SEZ	Special Economic Zone	Designated area with tax and regulatory benefits to promote exports.
SHGs	Self Help Groups	Community-based organizations for small enterprise financing.
SITP	Scheme for Integrated Textile Parks	Government program developing textile clusters with infrastructure.
SMEs	Small and Medium Enterprises	Medium-scale enterprises contributing to manufacturing and employment.
TCDS	Textile Cluster Development Scheme	Initiative to strengthen and modernize textile clusters.
TPI	Twist Per Inch	Yarn property indicating twist level affecting strength and texture.
TUFS	Technology Upgradation Fund Scheme	Earlier government programs supported textile machinery modernization.
USD	United States Dollar	International currency used in trade and exports.
US	United States	Major trade partner for Indian textiles.
VSF	Viscose Staple Fiber	Semi-synthetic fiber produced from cellulose, used in fabrics.
ZLD	Zero Liquid Discharge	Environmental practice ensuring no untreated effluent is discharged.

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