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Outlook for Textile Industry 2025

Table of Contents

Sections	Title	Page
	Disclaimer	3
1	Global Macroeconomic Scenario	4
	- Global GDP Growth Scenario	5
	- Historical GDP Growth Trends	6
	- GDP Growth Across Major Regions	7
	- Global Economic Outlook	9
2	India's Macroeconomic Scenario	11
	- Gross Domestic Product (GDP)	11
	- Gross Value Added (GVA)	14
	- Consumer Price Index (CPI)	16
	- India Per Capita GDP Forecast	17
	- Private Final Consumption Expenditure (PFCE)	18
	- Index of Industrial Production (IIP) Growth	20
	- Overview on Key Demographic Parameters	22
	- Union Budget FY25–26 Highlights	27
	- Concluding Remarks about Macroeconomic Scenario	29
3	Industry Overview – Global and Indian Textile Industry	30
	- Market Segmentation	31
	- Global Textile Industry	33
	- Indian Textile Industry	45
4	Market Dynamics	69
	- Key Growth Drivers	69

	- Market Restraints	72
5	Government Initiatives and Policy Support	74
6	Technology & Digital Transformation	77
7	PESTLE Analysis of the Industry	80
8	Porter 5 forces Analysis	82
9	Competitive Landscape	85
	- Key Factors shaping Competition	85
	- Competitive Strategies	86
	- Barriers to Entry	88
	- Consolidation Trend	90
	- Key Industry Players	91
	- Peer Benchmarking – Operational KPI	93
	- Financial Performance Analysis	94
	- Peer Comparison	95
	- Company Positioning – Aastha Spintex Limited	96
	- SWOT Analysis	98
10	Future Outlook	101

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1. Global Macroeconomic Scenario

The global economy is projected to experience a deceleration in growth, with global GDP expanding by 2.8% in CY 2025, down from 3.3% in CY 2024. This slowdown is attributed to escalating trade tensions, particularly due to new U.S. tariffs, and heightened policy uncertainties. Global headline inflation is expected to decline to 4.3% in CY 2025 and further to 3.6% in CY 2026, as inflationary pressures ease across advanced economies, aided by tighter monetary policy, improved labour market conditions, and the resolution of supply disruptions. However, global trade growth is forecasted to slow significantly to 1.7% in CY 2025, reflecting the effects of escalating trade barriers and geopolitical instability.

In China, economic prospects remain constrained as the IMF downgraded its CY 2025 GDP growth forecast to 4.0%, due to persistent challenges in the real estate sector, weak consumer demand, and trade-related pressures. In Europe, growth is expected to stagnate, with Germany's GDP forecast at 0.0% in CY 2025, amidst trade disruptions and domestic weaknesses. The EU is actively seeking to address these challenges through renewed trade dialogue with the U.S.

Meanwhile, India continues to show resilience, with the IMF projecting stable real GDP growth of 6.2% in CY 2025, followed by a slight uptick to 6.3% in CY 2026. This is supported by robust rural consumption and sustained infrastructure investment. The IMF notes that India remains one of the fastest-growing major economies, driven by favourable demographics, expanding digital infrastructure, and rising investment activity. Consumer price inflation in India is projected to moderate to 4.2% in CY 2025, staying within the Reserve Bank of India's (RBI) target range of 2–6%, which helps maintain purchasing power and economic stability. The IMF also highlights the importance of continued structural reforms in India, particularly in labour markets, logistics, and capital formation, to sustain medium-term growth momentum.

Overall, while inflation is declining globally, the economic outlook remains clouded by geopolitical uncertainty, trade fragmentation, and region-specific structural challenges. However, India's relative macroeconomic stability, demographic advantage, and ongoing investment cycle place it in a strong position amid global headwinds.

1.1 Global GDP Growth Scenario

The global economy began to recover from its lowest levels following the lifting of lockdowns in 2020 and 2021. The pandemic-induced lockdown was a key factor that severely disrupted economic activities, leading to a recession in CY 2020, where global GDP contracted by -2.7%.

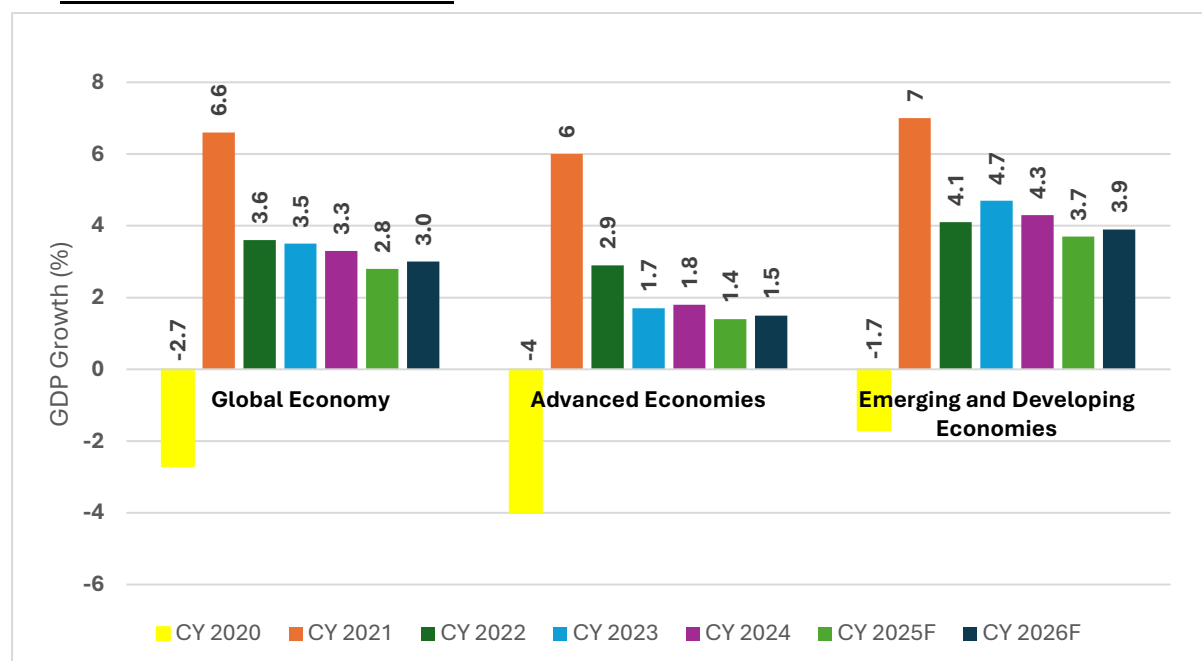
In CY 2021, supply chain disruptions significantly impacted both advanced economies and low-income developing economies. The rapid spread of the Delta variant and the threat of new variants in mid-2021 further heightened uncertainty in the global economic environment.

Global economic activity saw a sharper-than-expected slowdown in CY 2022. The highest inflation in decades, observed in 2022, forced most central banks to tighten their monetary & fiscal policies. Russia's invasion of Ukraine exacerbated global food supply issues, further increasing the cost of living.

Despite initial resilience in early CY 2023, marked by a rebound from the pandemic and progress in curbing inflation from the previous year's highs, the situation remained precarious. Economic activity continued to lag its pre-pandemic trajectory, especially in emerging markets and developing economies, leading to widening regional disparities. Several factors impeded recovery, including the lasting impacts of the pandemic, geopolitical tensions, tightening monetary policies to combat inflation, reductions in fiscal support amid high debt levels, and extreme weather conditions. As a result, global growth slowed from 3.6% in CY 2022 to 3.5% in CY 2023.

The global economy maintained moderate momentum in CY 2024, with real GDP growth estimated at 3.3%, supported by easing inflationary pressures, recovering supply chains, and resilient consumer demand in some major economies. Advanced economies, particularly the U.S., benefitted from strong labour markets and improved private consumption. However, growth remained uneven across regions, with emerging markets facing tighter financial conditions and subdued export demand. Inflation declined faster than anticipated in many regions, enabling some central banks to consider gradual monetary easing by the end of the year.

1.2 Historical GDP Growth Trends



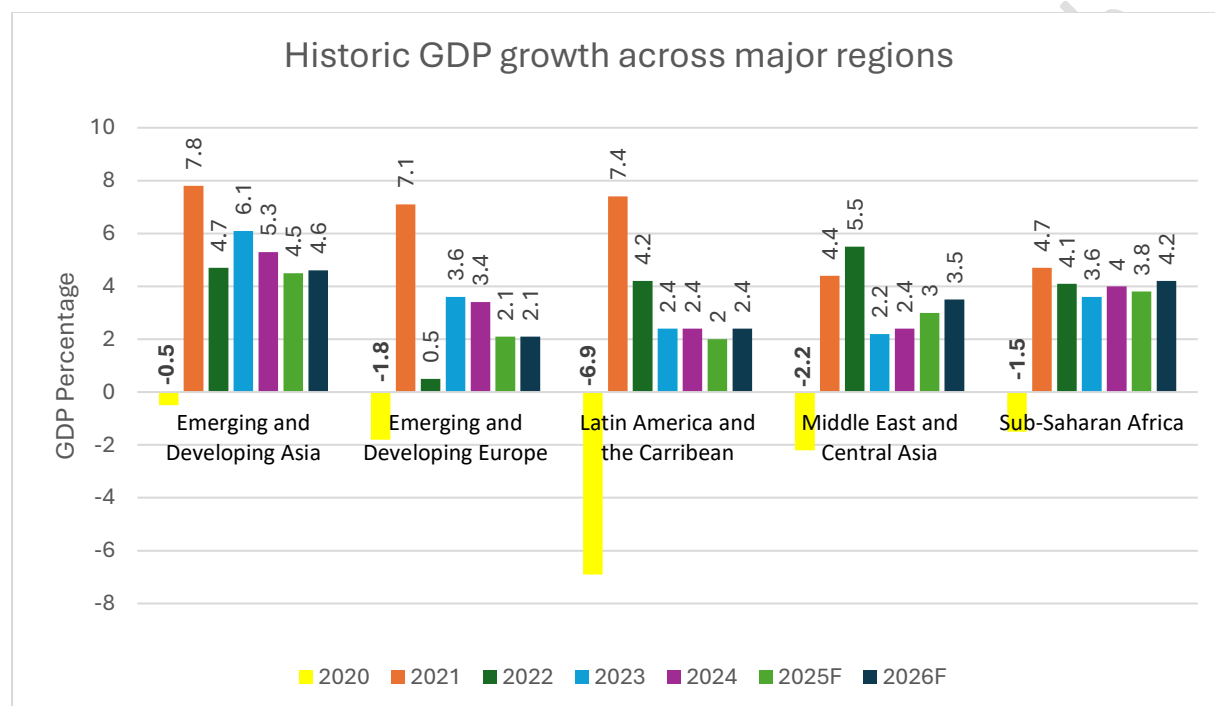
F – Forecast, Source – IMF World Economic Outlook April 2025

Note: Advanced Economies and Emerging & Developing Economies are as per the classification of the World Economic Outlook (WEO). This classification is not based on strict criteria, economic or otherwise, and it has evolved over time. It comprises of 40 countries under the Advanced Economies including the G7 (the United States, Japan, Germany, France, Italy, the United Kingdom, and Canada) and selected countries from the Euro Zone (Germany, Italy, France etc.). The group of emerging market and developing economies (156) includes all those that are not classified as Advanced Economies (India, China, Brazil, Malaysia etc.)

In the current scenario, global GDP growth is projected to decelerate to 2.8% in CY 2025, reflecting mounting economic pressures across both advanced and emerging markets. This marks a significant slowdown driven by intensifying trade fragmentation, the impact of new U.S. tariffs, and elevated geopolitical tensions. Structural weaknesses such as the ongoing real estate crisis in China, stagnant growth in the Eurozone, and tight financial conditions in major economies are expected to weigh heavily on global output. Additionally, stress in housing and banking sectors, coupled with subdued industrial activity, is contributing to a muted growth outlook. On the inflation front, the IMF projects global headline inflation to decline to 4.3% in CY 2025, continuing a disinflationary trend as energy prices stabilize and supply-side disruptions ease. The softening of labour markets—reflected in lower job vacancy rates and modest increases in unemployment—is also expected to help reduce core inflation. This provides room for some central banks to initiate cautious interest rate cuts, although the broader economic outlook remains uncertain due to persistent global risks.

1.3 GDP Growth Across Major Regions

GDP growth across major global regions—including Europe, Latin America & the Caribbean, Middle East & Central Asia, and Sub-Saharan Africa—continues to display varied trajectories. While some regions are stabilizing post-pandemic, others remain challenged by structural and cyclical issues. The global outlook presents a mixed scenario, with emerging economies continuing to outperform advanced economies.



Source-IMF World Economic Outlook April 2025 update.

(Note - The number of countries included in each region based on the IMF's classification of Emerging and Developing Economies. Emerging and Developing Asia includes 30 countries, such as India, China, Indonesia, Thailand, and Vietnam. Emerging and Developing Europe includes 15 countries, including Poland, Romania, Russia, and Türkiye. Latin America and the Caribbean include 33 countries, such as Brazil, Mexico, Argentina, Chile, and Colombia. The Middle East and Central Asia include 32 countries, including Saudi Arabia, UAE, Iran, Egypt, and Pakistan. Sub-Saharan Africa includes 45 countries, such as Nigeria, South Africa, Kenya, Ghana, and Ethiopia.)

In Emerging and Developing Asia, growth is projected to moderate from 5.3% in CY 2024 to 4.5% in CY 2025, before recovering slightly to 4.6% in CY 2026. India is expected to grow at 6.2% in CY 2025, supported by resilient rural consumption and sustained infrastructure investments, though lower than 6.5% growth recorded in CY 2024. In contrast, China's growth is likely to decelerate from 5.0% in CY 2024 to 4.0% in CY 2025, amid persistent real estate concerns and weak domestic demand.

Sub-Saharan Africa is projected to grow at 3.8% in CY 2025, slightly below the 4.0% growth in CY 2024, with a further improvement to 4.2% in CY 2026. The recovery is being aided by improved weather conditions and better functioning supply chains.

In the Middle East and Central Asia, the economy is forecasted to expand at 3.0% in CY 2025, up from 2.4% in CY 2024, and further strengthen to 3.5% in CY 2026, driven by stabilization in oil production and ongoing economic reforms.

For Latin America and the Caribbean, modest growth of 2.0% is forecast for CY 2025, holding steady from CY 2024, with expectations of a rebound to 2.4% in CY 2026, helped by stronger macroeconomic management across key economies.

Emerging and Developing Europe remains subdued, with growth estimated at 2.1% in CY 2025, down from 3.4% in CY 2024, expected to be stable at 2.1% by CY 2026. The region continues to face structural manufacturing challenges, particularly in major economies like Germany.

Overall, while global growth is expected to remain steady, regional disparities persist, influenced by a combination of domestic challenges, external geopolitical tensions, and fluctuating commodity prices.

1.4 Global Economic Outlook

At the midpoint of the year, so far in 2025 the global economy continues to exhibit mixed performance, with divergence in outcomes across regions due to differences in economic growth, inflation dynamics, and policy responses. The global GDP growth is projected at 2.8% in CY 2025, down from an estimated 3.3% in CY 2024. While short-term prospects have improved since early 2024 due to easing inflation and gradual loosening of monetary policy in several regions, the broader environment remains challenging. Structural headwinds—such as tighter credit conditions, supply-side bottlenecks, and lingering geopolitical risks—are keeping global growth below historical averages.

One of the key downside risks identified is the disruption to global trade flows caused by the Red Sea crisis. The escalation of Houthi rebel attacks on commercial shipping in the Red Sea and Gulf of Aden since late 2023 has led to widespread rerouting of cargo vessels around the Cape of Good Hope. This has resulted in higher shipping costs, longer delivery times, and renewed pressure on global supply chains, particularly for Europe and parts of Asia. According to the IMF, the crisis has caused a measurable decline in trade volumes in early 2025. While the medium-term impact may moderate as supply chains adjust, elevated freight rates and shipping insurance costs continue to weigh on import-dependent economies.

The United States has continued to outperform other advanced economies, with growth projected at 1.8% in 2025, though slightly down from 2.8% in 2024, as the economy absorbs the lagged effects of previous monetary tightening and persistent inflation. In contrast, the Euro Area remains subdued, with GDP growth expected at 0.8% in 2025, supported by the European Central Bank's first-interest rate cuts since 2019 (implemented in June 2024) and stronger domestic demand. However, countries like Germany, France, and Italy continue to struggle due to weak manufacturing performance and higher shipping costs arising from Red Sea disruptions, whereas Greece and Spain have benefited from robust tourism activity.

In China, growth has held up at a projected 4.0% for CY 2025, supported by targeted stimulus and a gradual recovery in the real estate sector. Growth in the rest of Asia is also benefiting from a revival in global trade and domestic demand, although export-reliant economies like South Korea and Japan have been negatively affected by longer maritime shipping routes and rising logistics costs. India remains one of the strongest performers globally, with GDP growth forecasted at 6.2% in 2025, supported by robust consumption, capital investment, and favourable demographics.

In Latin America and the Caribbean, growth is more uneven. Larger economies like Brazil and Mexico are seeing moderate expansions, but the overall regional outlook is weaker, with GDP growth forecast at 2.0% in 2025, due to external headwinds, commodity price volatility, and political uncertainty. Meanwhile, Sub-Saharan Africa's growth is expected to slow slightly to 3.8%, as global financial conditions tighten, and oil-exporting nations face declining revenues.

The Middle East and North Africa (MENA) region is also seeing tempered prospects, with growth revised down to 2.6%, influenced by lower oil prices, reduced maritime trade activity through the Suez Canal, and heightened regional tensions.

Globally, industrial production First half of 2025 rate of interest reduce and supply chain disruption seas freight also reduce. However, a mild recovery is anticipated in the second half of the year as global trade stabilizes and domestic demand for goods strengthens. Central banks in several advanced economies—including the Eurozone, Switzerland, Sweden, and Canada—have begun cutting rates to support demand, though inflation trends remain uneven. Disinflation has progressed slower than expected, particularly in services and wage-heavy sectors, making monetary easing cautious and data-dependent.

Overall, the global economy appears to be stabilizing, but growth in CY 2025 remains below historical averages. Advanced economies continue to grow modestly under the weight of tight policies and weak external demand, while emerging markets, particularly in Asia, show stronger but slowing momentum. The outlook for the remainder of 2025 depends significantly on geopolitical developments—especially in the Red Sea and Ukraine—along with the trajectory of inflation and the pace of monetary easing.

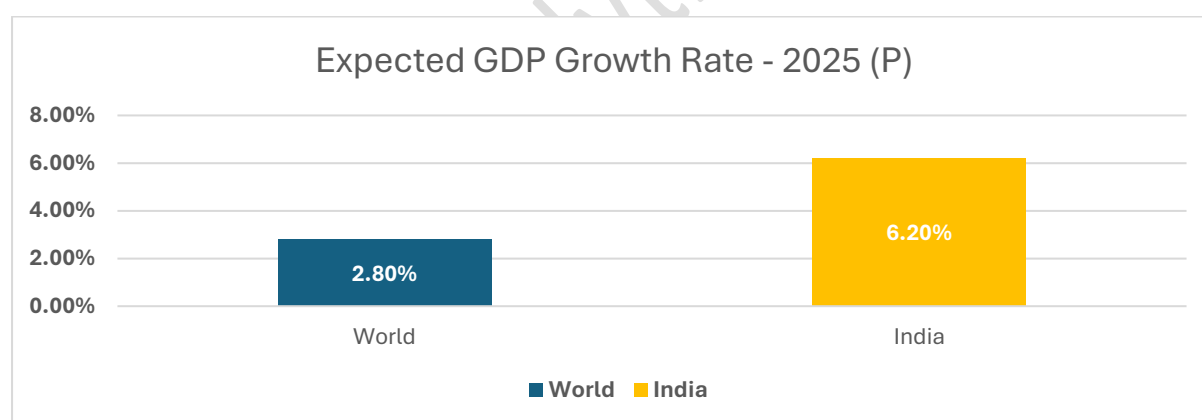
2. India's Macroeconomic Scenario

2.1 Gross Domestic Product (GDP)

India Expected to Grow at Twice the Pace of Global Economic Growth

The global economy continues to face persistent challenges, including the lingering effects of the COVID-19 pandemic, heightened geopolitical tensions, and climate-related disruptions that have affected energy and food supply chains. Global real GDP growth is projected at 2.8% in 2025, indicating a moderation in global momentum. In contrast, India's real GDP is projected to grow at 6.2% in 2025, continuing its trend of significantly outpacing global averages and reaffirming its position as the fastest-growing major economy. This implies that India is expected to grow at more than twice the pace of global GDP, supported by strong domestic demand, structural reforms, and increased infrastructure investment. India's resilience among the G20 economies further strengthens its role as a key driver of global economic growth in the coming years.

Global and India Growth Outlook Projections (Real GDP growth)



Notes: P-Projection; Source: IMF – World Economic Outlook, April 2025

India's Economic Growth Momentum Remains Strong - Surpassed USD 4 Trillion.

In FY 2024-25, India was the fifth-largest economy globally, with an estimated real Gross Domestic Product (GDP) at constant prices of INR 184.88 lakh crore, against the Provisional Estimate of GDP for the year 2023-24 of INR 173.82 lakh crore registering a GDP growth rate of 6.4% as compared to 8.2% in FY 2023-24. Since FY 2005, India's GDP growth has consistently outpaced global economic growth, often growing at nearly twice the global average, and this trend is expected to continue over the medium term.

Source: MOSPI, first advance estimates of GDP 2024-25 released on January 7th, 2025

In June 2025, India became the fourth-largest economy in the world and retained its position as the fastest-growing major economy. The country is projected to become the world's third largest economy by 2030, with an estimated GDP of USD 7.3 trillion.

Source: PIB, Press Release - India Becoming an Economic Powerhouse posted on June 16, 2025.

GDP Growth Rate Projections for India

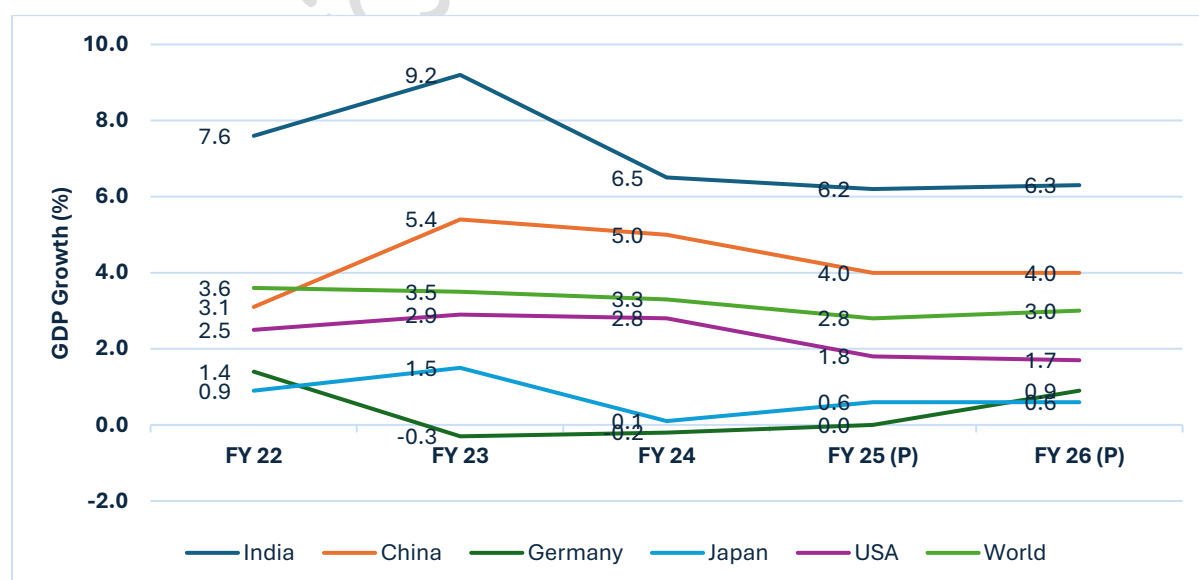
GDP growth projections by Government of India and other agencies are summarised below:

	Estimated GDP Growth Rate		
	FY 25E	FY 26E	FY 27E
Ministry of Finance, GOI	6.4%	6.3%-6.8%	N.A.
IMF*	6.2%	6.3%	N.A.
RBI#	6.6%	6.5%	N.A.
National Statistical Office (NSO)@	6.4%	N.A.	N.A.
PHDCCI@	6.5%	6.7%	6.7%
S&P Global@	6.8%	6.5%	6.8%
Morgan Stanley@	6.3%	6.5%	6.5%
Asian Development Bank#	6.5%	6.7%	N.A.
Moody's Agency	6.1%	N.A.	N.A.
Fitch Ratings@	6.3%	6.5%	6.3%

* Source: World Economic Outlook Update April 2025

@ Data is updated as of 28th March 2025, #updated as of 10th April 2025

India and Top 5 Global Economies GDP Growth Forecast



Note: P = Projections, Source: IMF World Economic Outlook April 2025 update.

In September 2024, India achieved a significant milestone by overtaking Japan to become the third most powerful nation in the Asia-Pacific region, as per the Asia Power Index 2024. India's overall score rose to 39.1, reflecting a 2.8-point increase from the previous year, driven by growing influence across economic, military, and diplomatic dimensions.

Key factors behind India's rise include its strong economic performance, expanding and youthful workforce, and increasing strategic engagement across the region. India's Economic Capability improved significantly, supported by its position as the world's third-largest economy in terms of purchasing power parity (PPP). Additionally, a notable increase in its Future Resources score highlights the demographic advantage that is expected to sustain its growth trajectory in the coming years.

2.2 Gross Value Added (GVA)

Gross Value Added (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.

Industry and Services sector leading the recovery charge

- India's economy demonstrated robust growth across various sectors. The gap between GDP and GVA growth turned positive. The positive gap between GDP and GVA growth indicates robust tax collections contributing to GDP growth.
- India's sector-wise economic performance in FY 2024–25 reveals a shift in momentum across its primary, secondary, and tertiary sectors, with notable differences compared to the previous fiscal year.
- The Primary Sector—comprising agriculture, livestock, forestry, fishing, and mining & quarrying—registered a growth of 3.6% in FY25, showing a notable improvement from the 2.1% growth in FY24. This uptick can be attributed to stronger performance in agriculture and allied activities, along with moderate gains in mining and quarrying. However, erratic monsoon patterns and rising input costs may have constrained agricultural output during the year.
- In contrast, the Secondary Sector—which includes manufacturing, electricity, gas, water supply & other utilities, and construction—recorded a solid growth of 6.5% in FY25, though lower than the impressive 9.7% growth seen in the previous year. This resilient performance was primarily driven by a notable recovery in manufacturing and robust momentum in infrastructure-related segments like construction and utilities.
- The Tertiary Sector or services sector posted 7.2% growth in FY25, slightly lower than the 7.6% achieved in FY24, yet it remained a major pillar of overall economic growth. Strong performances were observed in trade, hotels, transport, financial services, real estate, and professional services. However, public administration and defence services saw more modest growth, slightly dampening the overall momentum in this segment.
- Overall, growth in India's real Gross Value Added (GVA) in FY25 was primarily driven by the resurgence of the secondary sector and sustained strength in key segments of the services sector, even as the primary sector showed signs of moderation.

Sectoral Growth (Y-o-Y % Growth) - at Constant Prices

Sector-wise growth in GVA at constant (2011-12) prices (in %)	FY 2023	FY 2024	FY 2025
Primary	4.4	2.1	3.6
Secondary	2.1	9.7	6.5
Tertiary	10.00	7.6	7.2

Source: MOSPI, first advance estimates of GDP 2024-25, released on January 7th, 2025

Gross Value Added by Textile, Apparel and Leather Products

The Textiles, Apparel, and Leather Products segment contributed ₹3,07,720 crore to the total Gross Value Added (GVA) of the manufacturing sector, representing 1.9% of overall manufacturing GVA in FY 2024–25. While its relative share is lower compared to machinery & equipment (4.7%) and other manufactured goods (6.8%), the textile sector remains strategically important due to its strong export orientation, extensive employment base, and deep linkages with allied industries such as agriculture (cotton, jute, silk, wool) and chemicals (dyes, synthetic fibres). The sector's role as a driver of foreign exchange earnings and rural employment highlights its continued relevance in India's industrial landscape, despite its modest proportional contribution to overall manufacturing value addition.

Source – MOSPI, National Account Statistics 2025

2.3 Consumer Price Index (CPI)

Inflation Stable Inflationary Environment

In fiscal year 2025 (FY25), India's General Index inflation, as measured by the Consumer Price Index (CPI), averaged 4.6%, marking the lowest annual inflation rate since 2018–19. This moderation in inflation reflects a significant improvement in the country's price stability post-COVID. In March 2025, CPI Inflation stood at 3.34%, the lowest monthly rate since August 2019, indicating sustained disinflationary momentum in recent months.

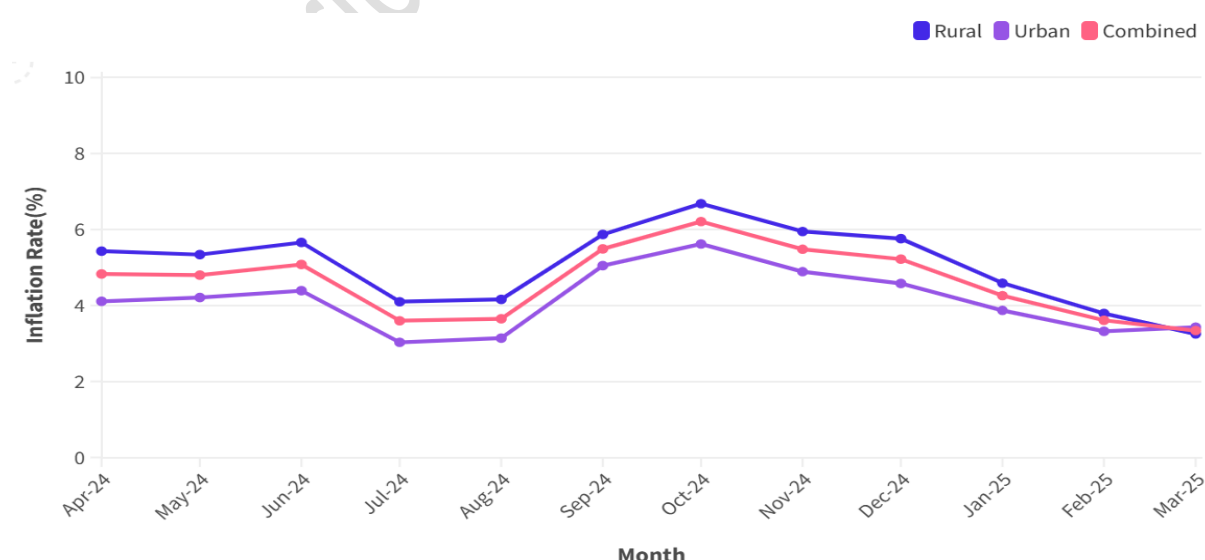
Source: - RBI, Annual Report-Inflation, Money and Credit Dated May 29th, 2025

Several key factors contributed to this decline in inflation:

The Reserve Bank of India (RBI) pursued a pro-growth monetary policy, aiming to strike a balance between supporting economic recovery and containing inflation. In parallel, the government actively intervened in food markets, particularly by augmenting buffer stocks of essential commodities and releasing them strategically to stabilize prices. These coordinated efforts helped ease supply-side pressures, especially on food inflation.

Looking ahead, projected CPI inflation for FY26 to average around 4%, signalling continued focus on maintaining price stability. In support of this trajectory, the RBI recently announced a cut in the repo rate by 50 basis points (bps) to 5.5% in June 2025, which is expected to result in a more accommodative monetary policy stance in the coming months. This environment of low inflation and easing interest rates may provide a favourable backdrop for economic expansion in the near term.

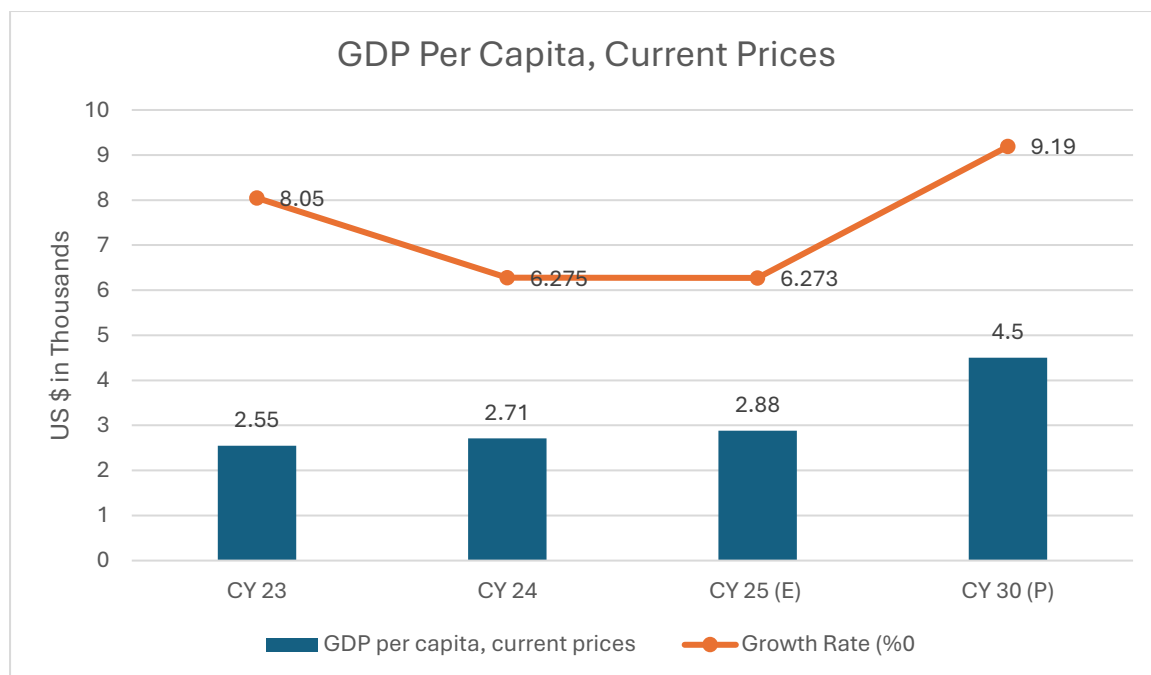
India's CPI Inflation Monthly



Source: MOSPI

2.4 India Per Capita GDP Forecast

Per capita GDP growth for India is estimated at 9.19 % CAGR between 2025- 2030. Increased individual incomes are expected to create additional discretionary spending, which may be beneficial for the Textile sector.

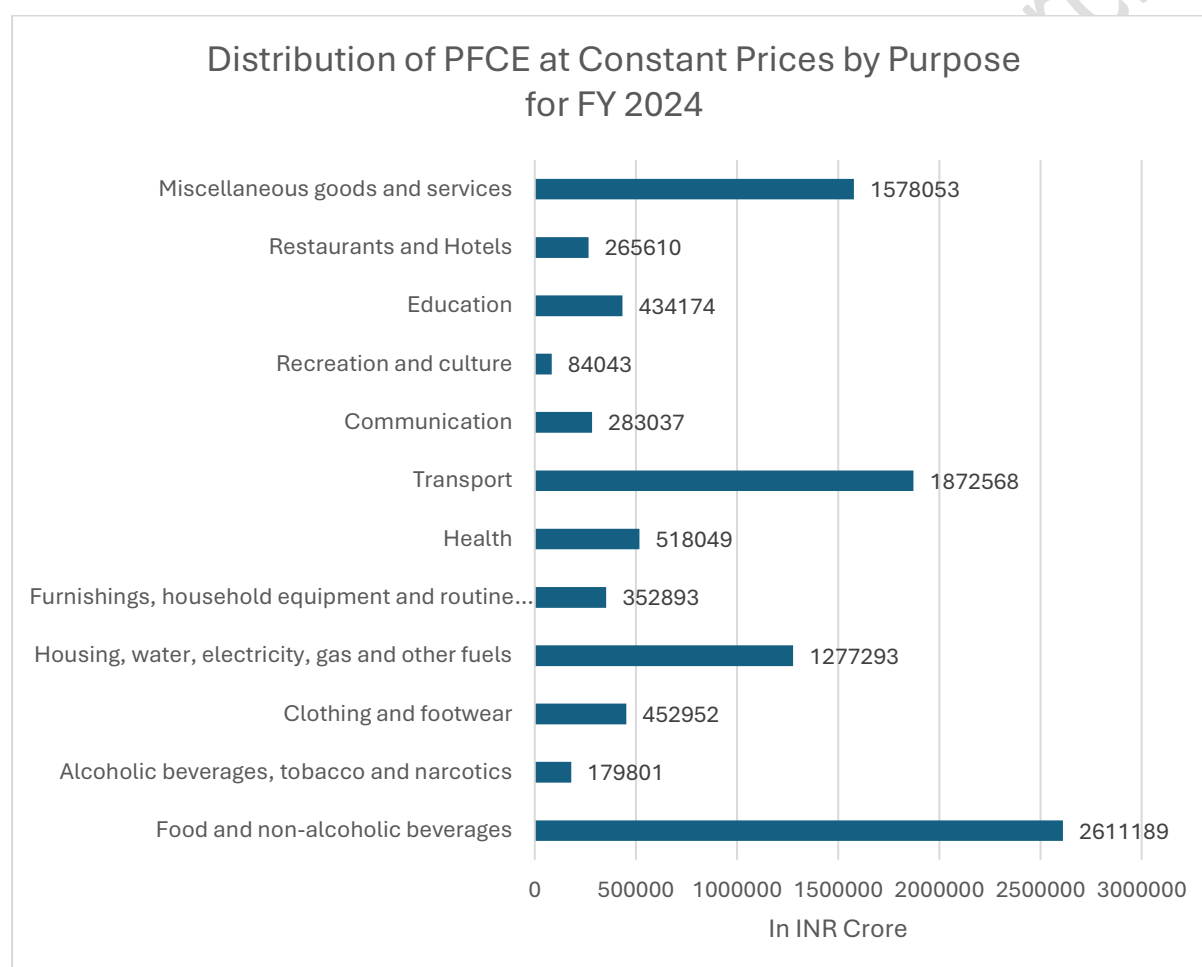


Note: E = Estimated, P = Projected

Source: IMF Data Mapper, World Economic Outlook April 2025, India, GDP Per Capita

2.5 Private Final Consumption Expenditure (PFCE)

Private Final Consumption Expenditure (PFCE) represents the total spending by resident households on final consumption of goods and services, serving as a key indicator of consumer demand and overall economic well-being. It reflects the extent of household consumption and plays a crucial role in driving GDP growth. In FY2025, PFCE at constant prices rose to 56.7% of GDP, up from 56.1% in FY2024, indicating a gradual improvement in household spending patterns. This increase suggests stronger consumer confidence, supported by factors such as easing inflation, improving income levels, and a favourable consumption environment.



Source: - MOSPI, Second Advance Estimates of GDP 2024-25 dated February 28, 2025

For 2023–24, the Clothing and Footwear segment recorded a Private Final Consumption Expenditure (PFCE) of ₹4,52,952 crore out of a total PFCE of ₹99,09,662 crore. This translates to a share of approximately 4.57% of total household consumption expenditure.

Although smaller compared to major categories such as food and non-alcoholic beverages (26.4%) and transport (18.9%), clothing and footwear remains a vital segment, reflecting both essential consumption needs and rising discretionary spending in urban and semi-urban

markets. Its contribution highlights the importance of fashion, apparel, and footwear industries within consumer demand, supported by evolving lifestyles, brand-consciousness, and increasing penetration of organized retail and e-commerce platforms

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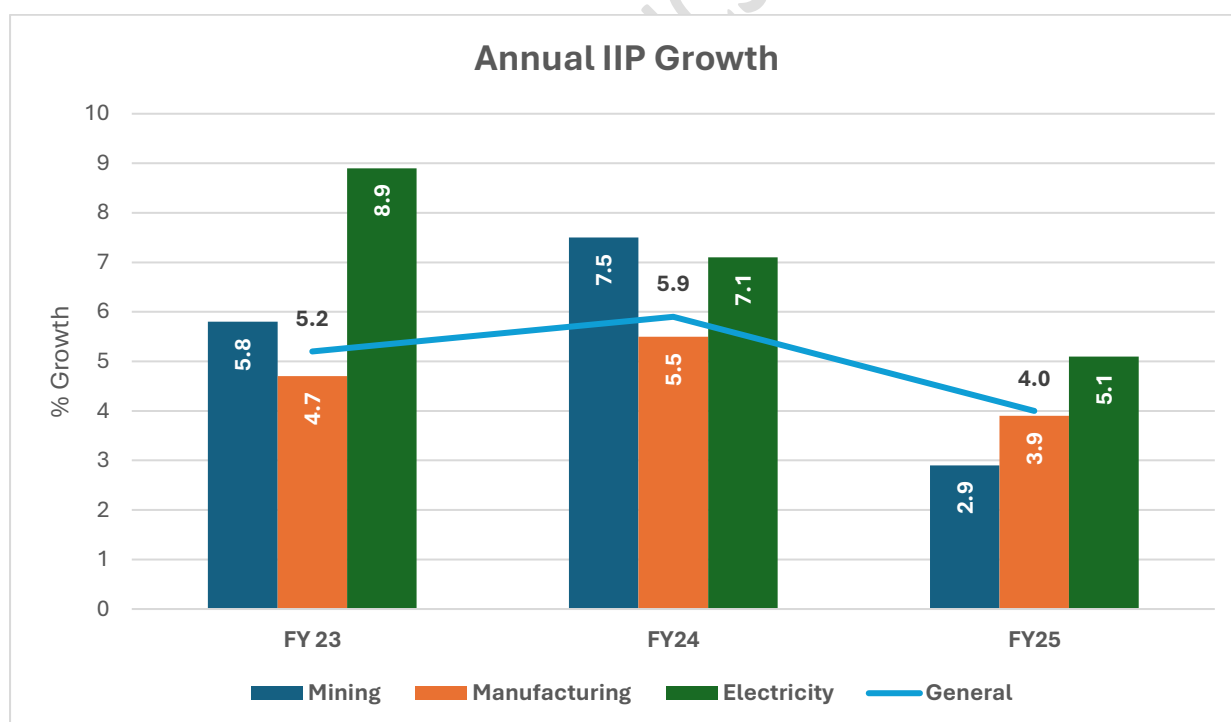
2.6 IIP Growth – Index of Industrial Production

As per the Index of Industrial Production (IIP), the industrial sector grew by 4.0% in FY 2025, moderating from 5.9% in FY 2024 and 5.2% in FY 2023. This deceleration in overall IIP growth in FY 2025 reflects a softening of industrial momentum amidst global headwinds and tighter financial conditions.

Among key components:

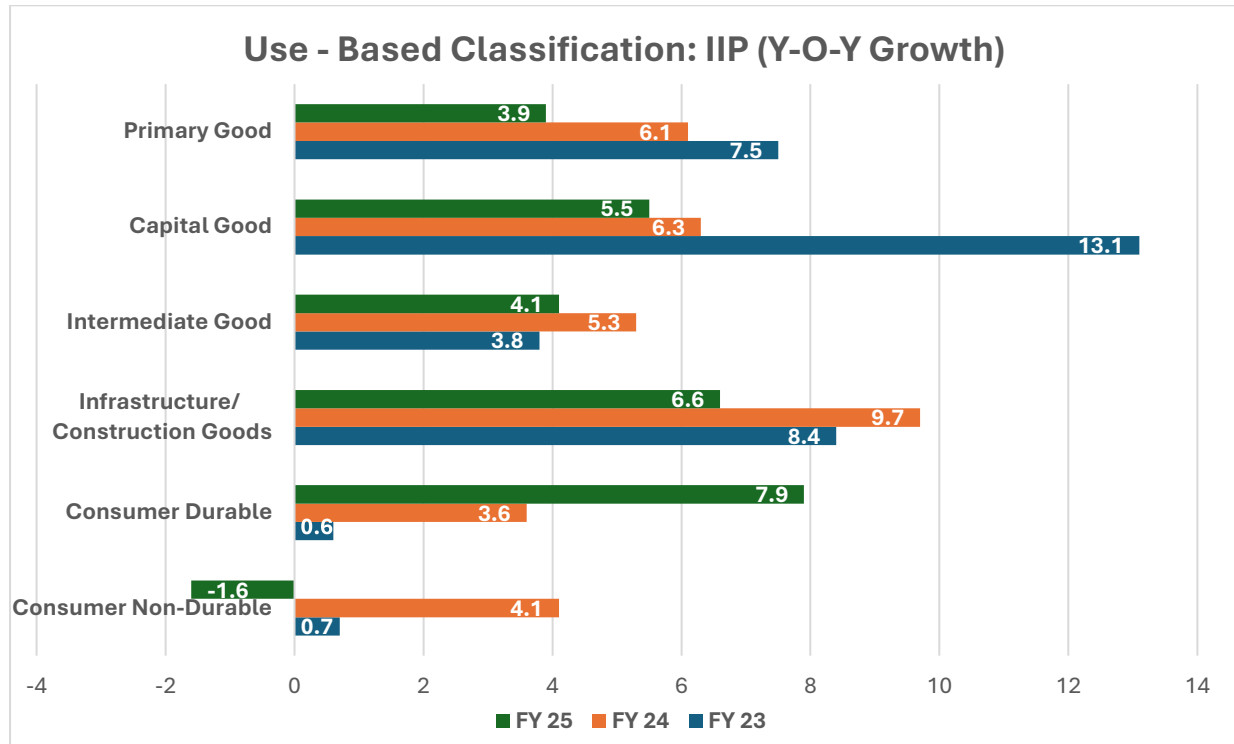
- **Manufacturing** (which holds a 77.6% weight in IIP) registered a slower growth of 3.9% in FY 2025, compared to 5.5% in FY 2024 and 4.7% in FY 2023.
- **Mining** growth also moderated sharply to 2.9% in FY 2025 from 7.5% in FY 2024 and 5.8% in FY 2023.
- **Electricity** growth remained relatively stable at 5.1% in FY 2025, slightly down from 7.1% in FY 2024 and significantly lower than 8.9% in FY 2023.

This slowdown indicates tightening domestic demand and spillover effects from a weaker global industrial cycle.



Source: Ministry of Statistics & Programme Implementation (MOSPI)

Use-Based Classification Trends:



Source: Ministry of Statistics & Programme Implementation (MOSPI)

According to the use-based classification:

- Capital Goods segment growth slowed to 5.5% in FY 2025, down from a high of 13.1% in FY 2023 and 6.3% in FY 2024, indicating a reduction in investment momentum.
- Primary Goods also witnessed slower growth at 3.9%, compared to 6.1% in FY 2024 and 7.5% in FY 2023.
- Intermediate Goods rebounded modestly to 4.1% in FY 2025, up from 3.8% in FY 2023, although still lower than 5.3% in FY 2024.
- Infrastructure/Construction Goods slowed to 6.6% in FY 2025 from 9.7% in FY 2024 and 8.4% in FY 2023, pointing to softening construction and infrastructure activity.
- Consumer Durables grew significantly by 7.9%, rebounding from 3.6% in FY 2024 and 0.6% in FY 2023, indicating improved demand in consumer electronics and appliances.
- In contrast, Consumer Non-Durables contracted by 1.6% in FY 2025, reversing the 4.1% growth in FY 2024, likely reflecting subdued rural and essential goods demand.

The divergence in growth across segments suggests an uneven industrial recovery in FY 2025. While certain consumer categories have rebounded, investment-related and primary sectors remain under pressure.

2.7 Overview on Key Demographic Parameters

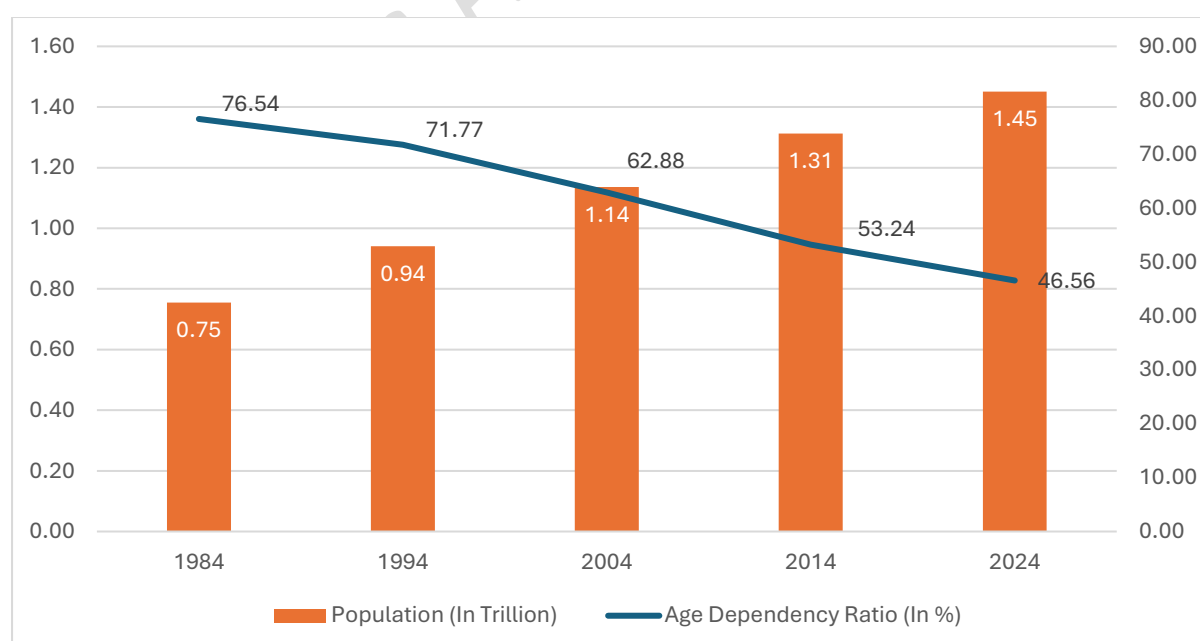
2.7.1 Population growth and Urbanization

India's economic trajectory and consumption dynamics are closely tied to its demographic shifts. According to the World Bank, India's population expanded from approximately 0.75 trillion in 1984 to 1.45 trillion in 2024, consolidating its position as the world's most populous nation. This growth underlines the emergence of a vast labour force and consumer base, essential for driving sustained economic progress.

A key demographic indicator—the age dependency ratio—has witnessed a steady decline over the last four decades. From a high of 76.54% in 1984, it reduced to 71.77% in 1994, 62.88% in 2004, and 53.24% in 2014, before reaching a low of 46.56% in 2024. This downward trend signifies that for every 100 working-age individuals, there are now fewer than 47 dependents, compared to over 76 dependents in the mid-1980s. Such a shift reflects a growing share of the working-age population, unlocking India's demographic dividend—a critical driver of productivity, savings, and investment.

Together, the rising total population and declining dependency ratio provide a dual advantage: a larger workforce capable of supporting economic activity and a lower demographic burden, which allows for higher disposable incomes and consumption growth. These demographic fundamentals form a strong backbone for India's long-term economic and private consumption expansion.

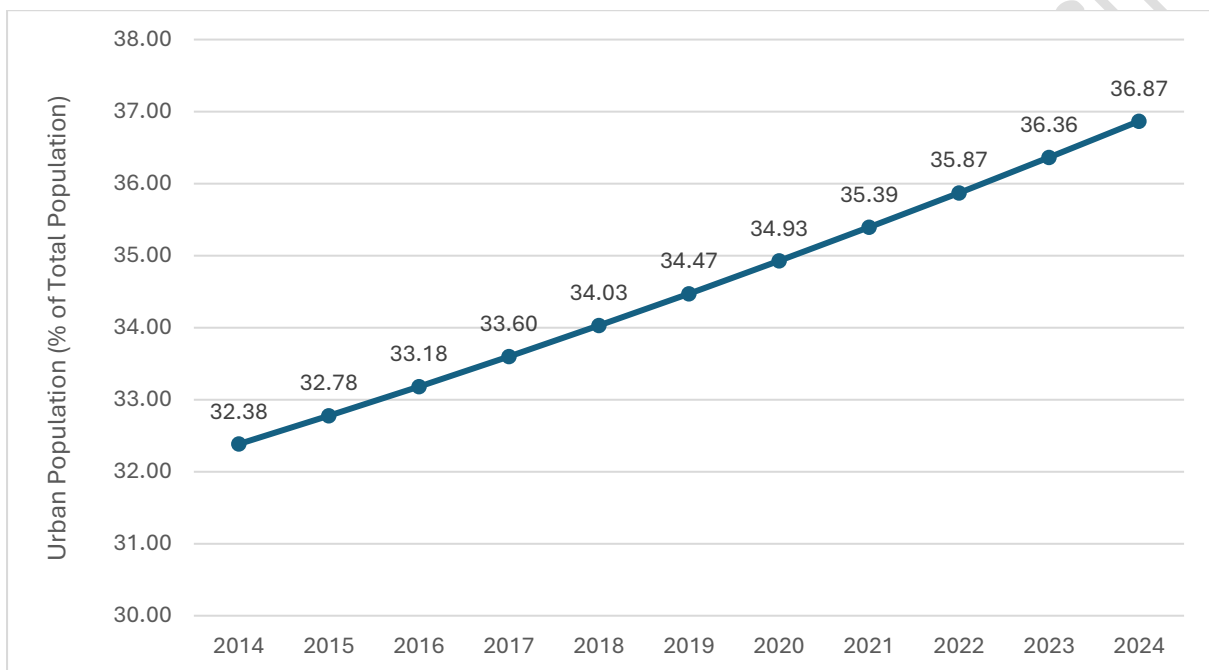
Trend of India Population vis-à-vis dependency ratio



Source: World Bank Database

Urbanization, too, is transforming India's socio-economic fabric. The urban population rose from 424.96 million in 2014 (32.38% of total population) to 522.93 million in 2023 (36.36%), and further to approximately 534.91 million in 2024 (36.87%), according to World Bank estimates. This rapid growth in urban areas underscores the need for sustainable urban planning, investment in infrastructure, and development of smart cities to accommodate and benefit from the shifting population dynamics.

Urbanization Trend in India



Source: World Bank Database, Infomerics Analytics & Research

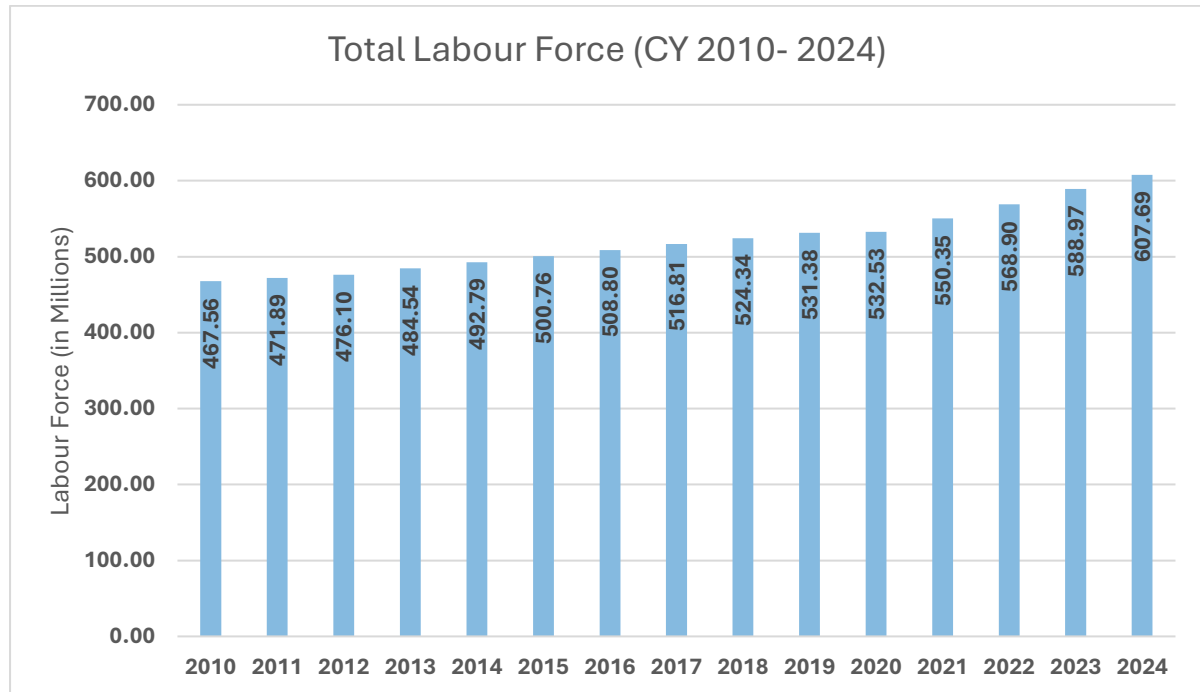
2.7.2 Labour Force in India

India's labour force has experienced significant growth over the past decade. In 2010, the total labour force was approximately 467.56 million. By 2024, this number had increased to 607.69 million, reflecting a Compound Annual Growth Rate (CAGR) of 1.89% over the 14-year period.

This upward trend underscores the expanding working-age population and the country's ongoing economic development. However, it also highlights the need for effective employment policies to ensure that the growing labour force is adequately absorbed into productive sectors.

The labour force participation rate (LFPR) has also seen fluctuations, influenced by various socio-economic factors. As of 2024, the LFPR stood at 45.1%, indicating the percentage of the working-age population that is either employed or actively seeking employment.

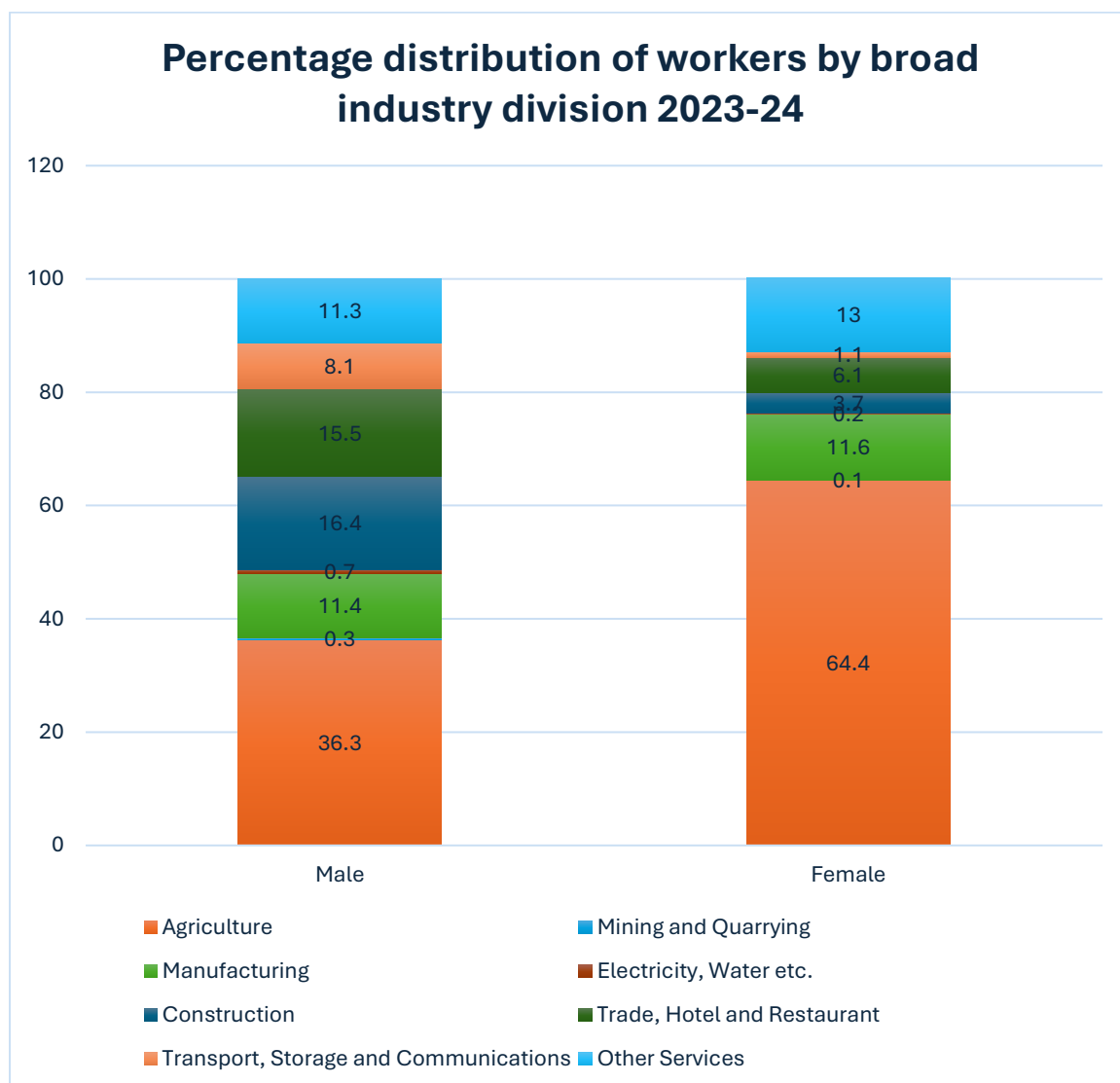
These statistics emphasize the importance of implementing strategies that not only create employment opportunities but also enhance the quality and inclusivity of jobs across different sectors of the economy.



Source: World Bank Database

2.7.3 Breakdown of Employment by Sector

According to the Periodic Labour Force Survey (PLFS) 2023–24, the employment distribution across various sectors exhibits distinct gender-based patterns. A significant portion of male workers are engaged in agriculture, followed by notable participation in construction, manufacturing, and trade-related activities. In contrast, female workers are predominantly employed in agriculture, with considerable involvement in manufacturing and other services sectors. While female representation in trade and construction is lower compared to males, Additionally, a substantial proportion of employed women are self-employed, often contributing as unpaid helpers in household enterprises or operating small businesses, indicating a reliance on informal employment avenues.



Source: Annual Report 2023-24, Periodic Labour Force Survey

2.7.4 Labour Laws in India

Labour is a subject under the Concurrent List of the Indian Constitution, enabling both the Central and State Governments to frame relevant legislation. In a major reform initiative, the Government of India has consolidated 29 existing central labour laws into four comprehensive Labour Codes to simplify compliance, reduce multiplicity of definitions, and promote transparency. These include:

- The Code on Wages, 2019
- The Industrial Relations Code, 2020
- The Code on Social Security, 2020
- The Occupational Safety, Health and Working Conditions Code, 2020

As of 31st December 2024, the Central Government and a majority of States/Union Territories had pre-published draft rules under all four Labour Codes. Regional consultations were held to align state-level rules with the central framework. Once fully implemented, these Codes are expected to harmonize the needs of workers and industry, facilitate ease of doing business, and support employment generation.

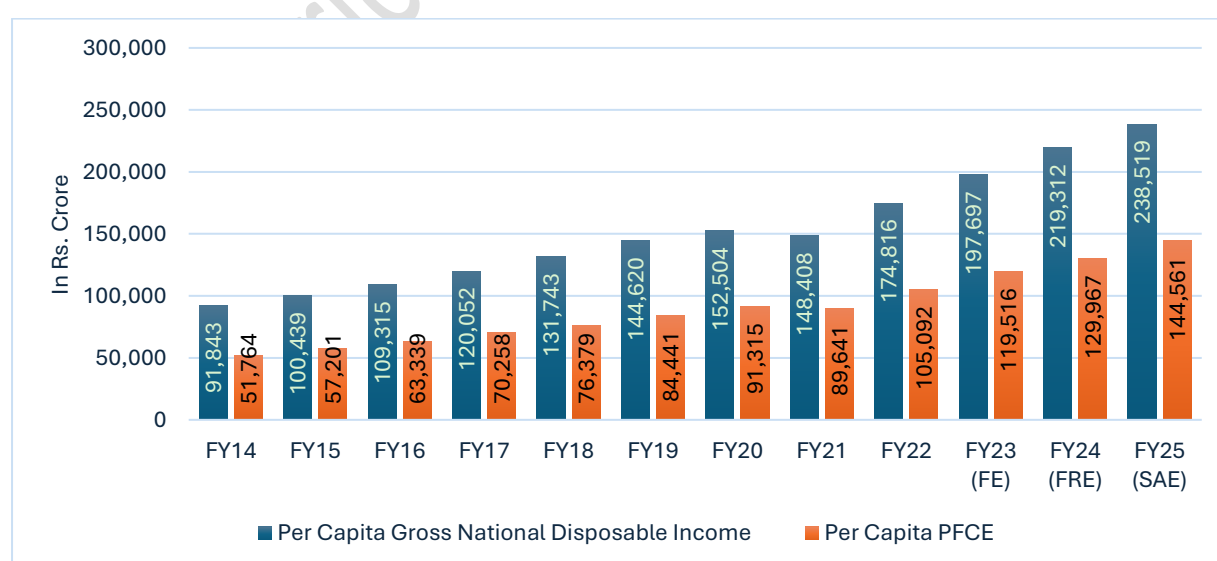
Additionally, the Ministry of Labour & Employment is revamping the Shram Suvidha Portal to improve regulatory compliance and has launched the e-Shram Portal to register workers from the unorganised sector. Over 30 crore registrations have been completed, and the portal has been integrated with 12 key social welfare schemes, enabling targeted delivery of benefits.

2.7.5 Disposable Income and Consumer Spending

Gross National Disposable Income (GNDI) represents the total income available to a nation's residents for consumption and saving after accounting for income transfers with the rest of the world. In FY24, Per capita GNDI grew by 9.85%, followed by a moderate growth of 8.05% in FY25. This steady increase indicates that households and businesses had more income at their disposal, which is critical for supporting both consumption and savings—key components of economic resilience and expansion.

The rise in GNDI has translated into higher consumer spending, as reflected in the growth of Private Final Consumption Expenditure (PFCE), which measures the total value of goods and services consumed by households. Per Capita PFCE grew by 8.04% in FY24 and further accelerated to 10.09% in FY25, highlighting strong consumer confidence and robust domestic demand.

Trend of Per Capita GNDI and Per Capita PFCE (Current Price)



Note: Data mentioned is in Rs. Crore, FE – Final Estimates, FRE – First Revised Estimates, SAE – Second Advanced Estimate; Source: MOSPI

2.8 Union Budget FY25-26 Highlights

The **Union Budget FY 2025–26**, presented by Finance Minister Nirmala Sitharaman, introduces a comprehensive set of measures aimed at stimulating economic growth, enhancing infrastructure, and fostering inclusive development. With a focus on sectors such as agriculture, MSMEs, infrastructure, innovation, and exports, the budget seeks to create a conducive environment for sustained economic expansion.

- **Capital Expenditure and Infrastructure Development**

The government has earmarked a substantial ₹11.21 lakh crore (3.1% of GDP) for capital expenditure in FY 2025–26. This allocation is directed towards infrastructure projects, including rural development, manufacturing, and skill-building initiatives. Notably, the Urban Challenge Fund has been established with a corpus of ₹1 lakh crore, aimed at financing 25% of the cost of bankable urban infrastructure projects, thereby promoting sustainable urban development.

- **Support for MSMEs**

Recognizing the pivotal role of Micro, Small, and Medium Enterprises (MSMEs) in India's economic landscape, the budget introduces several measures to bolster this sector. The Credit Guarantee cover has been enhanced to ₹10 crore, unlocking ₹1.5 lakh crore in additional funding for MSMEs over the next five years. Additionally, the establishment of a Fund of Funds with a ₹10,000 crore corpus aims to provide equity support to startups and potential MSMEs, focusing on high-growth sectors such as electronics and renewable energy.

- **Tax Reforms and Disposable Income**

To stimulate consumption and investment, the budget introduces significant tax reforms. The tax-free income threshold has been raised to ₹12 lakh, and the new tax regime offers reduced rates for higher income brackets. These changes are expected to increase disposable income, thereby encouraging higher savings and investment among the middle class.

- **Focus on Agriculture and Exports**

The budget prioritizes agriculture as a key engine of development, with increased allocations for agricultural credit and initiatives aimed at enhancing productivity. Furthermore, measures to promote exports include the reduction of customs duties on select goods and the introduction of policies to facilitate easier market access for Indian products.

- **Urban Development Initiatives**

A significant increase in the budget allocation for the Ministry of Housing and Urban Affairs to ₹96,777 crore reflects the government's commitment to urban development. Key initiatives include the establishment of the Urban Challenge Fund, enhanced loans under the PM SVANidhi scheme, and substantial provisions for the Pradhan Mantri Awas Yojana

and Urban Rejuvenation Mission, all aimed at improving urban infrastructure and living standards. The Union Budget FY 2025–26 presents a balanced approach to economic growth by addressing immediate consumption needs and laying the foundation for long-term sustainability. Through targeted investments in infrastructure, support for MSMEs, tax reforms, and sector-specific initiatives, the budget aims to foster an inclusive and resilient economy. These measures are expected to create new opportunities for financial institutions, as the growing demand for investment products will provide avenues for expansion and innovation in the financial services sector.

2.9 Concluding Remarks about Macroeconomic Scenario

The major headwinds to global economic growth remain significant, with escalating geopolitical tensions, volatile global commodity prices, high interest rates, inflationary pressures, instability in international financial markets, climate change, rising public debt, and the rapid evolution of new technologies. Despite these challenges, India's economy is relatively well-positioned compared to other emerging markets. According to the latest IMF forecast, India's GDP growth is expected to be 6.2% in 2025, maintaining its position as the fastest-growing major economy globally, well above the global growth projection of 2.8%. Key positive factors for the Indian economy include continued strong domestic demand, robust government support for capital expenditure, moderating inflation, growing investments in technology, and improving business confidence.

India's strategic position as a manufacturing hub is further strengthened by government initiatives, a skilled labour force, and a dynamic startup ecosystem, all of which bolster the country's economic outlook. The ongoing reforms and focus on innovation are enabling India to seize emerging opportunities, making it a growing player in the global manufacturing landscape. In addition, several high-frequency growth indicators—such as the Purchasing Managers' Index (PMI), E-way bills, bank credit, toll collections, and GST collections—have shown a positive trajectory in FY25. The normalization of employment post-economic reopening is expected to provide further support to consumption expenditure.

Public investment is also poised to grow, with the government allocating a significant ₹11.21 lakh crore for capital expenditure in FY25. The private sector's investment intentions are showing positive signs, as evidenced by increased new project investments and a strong import of capital goods. Furthermore, rural demand is likely to improve, bolstered by healthy sowing, better reservoir levels, and the positive progress of the southwest monsoon, coupled with the government's push for infrastructure investment and other policy measures. These factors are expected to further support the investment cycle and strengthen India's economic resilience in the coming years.

3. Industry Overview – Global and Indian

Some envision textiles as flowing silks gracing high-fashion runways, while others see durable materials in backpacks or advanced fibres in performance wear. Today, the textile industry spans an expansive spectrum of fibres, designs, technologies, and uses—forming a vibrant, multifaceted fabric that weaves through nearly every aspect of modern life.

It's more than just cloth—it's a dynamic force embedded in fashion, agriculture, healthcare, technology, and sustainability. Traditional handlooms coexist with cutting-edge machinery; natural dyes blend with biotechnological pigments; and recycled polyester sourced from plastic bottles shapes a more circular future. This diversity fuels the industry's global competitiveness and boundless creativity.

Across India's rural landscapes, artisans are reviving age-old practices—like cultivating kala cotton in Kutch or extracting organic dyes from Odisha's aul trees—reconnecting with sustainability and cultural heritage. These handloom traditions now collaborate with urban startups to create garments rich in storytelling and purpose.

At the same time, large-scale manufacturers in industrial zones are merging automation with eco-innovation. From blockchain-based cotton traceability to zero liquid discharge systems, and from waterless dyeing to solar-powered mills, they are aligning with national initiatives such as PM-MITRA and Switch-Asia.

Startups are pushing the boundaries further, innovating with spider silk-inspired fibres, microbe-generated dyes, algae-based leather, and yarns spun from industrial and agricultural waste. Social enterprises are building circular ecosystems—upcycling fabric scraps, weaving plastic waste in places like Dharavi, and empowering women through sustainable livelihoods.

India's textile journey is no longer just about production—it's a continual evolution of innovation, inclusion, and impact.

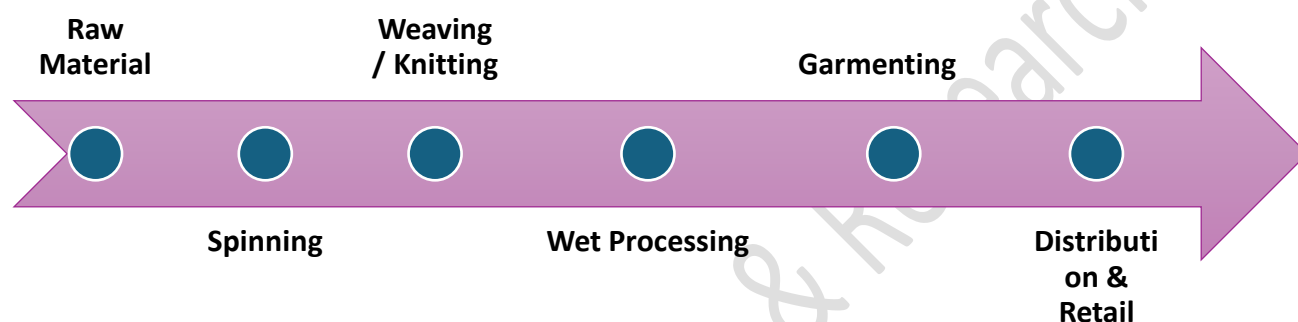
3.1 Market Segmentation

The textile industry is a sprawling ecosystem that threads together fibres, fashion, function, and innovation. It spans the entire value chain—from fibre and yarn to fabrics and finished goods—serving diverse applications in apparel, home décor, technical uses, and beyond.

Segmentation Criteria	Sub-segments	Description
1. Product Type	- Fibre & Yarn - Fabric/Greige - Finished Goods	Segmentation based on the stage of processing in the textile value chain. Fibre and yarn form the raw material base, fabrics are semi-finished inputs, and finished goods include ready-to-use textile products such as garments, home furnishings, and industrial textiles.
2. Raw Material	- Natural Fibres (cotton, silk, wool, jute) - Man-made Fibres (Polyester, nylon, viscose, blends)	Classified by source of origin. Natural fibres are plant or animal-based and preferred for their comfort and biodegradability, while man-made fibres offer durability, performance, and cost efficiency across multiple applications.
3. Application	- Apparel & Fashion - Home Textiles (bedding, towels, curtains) - Technical & Industrial Textiles (medical, automotive, agricultural, construction, protective)	Based on end-use industry. Apparel dominates consumer demand, home textiles cater to interior and lifestyle segments, and technical textiles serve specialised functional needs in industrial and infrastructure sectors.
4. Distribution Channel	- Offline Retail (traditional stores, wholesalers) - Modern Retail (department stores, multi brand outlets) - E-commerce & Direct-to Consumer (online platforms, brand websites)	Differentiates market access routes. Offline channels remain strong in tier-2/3 cities, while modern retail and digital platforms are witnessing rapid growth, driven by changing consumer preferences and digital penetration.

Value Chain Overview

The textile industry value chain is a comprehensive and interconnected system that transforms raw materials into finished textile products. It encompasses several key stages, each adding value through various processes, technologies, and services. Here's a breakdown of the main components:



Process Stage	Description
Raw Material Supply	This stage involves the cultivation and sourcing of natural fibres such as cotton, wool, jute, and silk, as well as the manufacturing of man-made fibres like polyester, viscose, and acrylic. India plays a prominent role globally, particularly as a leading producer of cotton and jute, offering a strong foundation for its textile industry.
Spinning	This stage involves transforming raw fibres into yarn through methods such as ring spinning or open-end spinning. India holds the distinction of having the second-largest installed spinning capacity globally, supporting both domestic fabric manufacturing and international export demand.
Weaving/ Knitting	In this stage, yarns are converted into fabrics through interlacing methods such as weaving (loom-based) or knitting (needle-based). The industry comprises both organized textile mills and a widespread decentralized network of power looms and handlooms, with key hubs in regions like Surat, Bhiwandi, and Erode.
Wet Processing (Dyeing & Finishing)	This stage focuses on processing grey fabric through bleaching, dyeing, printing, and finishing to enhance its appearance, texture, and functional characteristics. It plays a

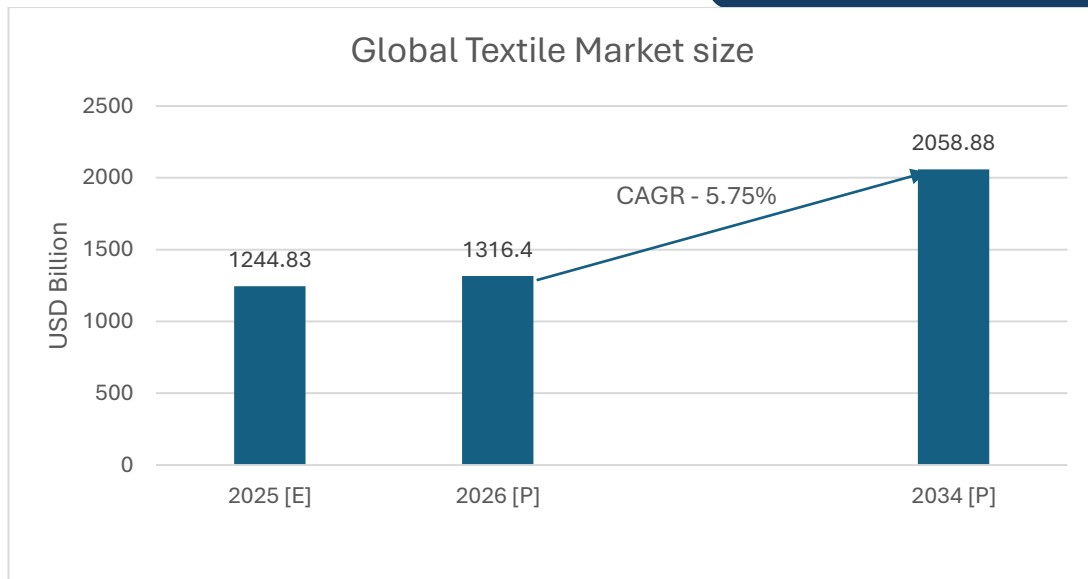
	crucial role in defining the final look and performance of the textile. Given its high-water usage and chemical intensity, strict adherence to environmental regulations is essential at this stage.
Garmenting / Made ups	At this stage, fabric is transformed into finished products like garments, home furnishings, and technical textiles. Key activities include cutting, stitching, embroidery, and packaging. India holds a competitive edge in this segment due to its skilled, cost-effective labour force and rich heritage of traditional craftsmanship.
Distribution & Retail	Finished textile products are distributed to both domestic and international markets via wholesale, retail, and e-commerce channels. The rise of digitalization and the growth of organized retail are significantly boosting consumption, particularly in Tier II and Tier III cities as well as key export centres.

3.2 Global Textile Industry

The global textile market stands as one of the most vibrant and vital segments of the consumer goods industry. It is underpinned by an extensive value chain that includes raw material sourcing, fabric production, apparel and footwear manufacturing, and retail distribution. The sector's growth is fuelled by factors such as population growth, rapid urbanization, rising disposable incomes, greater fashion consciousness, and a robust recovery in global trade.

3.2.1 Global textiles Market Size

The Global Textile Market is estimated at USD 1244.83 billion in CY 2025 and is expected to reach USD 1,316.4 billion in CY 2026, growing further to USD 2,058.88 billion by CY 2034 at a CAGR of **5.75%** during the forecast period. This growth is driven by rising global demand for apparel, increasing urbanization, expansion of technical textiles in industries like automotive and healthcare, and a shift towards sustainable and eco-friendly materials. Asia-Pacific remains the dominant market due to cost advantages and high production capacity, while developed markets like North America and Europe focus on innovation and sustainability.



Source – Infomerics Analytics & Research. Note: E (Estimated), F (Forecasted)

3.2.2 Regional Insights:

- 1. Asia Pacific:** Asia Pacific continues to lead as the global textile hub, driven by robust manufacturing ecosystems in countries like China, India, and their regional neighbours (Bangladesh, Vietnam, Pakistan, Sri Lanka, Indonesia and Thailand. The region enjoys a fully integrated supply chain—from raw fibre production to finished garments—bolstered by a large labour force, favourable government policies, and export-oriented trade agreements such as RCEP (Regional Comprehensive Economic Partnership). Innovation is gaining momentum through investments in automation, digital printing, and smart textile technologies. Meanwhile, the rise of e-commerce and increasing consumer incomes are fuelling demand for both fashion-forward and technical textiles. India is emerging as a key beneficiary of shifting global sourcing trends, with rising exports and ongoing industrial modernization.
- 2. North America:** North America stands out for its advanced capabilities in technical and sustainable textile manufacturing. U.S.-based companies like Unifi are pioneering recycled fibre solutions—such as Repreve, made from plastic bottles—contributing to environmentally responsible production and supporting domestic job retention, though under growing regulatory oversight. The region excels in high-value textile applications for sectors like aerospace, automotive, and healthcare, powered by digitalization and automation. At the same time, increasing consumer demand for recycled and customizable fabrics—amplified by e-commerce growth—is driving continued investment and innovation in eco-friendly textile solutions.
- 3. Europe:** Europe remains a global leader in sustainable and technologically advanced textiles, known for its premium craftsmanship and strict environmental standards.

Countries like Germany, Italy, France, Spain, and Poland are at the forefront of developing circular economy practices, biodegradable fibres, and smart textiles embedded with IoT and sensor technologies. The region seamlessly blends tradition with innovation, supported by robust R&D infrastructure and progressive EU regulations such as the Circular Economy Action Plan (CEAP) and Extended Producer Responsibility (EPR).

- 4. Latin America-** Latin America is transitioning from its roots in traditional cotton and handcrafted textiles to a more diversified focus that includes apparel, home furnishings, and eco-friendly textiles. Countries like Brazil, Mexico, and Colombia leverage abundant raw materials and geographic proximity to North American markets, supported by free trade agreements and expanding middle-class populations. However, the region faces persistent challenges such as high production costs and global market fluctuations, highlighting the need for increased technological adoption and capital investment to maintain growth and enhance competitiveness.
- 5. Middle East & Africa-** The Middle East & Africa region is steadily strengthening its presence in both cotton-based home textiles and technical fabrics, including medical, protective, and industrial materials. Egypt stands out with its premium Giza cotton and a fully integrated domestic value chain—from spinning to finished apparel—serving as a regional cornerstone. Meanwhile, countries like Turkey and South Africa are expanding their production capacities. Ongoing infrastructure upgrades and targeted industrialization initiatives are boosting output and enhancing export potential, particularly in health and safety-related textile segments.

The global textile industry is evolving through regional strengths and innovations. Asia Pacific leads with integrated manufacturing and tech adoption, while North America excels in sustainable, high-performance textiles. Europe combines tradition with advanced R&D and strong environmental policies. Latin America is diversifying but needs greater investment, and the Middle East & Africa are rising with growing technical textile capacity. Together, these trends reflect a shift toward sustainability, innovation, and value chain optimization to meet changing global demand.

3.2.3 Key growth drivers and trends for global textile Industry.

The global textile industry is evolving rapidly, driven by rising demand, e-commerce growth, and a shift toward sustainability. Key trends include supply chain diversification (China+1), adoption of digital technologies, and growing consumer focus on ethical and eco-friendly textiles. These factors, along with supportive government policies and innovation in technical textiles, are shaping the future of the global textile landscape.

1. Rising Population and Urbanization

- Growing global population, especially in emerging economies, is fuelling demand for textiles across fashion, furnishings, and industrial applications.
- Urbanization is accelerating the adoption of fast fashion and branded apparel.

2. Expansion of E-commerce and Omni-channel Retail

- Online platforms are transforming textile distribution and consumer access.
- Global brands are leveraging direct-to-consumer (D2C) and omni-channel strategies to scale quickly across markets.

3. Shift in Global Sourcing – “China+1” Strategy

- Global buyers are diversifying supply chains due to geopolitical tensions, rising costs, and overdependence on China.
- Countries like India, Vietnam, and Bangladesh are gaining market share.

4. Demand for Sustainable and Ethical Textiles

- Rising consumer awareness is pushing brands towards organic cotton, recycled polyester, and circular fashion models.
- Certifications like GOTS, OEKO-TEX, and BCI are now critical to access premium markets.

5. Government Policy and Incentive Schemes

- Export incentives (RoSCTL), Production Linked Incentives (PLI), and infrastructure investments (e.g. PM MITRA Parks in India, similar SEZs in Vietnam) are promoting competitiveness.
- Trade agreements and FTAs are expanding market access - India and the UK have recently signed a landmark Free Trade Agreement (FTA) in 2025, marking a major milestone in bilateral economic ties. Comprehensive Economic and Trade Agreement (CETA) with the aim of doubling imports and exports to more than \$100 billion by 2030

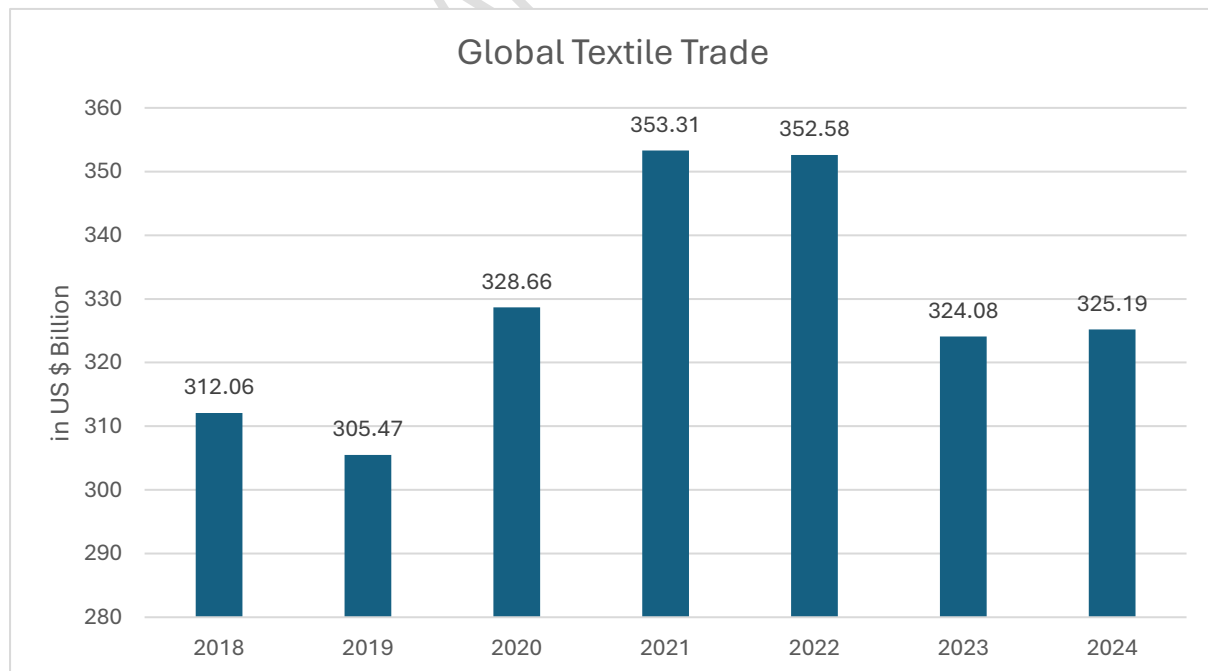
from \$56 billion now. The CETA with the former colonial power is India's 16th such trade pact and will remove taxes on labour-intensive products such as leather, footwear and clothing in the British market.

- The Government of Gujarat provides several incentives to promote industries, particularly textiles and related sectors, through schemes such as power tariff subsidies and tax setoffs. Eligible units in spinning, weaving, dyeing, processing, and garmenting can avail a ₹1 per unit power tariff subsidy for up to five years, encouraging cost competitiveness and operational efficiency. Additionally, the state has historically offered VAT remission and input tax set-off benefits, which, under the GST regime, translate into input tax credit on raw materials and intermediate goods, reducing overall tax burden. Maximum interest subsidy will be at the rate of 5% per annum for five years. (7% for Spinning unit and garment/made-ups unit) for five years.

3.2.4. Overview of Global textile trade (including India position in export/Import segment)

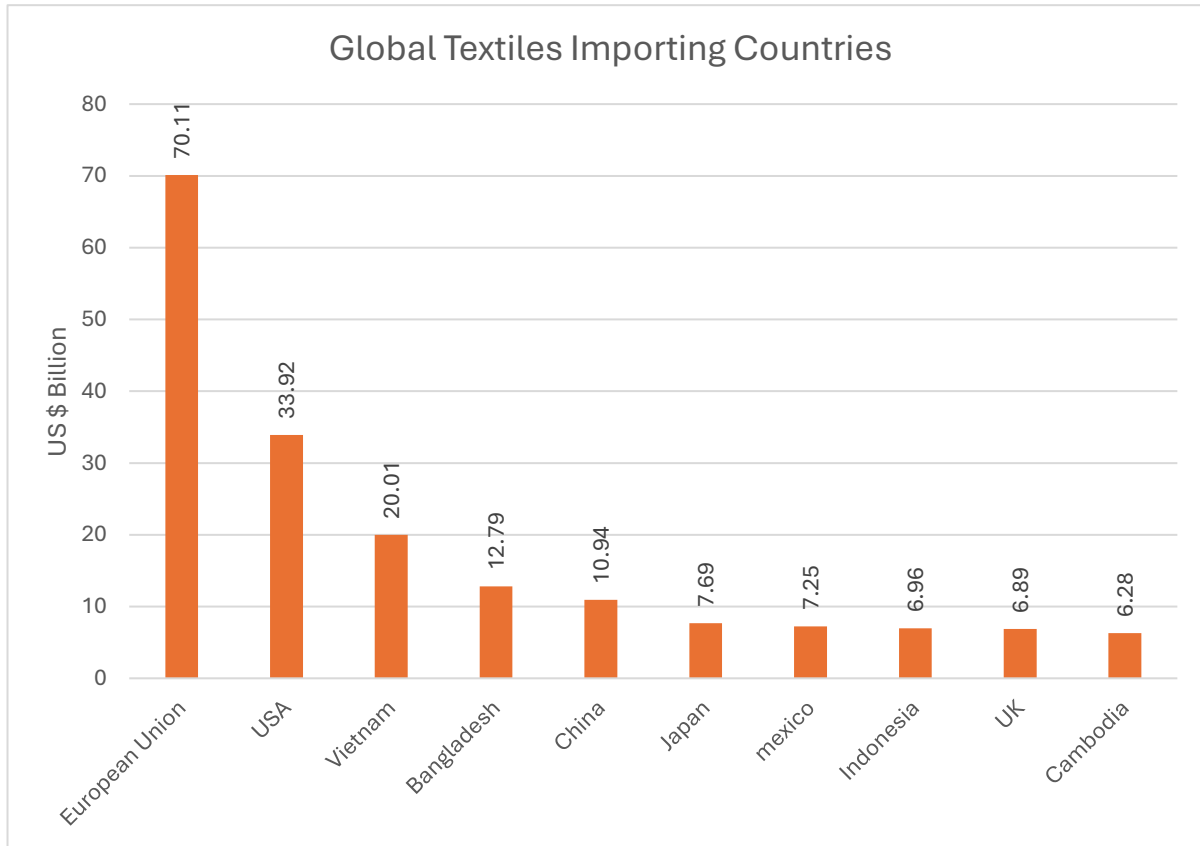
The global textile trade plays a vital role in connecting production hubs with consumer markets, forming a key pillar of international commerce. With rising demand for apparel, home furnishings, and technical textiles, global trade in this sector has grown steadily over the past decade. Countries such as China, Bangladesh, Vietnam, and India dominate the export landscape, leveraging their manufacturing strengths and cost advantages. India holds a strategic position as one of the world's top textile exporters, supported by its vast raw material base, skilled workforce, and diversified product mix. As global supply chains evolve and trade agreements reshape market access, India's performance in both exports and imports of textiles reflects its growing integration into international markets. Understanding this global positioning provides essential context for analysing opportunities, competitiveness, and future growth potential of India's textile industry.

The global textile trade has exhibited fluctuating trends over the period from CY 2018 to 2024. Starting at USD 312.06 billion in CY 2018, the trade value slightly dipped in CY 2019 to USD 305.47 billion, likely due to global economic softening. However, there was a notable rebound in CY 2020 and 2021, reaching USD 328.66 billion and USD 353.31 billion, respectively, driven by post-pandemic recovery and increased demand for textiles and apparel. The trade remained steady in CY 2022 at USD 352.58 billion. However, a decline followed in CY 2023 to USD 324.08 billion, possibly due to inflationary pressures, geopolitical tensions, and weakening consumer demand. The market showed signs of stabilization in 2024, with trade value marginally improving to USD 325.19 billion, indicating a cautious recovery.



Source – WTO (\$13_AGG_MATE)

Importing countries of Textiles (Top 10) for CY 2024

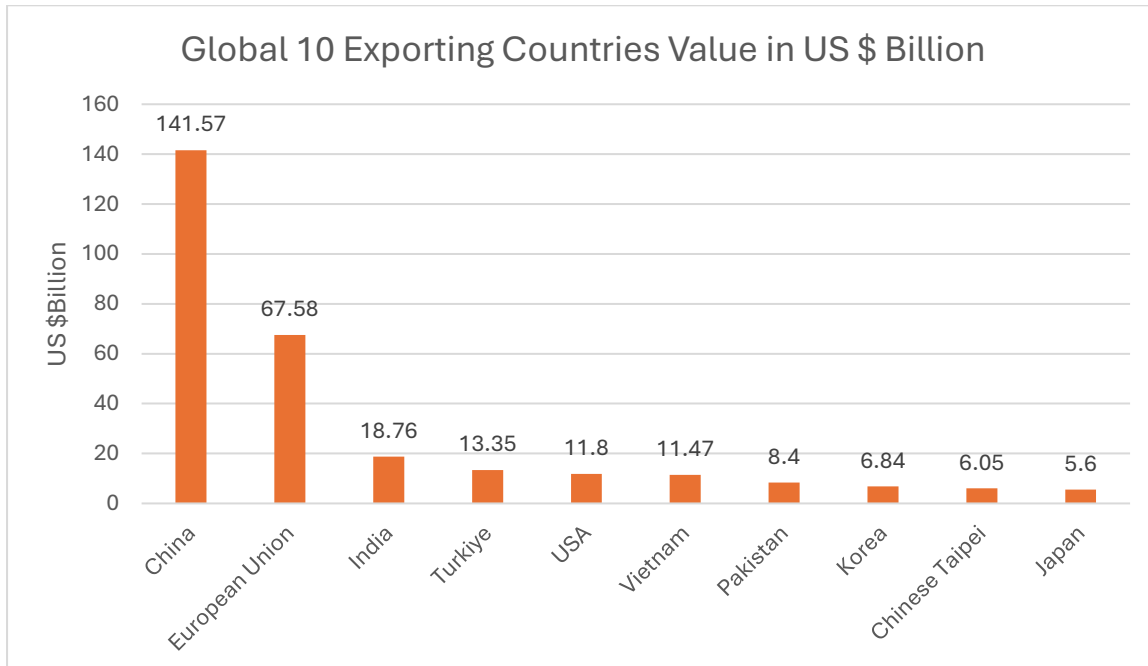


Source – WTO

The European Union leads the global textile import market with a substantial value of USD 70.11 Billion, indicating its strong demand and diversified consumption base across member countries. The USA follows as the second-largest importer at USD 33.92 Billion, reflecting its large apparel and home furnishing industries. Vietnam and Bangladesh, both major manufacturing hubs, appear prominently due to their reliance on imported raw materials and semi-finished textiles to support their export-driven garment sectors.

Other countries such as China and Japan maintain significant import volumes, despite also being major producers themselves — suggesting a mix of domestic demand and specialization in high-end or technical textiles. Countries like Mexico, Indonesia, UK, and Cambodia round out the top ten, each with imports ranging from USD 6.28 to 7.25 billion, underscoring their growing textile and apparel industries and integration in global value chains.

Exporting Countries of Textiles (Top 10) for CY 2024



Source - WTO

The global textile export market is led by China, with exports valued at USD 141.57 billion, far ahead of other countries due to its vast manufacturing capacity and integrated supply chains. The European Union follows with USD 67.58 billion, driven by high-quality and technical textiles. India ranks third at USD 18.76 billion, supported by its strong base in cotton and apparel exports. Other significant exporters include Türkiye, USA, and Vietnam, each with over USD 11 billion in exports. Pakistan, South Korea, Chinese Taipei, and Japan complete the top 10, showcasing a mix of traditional and advanced textile offerings across global markets.

India's Global Export Standing in the Textile Industry

India holds the third-largest position in the global textile export market, reflecting its strong manufacturing capabilities and diverse product range. While China and the European Union lead by a significant margin, India's export base of US \$18.76 billion underscores its importance as a reliable supplier in the global textile value chain. India's strengths lie in its abundant raw material availability, skilled workforce, and competitive pricing, which allow it to serve a wide spectrum of international markets. However, compared to China's overwhelming dominance and the EU's integrated value-added supply network, India's share remains modest, indicating considerable room for growth. With ongoing policy support, trade agreements, and rising global demand for sustainable and value-added textiles, India is well-positioned to further consolidate and expand its standing in the global textile industry.

Export and Import Trends (Apr–Oct FY24 vs FY25)

India's textile and apparel exports as per PIB (including handicrafts) rose from USD 20,007 million in Apr–Oct FY24 to USD 21,358 million in the same period of FY25, marking a 7% year-on-year growth. The export composition during this period was:

- Readymade Garments (RMG): USD 8,733 million (41% share)
- Cotton Textiles: USD 7,082 million (33% share)
- Man-Made Textiles: USD 3,105 million (15% share)

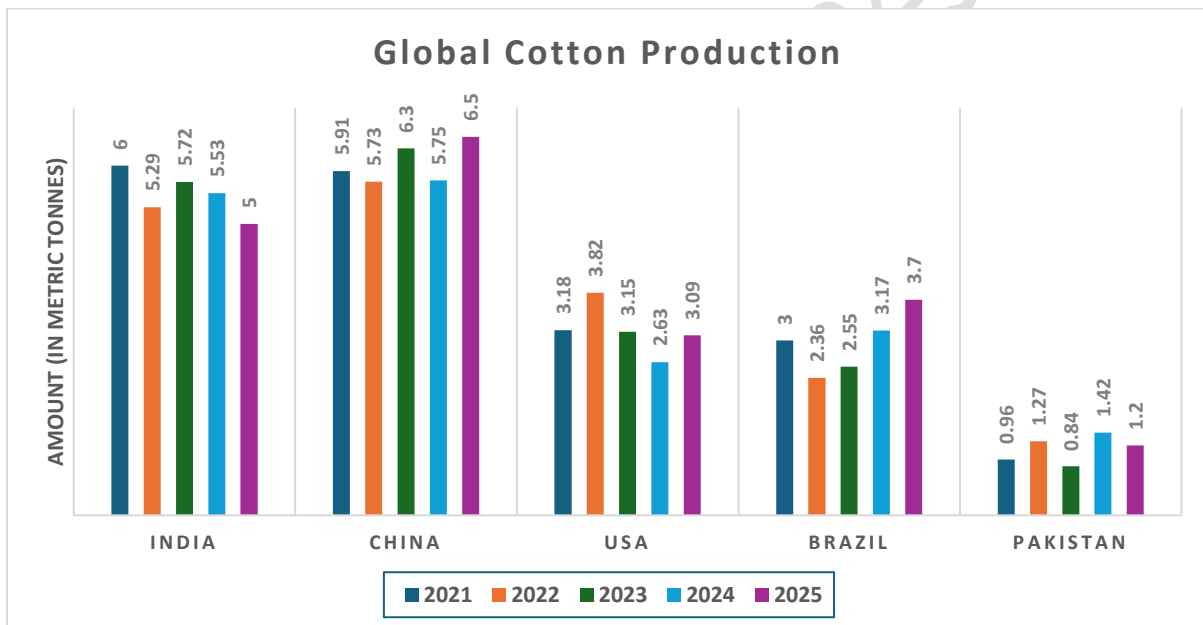
On the import front, India's textile and apparel imports declined by 1%, from USD 5,464 million (Apr–Oct FY24) to USD 5,425 million in FY25. However, the import pattern showed category-wise divergence:

- Cotton textile imports increased by 13% to USD 1,721 million.
- Man-made textile imports declined by 13%, settling at USD 1,859 million.

3.2.5 Cotton production and consumption across globe.

Cotton plays a pivotal role in the global textile industry, serving as one of the most widely produced and consumed natural fibres worldwide. As a key agricultural commodity, it supports the livelihoods of millions of farmers and contributes significantly to the economies of both developed and developing nations. The global cotton market is primarily dominated by a few major producers such as India, China, the United States, Brazil, and Pakistan, which together account for a substantial share of global output. Similarly, consumption patterns are influenced by large textile manufacturing hubs and emerging economies with growing apparel demand. Understanding global trends in cotton production and consumption is essential for assessing trade dynamics, pricing, and sustainability efforts across the value chain.

Global Production of Cotton (Top 5 Countries)

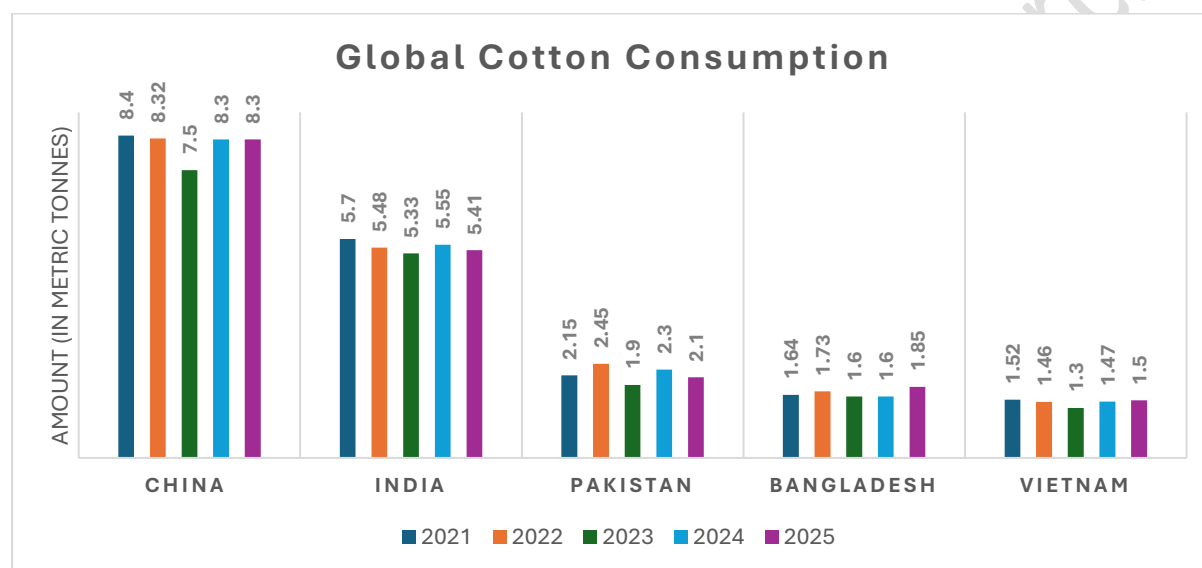


World: ICAC Journal 'Cotton This Month' – 01.07.2025, India: COCPC Meeting dated 24.03.2025

Top 5 Countries illustrates the production trends of cotton (in metric tonnes) between 2021 and 2025 across India, China, the USA, Brazil, and Pakistan. India, which led production in 2021 with 6 million tonnes, shows a consistent decline over the years, reaching just 5 million tonnes by 2025. This downward trend reflects challenges such as climate dependency, stagnating yields, and limited irrigation coverage. In contrast, China has maintained stable production levels, fluctuating only slightly but rebounding strongly to an estimated 6.5 million tonnes in 2025, underscoring its strong agri-tech infrastructure and high productivity. The USA demonstrates a more volatile trend—peaking at 3.82 million tonnes in 2022 and dipping to 2.63 million tonnes in 2024, before recovering to 3.09 million tonnes in 2025—suggesting sensitivity to weather conditions and shifting crop priorities. Brazil stands out with steady

growth, rising from 2.36 million tonnes in 2022 to a projected 3.7 million tonnes in 2025, driven by increased acreage and investment in cotton farming. Pakistan, on the other hand, shows significant fluctuations with a low of 0.84 million tonnes in 2023, recovering to 1.42 million tonnes in 2024, and slightly decreasing again in 2025. These patterns highlight shifting global dynamics in cotton production, with China and Brazil showing resilience and growth, while India and Pakistan face structural challenges that may impact their long-term competitiveness in the global cotton market.

Global Consumption of Cotton (Top 5 Countries)



World: ICAC Journal 'Cotton This Month' – 01.07.2025, India: COCPC Meeting dated 24.03.2025

This highlights the trends in cotton consumption (in metric tonnes) from 2021 to 2025 across the leading consumer nations—China, India, Pakistan, Bangladesh, and Vietnam. China consistently ranks as the world's largest consumer of cotton, reaching a peak of 8.4 million tonnes in 2021. Although there was a dip to 7.5 million tonnes in 2023, consumption recovered and stabilized at 8.3 million tonnes by 2025, reflecting steady demand from its expansive textile and apparel industry.

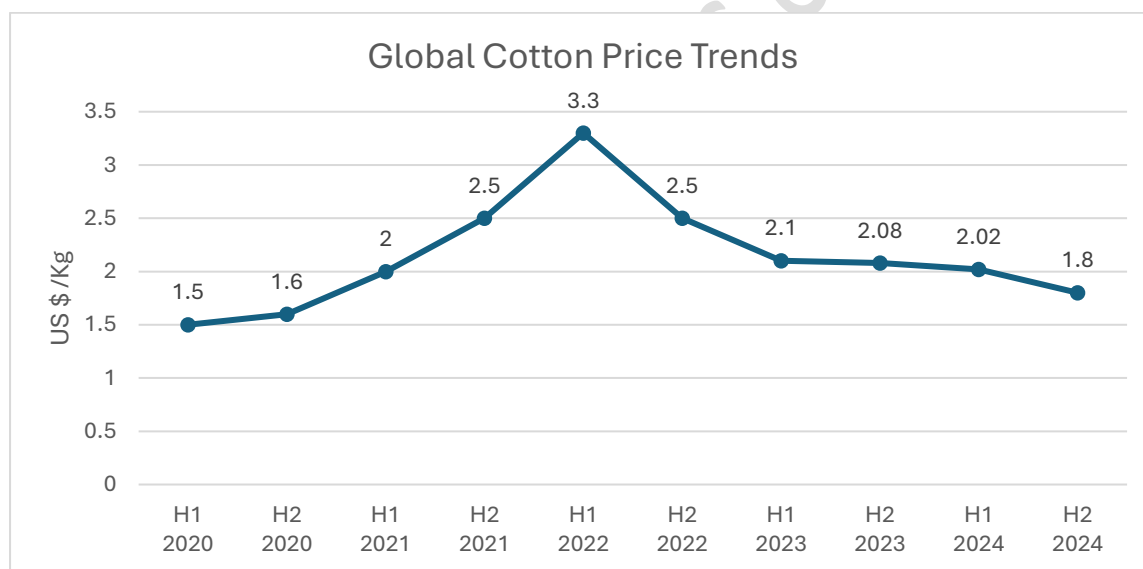
India, the second-largest consumer, displays a stable consumption pattern, fluctuating modestly between 5.33 and 5.7 million tonnes during 2021 to 2025. The marginal drop in 2025 may be attributed to supply constraints or shifts in domestic textile production. Pakistan's consumption is marked by greater volatility, climbing to 2.45 million tonnes in 2022, before tapering off to 2.1 million tonnes in 2025, likely due to economic pressures and lower domestic output. Bangladesh, an important hub for global garment manufacturing, shows consistent growth in cotton consumption—from 1.64 million tonnes in 2021 to a projected 1.85 million tonnes by 2025—driven by export-led expansion in its textile sector. Vietnam's consumption remains relatively steady, ranging between 1.52 and 1.3 million tonnes during 2021 to 2023,

with slight recovery anticipated by 2025, supported by ongoing foreign investment and industrial growth.

3.2.6 International Price trends of Cotton Commodity

The global cotton prices have shown significant volatility over the past five years, driven by a mix of supply chain disruptions, demand fluctuations, and geopolitical influences. Prices began at USD 1.5/kg in H1 2020 and steadily increased to peak at USD 3.3/kg in H1 2022, largely due to pandemic-induced supply constraints, strong post-COVID textile demand, and rising input costs. However, from H2 2022 onwards, a clear downward trend has emerged, with prices falling to USD 1.8/kg in H2 2024.

This correction is attributed to improved global supply, particularly from major cotton-producing nations like India, the U.S., and Brazil, as well as a moderation in global demand due to inflationary pressures and changing consumer spending patterns. Despite some short-term fluctuations, the recent trend reflects a stabilizing cotton market with prices gradually normalizing from the pandemic-era highs.



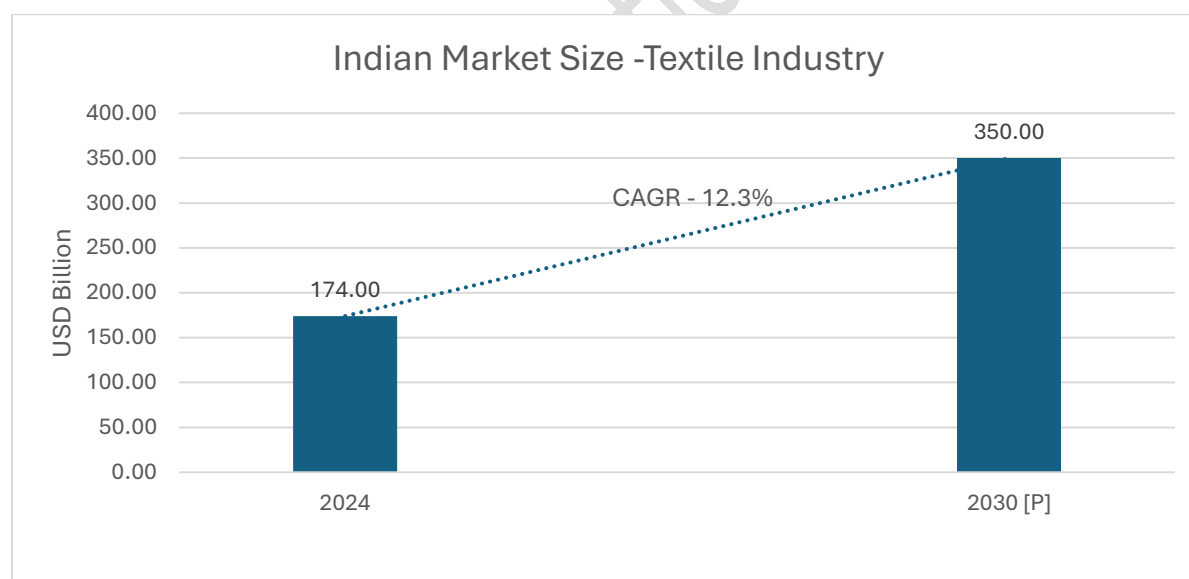
Source – World Bank, report Commodity markets outlook April 2025. Note – H1 (First Half – January to June), H2 (Second Half - July to December)

3.3 Indian Textile Industry

India's textile sector holds a strategically vital position in the national economy, making significant contributions to GDP, industrial output, exports, and employment. Its strength lies in a robust, integrated value chain—from raw fibre production to finished garments—backed by a large domestic consumer base, a skilled labour force, and strong policy support from the Government of India.

Market Size

The Indian textile industry is valued at \$174 billion in 2024 and is projected to reach \$350 billion by 2030, at a CAGR of 12.3%, driven by strategic investments, policy support, and innovation. Initiatives like the PM MITRA textile parks and the Production Linked Incentive (PLI) scheme are strengthening the integrated textile value chain and boosting competitiveness. Rising adoption of sustainable practices, smart fabrics, and technological advancements is enhancing efficiency and aligning with global standards. Strong export potential, backed by a skilled workforce and abundant raw materials, further supports growth. However, the sector faces challenges such as trade barriers, environmental concerns, and cost pressures, which need careful management to achieve the projected expansion.



Source – PIB, Infomerics Analytics & Research

The textile and apparel industry contributes 2.3% to our GDP, 13% to industrial production, and 12% to exports. India exported textile items worth US\$ 34.4 billion in 2023-24, with apparel constituting 42% of the export basket, followed by raw materials/semi-finished materials at 34% and finished non-apparel goods at 30%. It is also the second largest employment generators, after agriculture, with over 45 million people employed directly, including many women and the rural population. As further evidence of the industry's

inclusive nature, nearly 80% of its capacity is distributed across Micro, Small, and Medium Enterprise (MSME) clusters in the country.

3.3.1 Break-up of Indian Textile Industry

1. Cotton Yarn- Cotton textiles form the largest segment of the Indian textile industry, accounting for approximately 38–40% of the total market. This segment includes cotton yarn, woven and knitted fabrics, as well as cotton-based garments, catering to both domestic and international demand. India is the world's Second largest producer of cotton, and cotton remains the most widely used fibre in the country, comprising nearly 60% of the total fibre consumption. The Cotton Corporation of India (CCI) plays a vital role in supporting this segment by procuring cotton under the Minimum Support Price (MSP) scheme to ensure price stability for farmers. In FY24, CCI procured around 42 lakh bales of cotton under MSP, benefiting nearly 7.8 lakh farmers across major cotton-producing states.

2. Technical textiles- Technical textiles constitute around 5–7% of the Indian textile industry and represent one of its fastest-growing segments. This category includes specialised fabrics and products designed for specific functional uses across sectors such as healthcare (Meditech), agriculture (agrotech), geo-engineering (Geotech), and protective wear. The segment is witnessing robust growth, with an expected CAGR of approximately 11–12% over the coming years, driven by rising domestic demand, infrastructure development, and increased industrial applications. The Government of India has launched the National Technical Textiles Mission (NTTM) to promote research, innovation, and investments in this space. Furthermore, the mandatory enforcement of Quality Control Orders (QCOs) for technical textiles has been a significant regulatory push, ensuring the production of high-quality, globally competitive products.

3. Man-Made Fibre (MMF) Textiles- Man-Made Fibre (MMF) textiles account for approximately 18–20% of the Indian textile industry and include a wide range of synthetic fibres such as polyester, viscose, nylon, and acrylic yarns and fabrics. This segment is experiencing rapid growth, primarily driven by rising global demand for fast fashion, functional wear, and performance-oriented textiles. MMF-based products are gaining preference over natural fibres due to their versatility, durability, and cost-effectiveness. The Government of India has identified MMF as a key focus area under the Production Linked Incentive (PLI) scheme, aiming to boost domestic manufacturing and exports. With policy support, The Government has approved the Production Linked Incentive (PLI) Scheme for Textiles, with an approved outlay of Rs 10,683 crore over a five-year period (2024-25 to 2028-29), to promote production of MMF Apparel, MMF Fabrics and Products of Technical Textiles in the country to enable Textile sector to achieve size and scale and to become competitive.

4. Home Textiles- Home textiles constitute around 10–12% of the Indian textile industry, with cotton-based products forming the backbone of this segment. Key offerings include cotton

bed linen, bath towels, curtains, and other furnishings, which are globally recognized for their superior quality, durability, and affordability. India has built a strong export footprint in home textiles, particularly in cotton bed and bath linen, with the United States, United Kingdom, and Europe as its leading markets. As of 2023–24, the Indian home textiles market was valued at approximately USD 10 billion, with cotton products contributing the largest share. The segment is projected to grow at a CAGR of 7–8%, reaching nearly USD 16 billion by 2030, driven by global demand for natural fibres, growing consumer preference for sustainable products, and innovations in cotton-based fabrics and designs.

5. Silk, Wool and Jute- Silk, wool, and jute textiles collectively account for about 3–4% of the Indian textile industry and represent some of the most traditional and culturally significant segments. These sectors are largely dominated by handloom-based and heritage-driven production methods, often involving skilled artisans and small-scale units. Jute and silk production receive targeted support through various central government schemes aimed at enhancing productivity, ensuring sustainability, and promoting exports. These textiles are regionally concentrated, with jute being predominant in West Bengal, silk production flourishing in parts of South India such as Karnataka and Tamil Nadu, and woollen and handcrafted textiles being prominent in the Northeastern states.

6. Handloom and Handicrafts- Handloom and handicrafts account for approximately 2–3% of the Indian textile industry and play a vital role in rural employment and cultural preservation. These segments are deeply rooted in India's artisanal traditions and are predominantly operated by small-scale weavers and craftspeople across the country. The government actively supports this sector through various marketing and skill development initiatives such as the India Handloom Brand and the SAMARTH scheme, which aim to enhance product quality, branding, and workforce capabilities. With growing consumer interest in sustainable and handmade products, there is an increasing focus on expanding domestic retail presence and tapping into international niche markets through dedicated e-commerce platforms and export facilitation.

3.3.2 Fibre-wise break up of Indian textile market

The textile industry relies on a broad range of fibres that serve as the fundamental raw materials for yarn and fabric production. These fibres are primarily classified into three categories: Natural Fibres, Man-made Fibres (including synthetic and regenerated fibres), and Blended Fibres. Each category offers distinct characteristics suited to different textile applications and end-user preferences.

Types of Fibre

Fibres are primarily classified into **Natural**, **Man-made (Synthetic and Regenerated)**, and **Blended** categories. Each type offers unique physical, mechanical, and aesthetic properties suited for various end-use applications.

1. Natural Fibres

Natural fibres are derived from plant or animal sources and are widely appreciated for their comfort, breathability, and biodegradability. India has a rich tradition in natural fibre cultivation and processing, especially cotton, jute, silk, and wool.

Fibre Type	Source	Key Characteristics	Primary Applications
Cotton	Seed fibre from cotton plant	Soft, breathable, absorbent	Apparel, home textiles
Jute	Bast fibre from jute plant	Coarse, biodegradable, high tensile strength	Sacks, geotextiles, floor coverings
Wool	Hair from sheep and goats	Warm, resilient, moisture-wicking	Winterwear, knitwear
Silk	Cocoon of silkworms	Lustrous, lightweight, high tensile strength	Sarees, luxury garments, scarves
Flax (Linen)	Bast fibre from flax plant	Strong, breathable, wrinkle-prone	Shirts, home linen, summer wear
Hemp	Stalk of hemp plant	Durable, antimicrobial, eco-friendly	Sustainable apparel, industrial textiles
Coir	Outer husk of coconut	Coarse, water-resistant	Mattresses, mats, brushes

2. Man-made Fibres

Man-made fibres are manufactured through chemical processes and are divided into **synthetic fibres** (derived from petrochemicals) and **regenerated fibres** (from natural polymers such as cellulose). These fibres offer enhanced durability, strength, elasticity, and cost advantages.

(a) Synthetic Fibres

Fibre Type	Composition	Key Characteristics	Common Applications
Polyester	Petrochemical-based polymer	Strong, wrinkle-resistant, moisture-wicking	Apparel, industrial fabrics, home textiles
Nylon	Polyamide polymer	Elastic, abrasion-resistant, lightweight	Hosiery, outdoor wear, luggage
Acrylic	Synthetic polymer	Soft, wool-like, colourfast	Sweaters, blankets, knitwear
Spandex (Lycra)	Polyurethane-based fibre	Exceptional stretch, shape retention	Activewear, fitted garments

(b) Regenerated Fibres

Fibre Type	Source	Key Characteristics	Applications
Viscose (Rayon)	Cellulose from wood pulp	Soft, breathable, absorbent	Dresses, linings, kurtis
Modal	Cellulose from beechwood	Smooth, durable, retains colour	Innerwear, nightwear, casualwear
Lyocell (Tencel)	Sustainably sourced wood pulp	Eco-friendly, biodegradable, smooth, silky	Premium apparel, eco-fashion, home linen

India is a key global player in the man-made fibre ecosystem, with strong capabilities in polyester and viscose production.

3. Blended Fibres

Blended fibres are created by combining two or more different fibre types to achieve a balanced set of properties, such as softness, strength, cost-efficiency, wrinkle resistance, and stretchability. These are widely used in both fashion and industrial applications.

Blend Type	Typical Ratio	Benefits	Typical Usage
Cotton-Polyester	65/35, 50/50	Comfort of cotton + durability and wrinkle-resistance of polyester	Casualwear, uniforms, workwear
Cotton-Viscose	60/40, 50/50	Improved softness, breathability, better drape	Shirts, kurtis, sportswear
Wool-Acrylic	50/50, 60/40	Warmth of wool + ease of care and cost-efficiency of acrylic	Sweaters, knitwear, winter garments
Cotton-Spandex	95/5, 98/2	Added elasticity and shape retention	Denim, leggings, activewear

Blended textiles also support design innovation and cost optimisation, making them increasingly important in both domestic and export markets.

The fibre ecosystem constitutes the foundation of India's textile value chain. With an abundant base of natural fibres, growing capacity in synthetic and regenerated fibres, and widespread use of blended materials, Indian textile players are strategically positioned to serve a diverse and evolving consumer base across global and domestic markets. Additionally, the growing focus on sustainability and eco-friendly fibres is expected to shape future investment and innovation in the industry.

Raw Material Support

1. Cotton

Cotton is one of the most significant cash crops globally, contributing approximately 23% to total global fibre production. In India, annual cotton consumption for FY 2024-25 stands at around 326 lakh bales (each bale weighing 170 kg). The country ranks first globally in terms of cotton acreage, with 113.60 lakh hectares under cultivation—accounting for about 36% of the world's total cotton-growing area (316.20 lakh hectares). Notably, 62% of India's cotton is grown in rain-fed regions, while the remaining 38% is cultivated under irrigation. In the 2024–25 cotton season, India's productivity is estimated at 448 kg per hectare. Over the years, India has firmly positioned itself as one of the leading producers, consumers, and exporters of cotton on the global stage.

As of December 31, 2024, during the ongoing 2024–25 cotton season, the Cotton Corporation of India (CCI) has procured 55.80 lakh bales of cotton under the Minimum Support Price (MSP) operations, with a total value of approximately ₹21,451 crore. This initiative has benefitted nearly 10.50 lakh cotton farmers across all major cotton-producing states in India.

2. Jute

India is the world's largest producer of raw jute, with an annual output of approximately 90 lakh bales (equivalent to 16 lakh metric tonnes). The jute industry plays a vital role in the eastern region, particularly in West Bengal, which serves as the hub of jute manufacturing in the country. The industry directly employs around 4 lakh workers across organized mills and diversified jute units, including those in allied and tertiary sectors. Additionally, it supports the livelihoods of an estimated 40 lakh farm families. A significant number of people are also engaged in the jute trade and related activities.

As of October 31, 2024, there are 115 composite jute mills in India. Of these, West Bengal accounts for 85 mills, followed by Andhra Pradesh (15), Bihar (4), Uttar Pradesh (3), Odisha (3), Assam (2), Chhattisgarh (2), and Tripura (1). In terms of ownership, 6 mills are run by the Government of India, while 1 mill each is owned by the governments of Tripura and Odisha. One mill in Assam operates in the cooperative sector, and the remaining 106 mills are privately owned.

The Government of India supports jute farmers through MSP procurement via the Jute Corporation of India. Moreover, a significant boost comes from the annual purchase of jute sacking worth around ₹12,000 crore for food grain packaging, mandated under the Jute Packaging Material (Compulsory Use in Packing Commodities) Act, 1987. This initiative not only sustains the incomes of jute growers but also secures employment for mill workers across the value chain.

3. Silk

Silk, often referred to as the "Queen of Textiles," is a natural insect fibre renowned for its lustre, drape, and strength—qualities that distinguish it across the global textile industry. India, known for its rich cultural heritage, has long been associated with silk and holds a unique place in its global history and production. Today, India is the world's second-largest producer of silk and its largest consumer. Uniquely, it is the only country that produces all four commercially known varieties of silk: Mulberry, Tropical & Oak Tasar, Muga, and Eri.

The Indian sericulture industry stands out for its high employment potential, low capital investment needs, and attractive income generation for rural silk farmers. In 2023–24, India produced 38,913 metric tonnes (MT) of silk, with Mulberry silk accounting for the largest share at 76.82% (29,892 MT). This was followed by Eri (18.46% or 7,183 MT), Tasar (4.08% or 1,586 MT), and Muga (0.65% or 252 MT).

Production of bivoltine raw silk, which is known for its finer quality, witnessed a growth of 8.66%, rising from 8,904 MT in 2022–23 to 9,675 MT in 2023–24. Additionally, vanya silks—which include Tasar, Eri, and Muga—saw a 1.04% increase in production during the same

period. These trends reflect the sector's growing resilience and the increasing demand for diverse silk varieties in both domestic and international markets.

4. Wool

To support the comprehensive development of the wool sector, the Ministry of Textiles has continued and rationalized the Integrated Wool Development Programme (IWDP) under the Central Sector Scheme, as approved by the Standing Finance Committee (SFC) in its meeting held on June 15, 2021. The IWDP aims to position India as a competitive and high-quality manufacturer and supplier of woollen products by introducing technological advancements and streamlining various segments of the wool value chain.

The key objectives of the IWDP include:

- Enhancing backward and forward linkages in the wool supply chain by improving raw wool procurement capacities of State Governments.
- Establishing infrastructure to connect wool producers directly with the wool industry, thereby improving efficiency.
- Providing marketing platforms to small-scale woollen product manufacturers through exhibitions and expos.
- Expanding the coverage of machine shearing, which improves the quality and uniformity of raw wool.
- Upgrading the quality of finished woollen goods by setting up modern wool processing machinery.
- Boosting the availability of wool testing and bale forming facilities, along with providing tools for manufacturing.
- Promoting the utilization of coarse wool and encouraging R&D for the use of wool in technical textiles.
- Facilitating skill development and capacity building for artisans producing traditional, handmade woollen products.
- Supporting the branding of Pashmina and carpet-grade wool to enhance their market value.
- Advancing the development of the Pashmina wool sector specifically in the Himalayan region.

This integrated approach is intended to strengthen the entire wool ecosystem—from raw material procurement to finished product marketing—while supporting employment, innovation, and exports.

5. Man Made Fibre

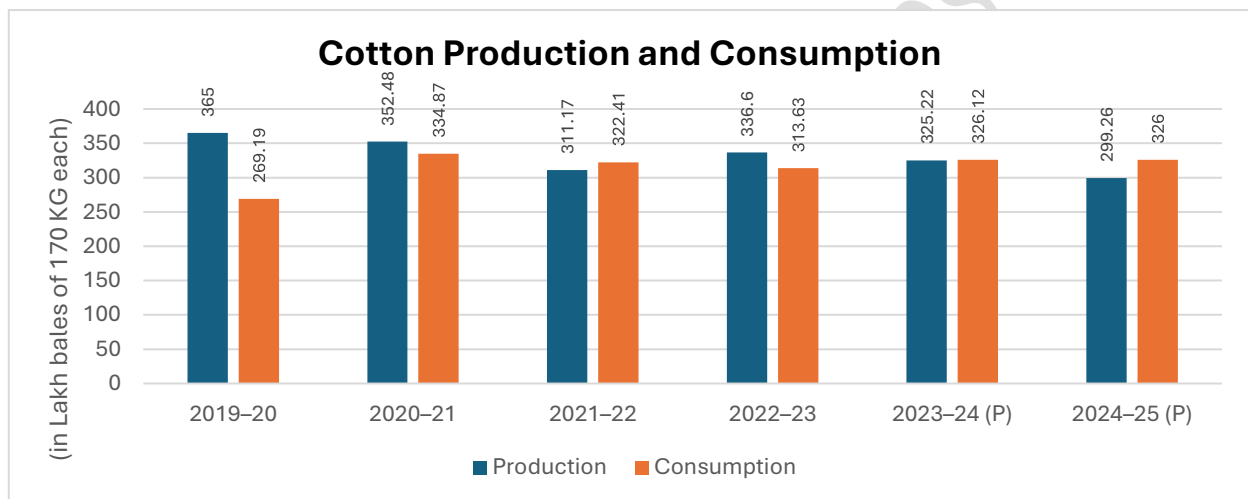
The man-made fibre (MMF) value chain in India is vertically integrated, encompassing the entire spectrum from raw materials to finished products. While global textile consumption is largely dominated by MMF, India has traditionally focused on cotton-based textiles. To increase India's share in the global MMF market, there is now a growing emphasis on expanding and modernizing the MMF sector alongside cotton textiles.

To support this transition, the Ministry of Textiles has constituted a Textile Advisory Group on MMF—an informal forum tasked with reviewing and recommending solutions across the entire MMF value chain. In FY 2023–24, India exported MMF-based textiles and apparel worth USD 8.19 billion, highlighting the sector's growing potential.

To enhance product quality and curb the inflow of substandard materials, the government has also enforced a Quality Control Order (QCO) on the import of Viscose Staple Fibre (VSF). This initiative is aimed at protecting domestic manufacturers, improving raw material standards, and promoting globally competitive MMF production in India.

3.3.3 Cotton Production and Consumption Trends in India

Cotton plays a pivotal role in India's textile economy, serving as the backbone of the country's textile value chain. As the world's Second largest producer and second-largest consumer of cotton, India holds a dominant position in the global cotton landscape. With vast cultivation across major states and deep integration into spinning and fabric manufacturing, the performance of the cotton sector significantly influences the overall health of the textile industry. Understanding the trends in cotton production and consumption is essential to assess the raw material availability, price stability, export potential, and competitiveness of India's textile exports. This section outlines recent production and consumption patterns, key drivers, and policy interventions shaping the sector.



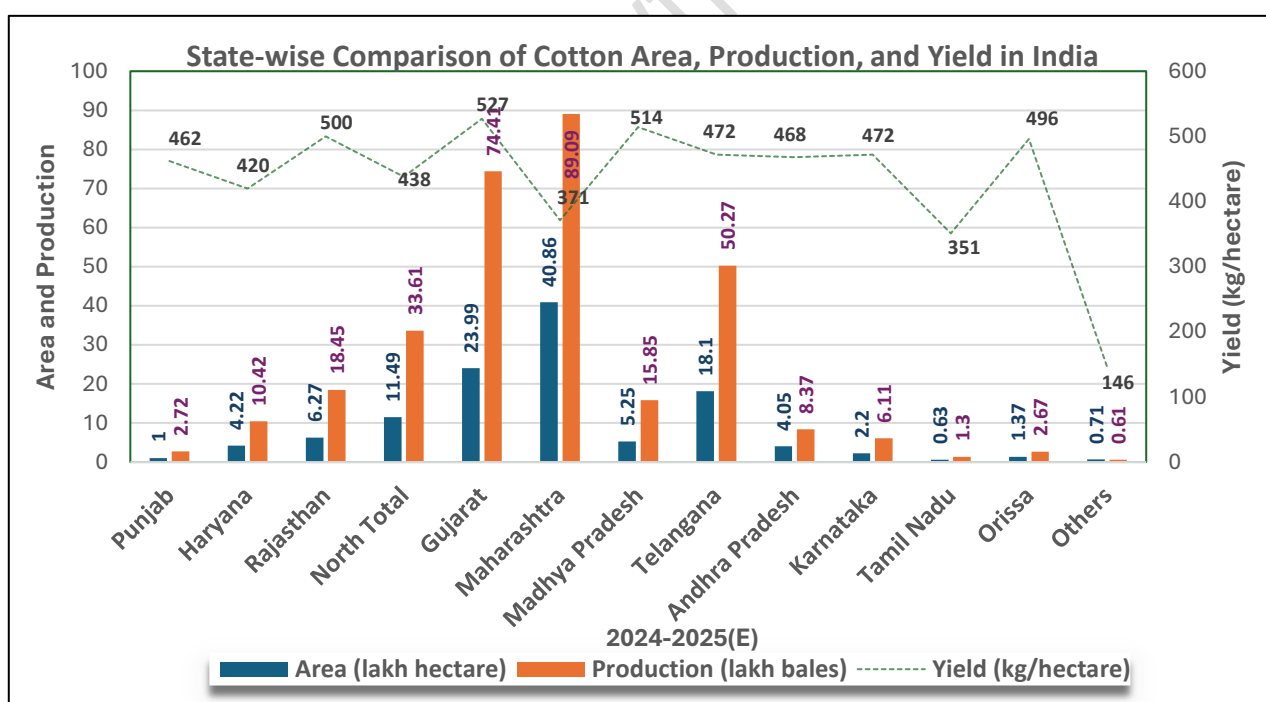
Source: Ministry of Textiles, Annual Report 2024-25, Note: P - Provisional

The graph depicting cotton production and consumption in India from 2019–20 to 2024–25 (projected) highlights a notable shift in the balance between supply and demand. Cotton production peaked at 365 lakh bales in 2019–20 but has since witnessed a declining trend, reaching a low of 311.17 lakh bales in 2021–22. Although production recovered slightly in 2022–23 and 2023–24, it is estimated to decline again to 299.26 lakh bales in 2024–25. In contrast, cotton consumption has remained relatively stable and resilient throughout the period. It stood at 268.19 lakh bales in 2019–20 and gradually increased, surpassing production for the first time in 2021–22 with 322.41 lakh bales. This trend of higher consumption compared to production has continued, with estimated consumption for 2024–25 estimated at 326 lakh bales—significantly higher than projected production. This growing gap between consumption and production indicates a tightening supply scenario, which may lead to increased dependence on imports, higher raw material costs, and potential stress on the spinning and textile manufacturing ecosystem.

Expected Growth - Looking ahead, based on industry forecasts and current trends, India's cotton production is expected to see modest growth of around 1–2% annually over the next five years. This growth will likely be driven more by improvements in yield through technological adoption, better irrigation practices, and high-yield varieties, rather than expansion in cultivated area. However, factors such as competition for arable land from other crops, climate variability, and fragmented farm structures could constrain production growth, suggesting that the supply-demand gap may persist unless mitigated by strategic interventions in the cotton ecosystem.

3.3.4 Region-wise Dominance in the Indian Cotton Market

India's cotton market is highly diversified and regionally segmented, reflecting the country's vast agro-climatic zones and varied cropping patterns. As the world's largest cotton producer, India cultivates cotton across multiple states, each contributing differently in terms of acreage, yield, and output quality. The regional distribution of cotton production is influenced by factors such as irrigation availability, rainfall patterns, soil types, and the adoption of high-yielding varieties. Understanding the region-wise share of the cotton market is crucial for policymakers, traders, and industry stakeholders to identify production trends, address logistical needs, and plan procurement strategies effectively.



Source: Meeting of Committee on Cotton Production and Consumption (COCPC)

The chart titled “State-wise Comparison of Cotton Area, Production, and Yield in India (2024–2025E)” offers a comprehensive view of regional performance in India’s cotton sector for the estimated year 2024–25. It simultaneously presents three critical indicators: area under cultivation (blue bars), total cotton production (orange bars), and yield in kilograms per hectare (green dotted line with markers), enabling a comparative assessment of scale, output, and productivity across key states.

The data reveals that Maharashtra leads in both area and production, with 40.86 lakh hectares of cultivated land resulting in 89.09 lakh bales. However, its yield remains relatively low at 371 kg/hectare, highlighting scope for improving farming efficiency. Gujarat, on the other hand, strikes an optimal balance with 23.99 lakh hectares of cotton area, producing 74.41 lakh bales, and achieving the highest yield nationally at 527 kg/hectare. This makes Gujarat the most productive state on a per-hectare basis.

Telangana also shows strong performance, ranking third in production with 50.27 lakh bales, driven by 18.1 lakh hectares of area and a healthy yield of 472 kg/hectare. Madhya Pradesh follows with high yield (514 kg/hectare) and a modest production volume (15.85 lakh bales), reflecting efficient cultivation despite limited land use.

In Northern India, Rajasthan achieves an impressive yield of 500 kg/hectare, but its area (6.27 lakh hectares) and production (18.45 lakh bales) are significantly lower than Western and Southern states. Punjab and Haryana contribute moderately in terms of both area and production, with yields of 462 and 420 kg/hectare respectively.

Other states such as Andhra Pradesh, Karnataka, Orissa, and Tamil Nadu show smaller contributions. Tamil Nadu has a notably low yield of 351 kg/hectare, while the “Others” category reports the lowest yield at just 146 kg/hectare, suggesting either marginal cultivation zones or poor agronomic conditions.

3.3.5 Overview of Cotton Yarn Industry

Yarn is a long continuous length of interlocked fibres, primarily used in the production of textiles through weaving, knitting, or other fabric-making techniques. Yarns can be broadly classified into natural and man-made (synthetic) categories, and further subdivided based on fibre origin, spinning technology, and structural form.

Types of Yarn

1. Cotton Yarn

Cotton yarn is made from natural cotton fibres obtained from the seed hair of the cotton plant. India is one of the largest producers and exporters of cotton yarn globally. Cotton yarn is spun into various counts based on the thickness and strength of fibres and is commonly used in casual wear, innerwear, home textiles, and denim manufacturing.

Yarn Type	Characteristics	Applications	Market Insights
Carded Yarn	More short fibres and neps, rougher surface, cost effective, lower tensile strength.	Low- cost garments, towels and bed linen, workwear and industrial fabrics.	Carded yarn is widely used in domestic and export markets for low-to-mid range textile applications.
Combed Yarn	Higher tensile strength, smoother texture, less prone to piling and breakage, more lustrous and breathable	High-end t-shirts and shirts, bedsheets and pillows, babywear and skin sensitive apparel.	Indian spinners use combed yarn primarily for export-quality garments and value-added textile products. It is popular in international markets like the EU, USA, and Japan.
Compact Yarn	Very low hairiness, less lint and pilling, exceptional strength, abrasion resistance, improves weaving efficiency	Dress Shirts and business apparel, fine woven fabrics for fashion wear, performance wear.	India has increasingly adopted compact spinning machines to meet global quality benchmarks. Compact yarn fetches a premium in international markets and is used by brands requiring superior fabric performance.

The Indian textile industry is gradually shifting from carded to combed and compact yarns in response to rising demand for finer, value-added products—especially in export markets. Technological investments in compact spinning frames and automated combers are increasing, especially in Tamil Nadu, Gujarat, and Maharashtra textile clusters.

2. Man-Made Fibre (MMF) Yarn

Man-made yarns are produced from chemical processes, either from natural polymers (like cellulose) or synthetic polymers (like petroleum-based compounds). MMF yarns are classified into:

a) Spun MMF Yarn

This is produced by cutting continuous synthetic filaments into staple lengths (like natural fibres) and then spinning them using conventional methods like ring spinning or open-end spinning.

- Common materials: Polyester, viscose, acrylic, modal.
- Applications: Blended fabrics (e.g., poly-cotton), uniforms, sarees, knitwear.

b) Filament MMF Yarn

Filament yarns are made from continuous strands of fibre extruded through spinnerets. These yarns are smoother, shinier, and stronger compared to spun yarns.

- **Types:**
 - **Monofilament** (single continuous strand)
 - **Multi-filament** (group of continuous strands twisted together)
 - **Textured filament yarn** (bulkier, more stretch)
- **Applications:** Sportswear, leggings, lingerie, automotive fabrics, furnishings.

3. Silk Yarn

Silk yarn is obtained from the natural protein fibre secreted by silkworms during the formation of cocoons. India is the second-largest producer of silk globally. The yarn is fine, lustrous, and strong, with natural sheen and elasticity.

- **Types:** Mulberry (most common), Tussar, Eri, and Muga silk.
- **Applications:** Luxury garments, sarees, scarves, ties, home décor.

4. Wool Yarn

Wool yarn is made from animal fleece, predominantly sheep wool. The wool is carded, combed, and spun into yarn. Indian wool production is largely coarse wool, suitable for carpets and rougher textiles.

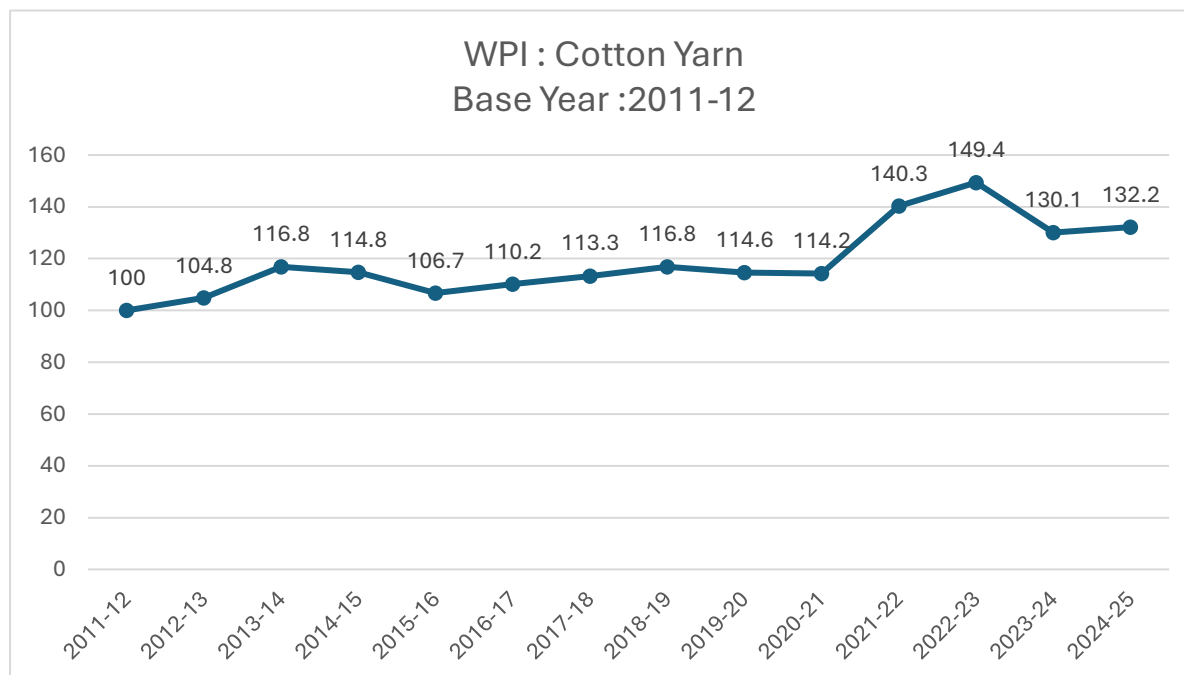
- **Types:**
 - Worsted yarn (fine and strong)
 - Woolen yarn (bulkier, warm)
- **Applications:** Sweaters, coats, shawls, carpets.

5. Jute Yarn

Jute yarn is a natural, eco-friendly fibre derived from the stalks of the jute plant. India is the largest producer of jute and jute products globally.

- **Types:** Fine jute yarn (hessian), coarse jute yarn (sacking, ropes)
- **Applications:** Gunny bags, carpets, upholstery, geo-textiles, decorative items.

3.3.6 WPI of cotton Yarn



Source - CMIE

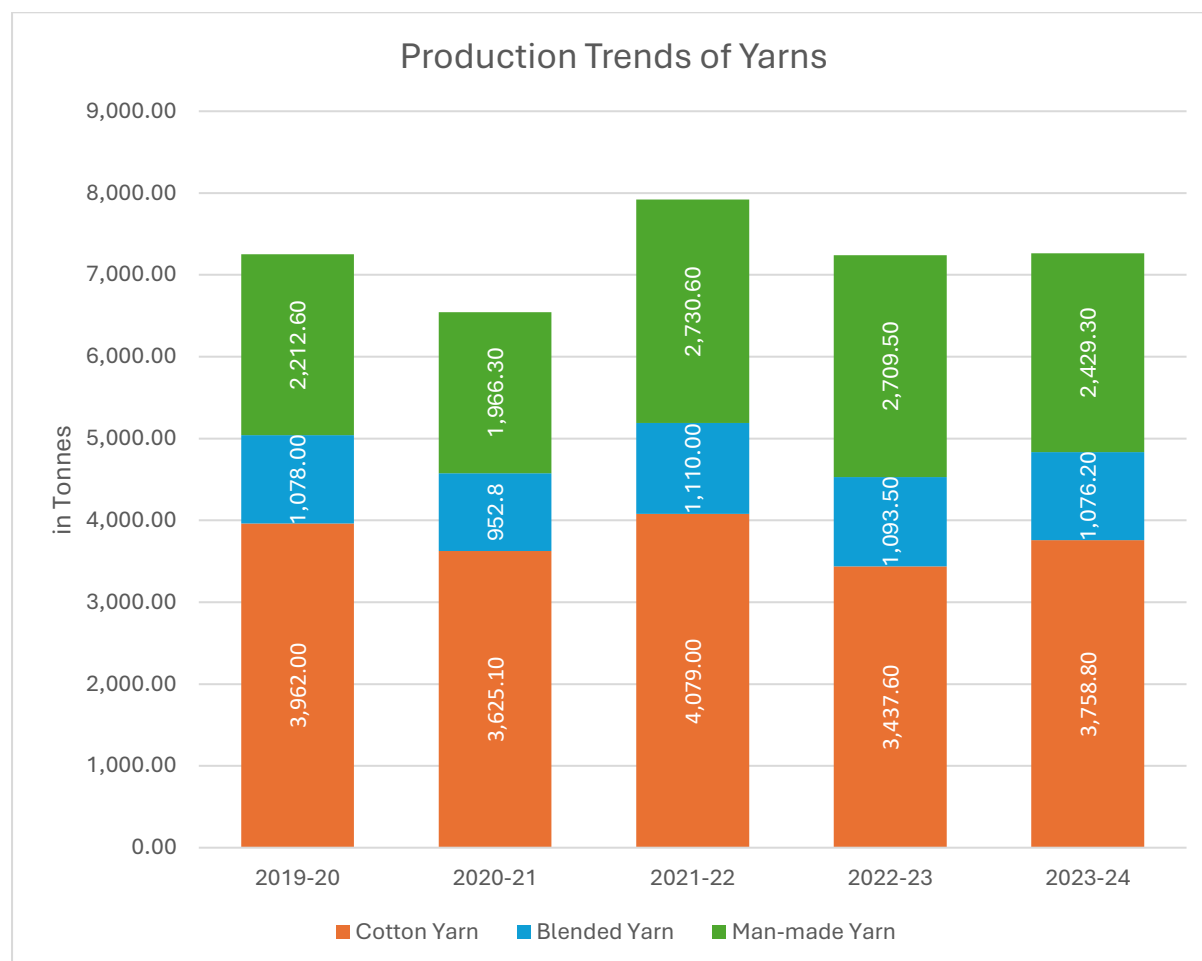
The Wholesale Price Index (WPI) for cotton yarn in India has shown a dynamic and cyclical pattern over the years, reflecting the sector's sensitivity to both domestic and global factors. Starting from the base level of 100 in 2011–12, the index registered steady inflation in the early years, peaking at 116.8 in 2013–14. This growth phase was largely driven by rising input costs, increased domestic consumption, and robust export demand.

However, the subsequent period saw a mild correction, with the index softening through 2014–15 to 2016–17 due to oversupply of cotton, weakening export orders, and subdued fibre prices. Between 2017–18 and 2020–21, the index stabilized in the range of 113 to 116, indicating a relatively balanced supply-demand environment and price moderation across global textile markets.

A sharp surge occurred in 2021–22 and 2022–23, with the index reaching as high as 149.4. This increase was fuelled by post-COVID recovery, global raw material shortages, logistic disruptions, and a spike in international cotton prices. However, this price rally was short-lived, as the index witnessed a significant correction in 2023–24 to 130.1, before modestly increasing again in 2024–25 to 132.2, reflecting stabilizing market forces and improved supply chain efficiency.

Overall, the WPI trend highlights the vulnerability of cotton yarn pricing to external shocks, commodity cycles, and global textile trade flows, while also underlining periods of recovery and consolidation based on domestic production trends and policy interventions.

Production Trends of Cotton Yarn, Blended Yarn and Man-made Yarn

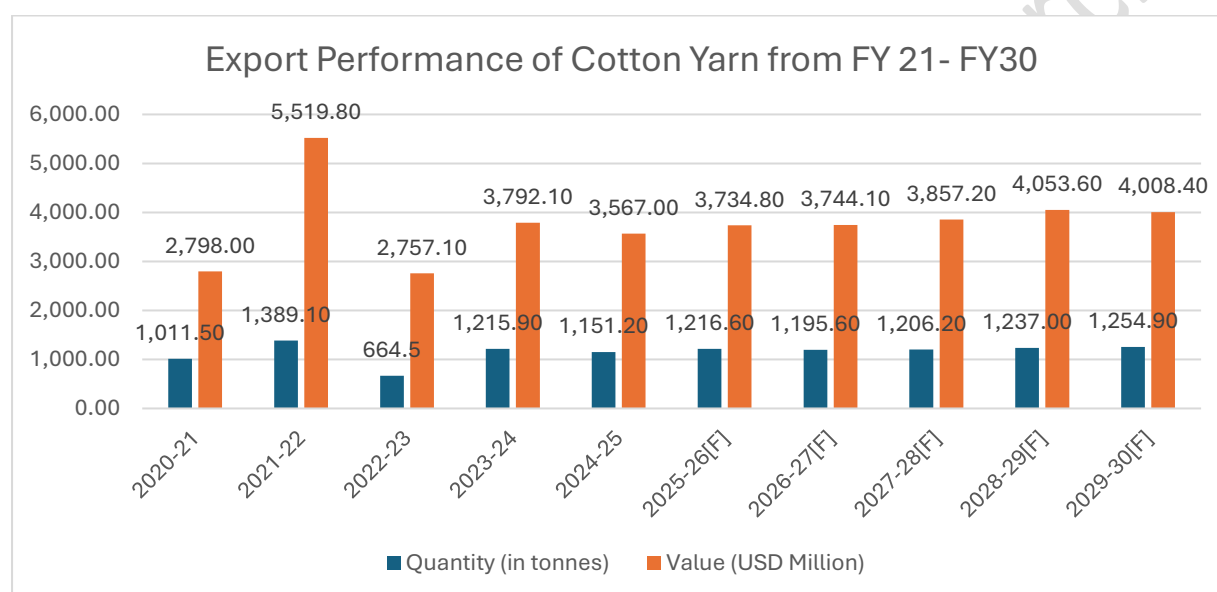


Source – CMIE, Infomerics Analytics & Research

Between 2019–20 and 2023–24, **cotton yarn** production in India ranged from 3,962 tonnes to 4,079 tonnes, 2021-22, remaining the largest segment despite fluctuations due to raw cotton availability and market conditions. **Blended yarn** showed steady performance, maintaining production between 952.8 tonnes and 1,110 tonnes, reflecting consistent demand for polyester-cotton and other blends. **Man-made yarn** exhibited volatility, rising sharply from 2,212 tonnes in 2019–20 to 2,730 tonnes in 2021–22 before stabilizing around 2,429 tonnes in 2023–24, highlighting its sensitivity to fibre prices and export demand. Overall, cotton yarn dominates, blended yarn demonstrates stable growth, and man-made yarn shows cyclical trends, indicating a gradual shift in the yarn segment composition.

3.3.7 Export Performance of Cotton Yarn in India

The cotton yarn segment holds strategic importance in India's textile value chain, acting as a critical link between raw cotton and finished textile products. India is one of the largest producers and exporters of cotton yarn globally, with a strong presence in key markets such as China, Bangladesh, and Vietnam. Over the years, the export performance of cotton yarn has been influenced by factors such as raw cotton availability, global demand fluctuations, and trade policies. In addition, domestic and international price trends have played a significant role in shaping the competitiveness of Indian cotton yarn in global markets.



Source: CMIE

The export trends of cotton yarn from India over the period 2020–21 to 2029–30, both in terms of quantity (in tonnes) and value (in USD million). The data reflects notable year-on-year fluctuations in both export volumes and earnings, with a particularly sharp spike in value observed in 2021–22. During this year, export value surged significantly despite only a moderate increase in quantity, indicating a sharp rise in global cotton yarn prices due to post-pandemic demand recovery, supply chain disruptions, and high raw cotton prices.

Following this peak, both export quantity and value dipped in 2022–23, suggesting normalization in global demand and price corrections. From 2023–24 onwards, a gradual and consistent upward trend is projected in both quantity and value, implying a stable recovery in export demand. The projected stabilization and moderate growth in export earnings from 2024–25 to 2029–30 indicate a balanced outlook, driven by steady global consumption, favourable trade conditions, and India's competitive pricing. Overall, the chart reflects India's resilient cotton yarn export performance and the potential for steady value growth in the coming years despite short-term volatilities.

3.3.8 Long term demand Outlook of Cotton Yarn

The long-term demand outlook for cotton yarn remains robust, underpinned by both domestic consumption growth and sustained export opportunities. India, being the Second largest producer of cotton and cotton yarn globally, is strategically positioned to cater to rising global and domestic textile demand. Over the coming decade, multiple structural and cyclical factors are expected to drive sustained growth in cotton yarn demand.

On the domestic front, rising disposable incomes, urbanisation, increasing fashion consciousness, and a growing preference for natural and breathable fabrics are likely to support higher consumption of cotton-based textiles. The apparel segment, which consumes the bulk of cotton yarn, is poised for expansion with increasing penetration of branded garments, a shift towards formal and casual wear in rural and semi-urban regions, and the growth of e-commerce-driven retail. Additionally, government schemes such as the Production Linked Incentive (PLI) Scheme for Textiles, the National Technical Textiles Mission, and state-level textile policies are expected to enhance downstream capacity creation, leading to greater demand for cotton yarn as a key raw material.

On the export front, India's cotton yarn exports are expected to benefit from the gradual shift of global sourcing away from China due to rising costs and trade tensions, coupled with the strong positioning of Indian mills in terms of cost competitiveness, raw material availability, and spinning capacity. Demand from key export markets such as Bangladesh, China, Vietnam, and the European Union is expected to remain stable or grow, particularly as global fashion brands increasingly focus on diversifying their sourcing base. Furthermore, the signing of bilateral trade agreements (such as with UAE, Australia, and UK) is expected to improve market access and competitiveness for Indian cotton yarn exports.

However, the sector also faces long-term challenges including volatile raw cotton prices, dependence on monsoon patterns, and increasing competition from man-made fibres (MMF) due to their cost-efficiency and suitability for fast fashion. Nevertheless, with global consumers gradually shifting toward sustainable and eco-friendly textiles, cotton yarn is expected to retain strategic importance as a natural fibre. The push for sustainable fashion, especially in developed economies, will further reinforce long-term demand for organic and recycled cotton yarns.

Production of Fabrics in India

India is among the leading global producers of textile fabrics, supported by an abundant raw material base, skilled labour, and a vast network of power loom and processing clusters. Fabric production in the country is dominated by **cotton woven fabrics** and an increasing share of **polyester/viscose blended fabrics**, reflecting both traditional strengths and emerging trends in fibre preferences.

The table below provides year-wise production of cotton woven and polyester/viscose blended fabrics in India over the last five fiscal years:

Year	Production	
	Cotton Woven Fabrics (in '000 run mt)	Polyester/ Viscose Blended Fabrics (in '000 run mt)
2020-21	236,628.5	83,295.5
2021-22	377,209.2	104,494.7
2022-23	377,091.2	115,717.9
2023-24	384,343.3	123,342.5
2024-25	371,200.4	136,951.8

Source: CMIE (sourced from Central Statistics Office)

Production of cotton woven fabrics saw a sharp recovery in FY 2021–22 following the pandemic-induced disruptions, rising by approximately 59% over the previous year. This momentum was largely sustained in the following two years, with output reaching a peak of 384,343.3 million run metres in FY 2023–24. A marginal decline of 3.4% in FY 2024–25 to 371,200.4 million run metres may be attributed to demand normalization in key domestic and export markets.

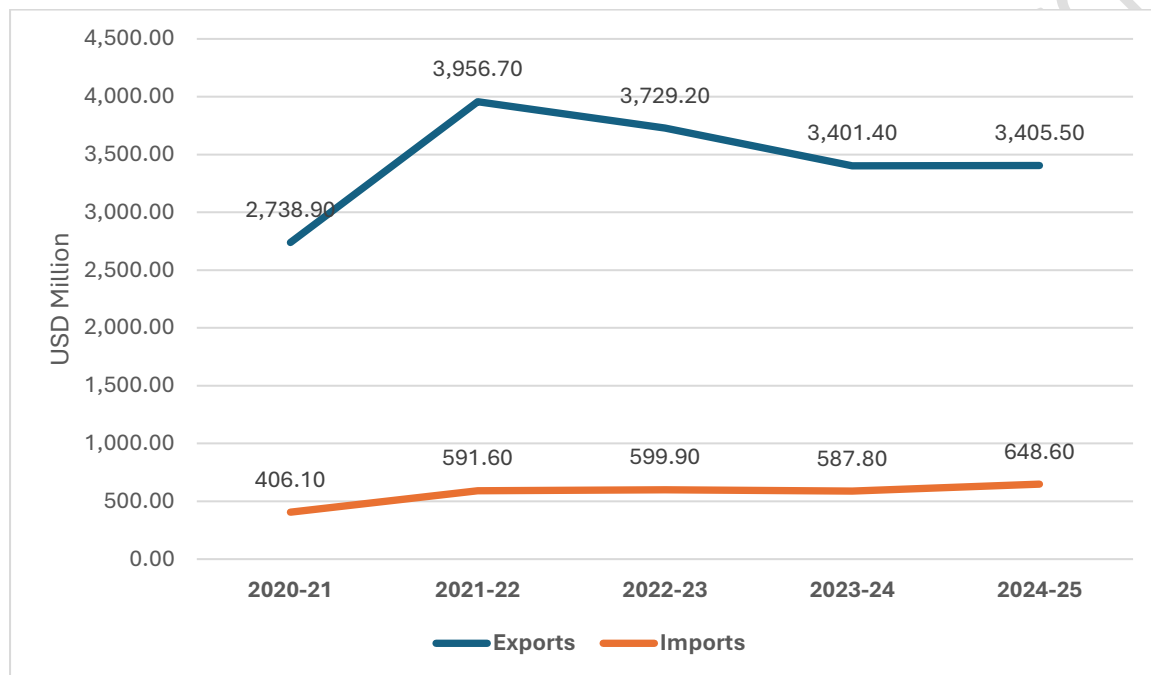
Meanwhile, production of polyester/viscose blended fabrics has witnessed a consistent upward trajectory over the five-year period. From 83,295.5 million run metres in FY 2020–21, production increased to 136,951.8 million run metres in FY 2024–25, registering a CAGR of approximately 13.1%. The sustained rise reflects a growing preference for man-made fibres (MMF), driven by their durability, cost-effectiveness, and suitability for high-growth segments such as fast fashion, uniforms, and export apparel.

The rising share of blended fabrics in overall fabric production also aligns with government policy interventions, including the PLI Scheme for MMF Garments and Technical Textiles and the establishment of PM MITRA Parks, aimed at boosting India's competitiveness in synthetic textiles and capturing a larger share of the global MMF trade.

Export and Import Trends of Fabric

India maintains a strong position as a net exporter of fabrics, with exports significantly exceeding imports over the past five years. However, the trade dynamics reflect cyclical fluctuations influenced by global demand, input costs, supply chain disruptions, and evolving sourcing patterns by international buyers.

The graph below illustrates India's **fabric export and imports values** from 2020–21 to FY 2024–25:



Source: CMIE

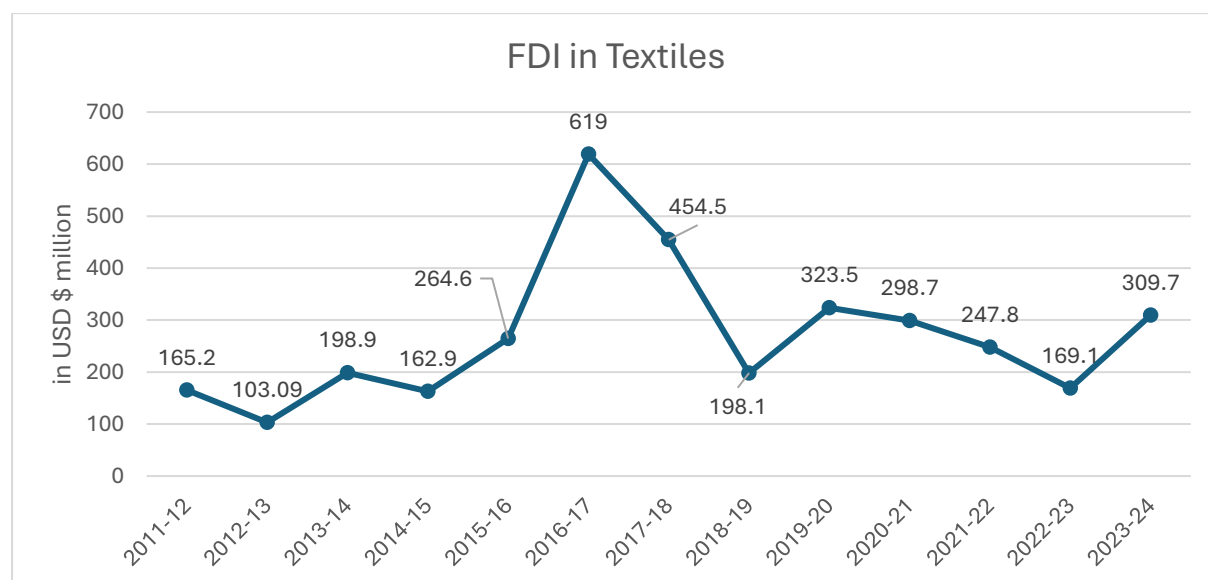
India's fabric exports registered strong growth in FY 2021–22, increasing from USD 2,738.9 million to USD 3,956.7 million, aided by post-pandemic global recovery, strong restocking demand, and stable export incentives. However, in the subsequent years, export values declined moderately to USD 3,401.4 million in FY 2023–24, before stabilizing at USD 3,405.5 million in FY 2024–25. The decline reflects price corrections in cotton and man-made fabrics, weakening demand in key geographies, and increasing competition from low-cost Asian exporters.

On the other hand, imports of fabric have remained relatively steady, rising gradually from USD 406.1 million in FY 2020–21 to USD 648.6 million in FY 2024–25. This growth is driven by increasing domestic consumption of high-end synthetic, technical, and specialty fabrics—especially for performance wear and industrial applications—where local manufacturing capabilities remain limited.

Despite the narrowing gap between export and import growth, India remains a net exporter of fabrics. The trade trend underscores the importance of strengthening domestic

manufacturing capacities in advanced MMF and technical textiles, while leveraging Free Trade Agreements (FTAs) to remain competitive in key export markets.

Investments in textile industry and its growth in CAGR %



Source – Ministry of Textiles

Foreign Direct Investment (FDI) inflows into India's textile sector have experienced notable volatility over the period from FY 2011–12 to FY 2023–24. Starting at USD 165.2 million in 2011–12, FDI saw a sharp dip in the following year but quickly rebounded in 2013–14. A major surge was recorded in 2016–17, when FDI peaked at USD 619 million—indicating heightened investor confidence likely fuelled by government-led initiatives such as *Make in India*, textile-specific schemes like *Amended Technology Upgradation Fund Scheme (ATUFS)*, and overall policy support to boost manufacturing.

While inflows dropped in the subsequent years, they remained relatively strong in FY 2019–20 and recovered again in FY 2023–24 to USD 309.7 million. Despite short-term fluctuations due to global and domestic economic shifts, the long-term trend indicates steady growth. The Compound Annual Growth Rate (CAGR) over this 12-year period stands at **5.38%**, reflecting sustained investor interest and the sector's growing strategic relevance in India's industrial and export landscape.

3.3.9 Market Opportunities to Asian Countries Due to Trade Agreements, Tariff Revision by US Govt.

Market opportunities to Asian countries due to trade agreements, revision in tariff by US govt

The U.S. government imposed a 50% reciprocal tariff on India as on August 27th, 2025. When compared with key competitors in Asia—Vietnam (20%), Bangladesh (20%), Cambodia (19%), Pakistan (19%), and China (30%).

Tariff comparison with competitors:

- Vietnam: 20%
- Bangladesh: 20%
- Cambodia: 19%
- Pakistan: 19%
- China: 30%
- India: 50%

The imposition of a 50% U.S. tariff on India would have significant repercussions for the industry, given the U.S. is India's single largest export market. Such a steep tariff would sharply reduce India's price competitiveness, making its products far more expensive compared to those from Vietnam, Bangladesh, and Cambodia, which enjoy preferential or duty-free access to the U.S. market. This would likely lead to a decline in orders, contract renegotiations, and a diversion of sourcing by U.S. buyers toward competing countries.

For the **Indian textile industry**, the immediate impact would be pressure on export volumes, reduced capacity utilization in major clusters such as Tiruppur, Surat, Ludhiana, and Bengaluru, and a potential slowdown in employment generation across the value chain—from spinning and weaving to garmenting and finishing. Profit margins would shrink due to pricing pressures, while many small and medium-sized exporters might struggle to remain viable. Over the medium term, the tariff disadvantage could discourage new investments in export-oriented capacity, weaken India's positioning in global supply chains, and slow its progress toward becoming a one-stop sourcing hub.

While some relief could come from diversifying exports to Europe, the Middle East, and Africa, the loss of competitiveness in the U.S.—the world's largest textile importer—would represent a serious setback. In the long run, without diplomatic resolution or trade agreement realignments, the tariff could force the industry to focus more on domestic consumption and non-U.S. export markets, while also pushing firms to move up the value chain with specialized, higher-value products to partially offset the loss of cost advantage.

3.3.10 India's per capita consumption of clothing

As per the Household Consumption Expenditure Survey 2023–24, India's per capita expenditure on clothing reveals distinct consumption patterns across rural and urban demographics. The average Monthly Per Capita Expenditure (MPCE) for rural households was estimated at ₹4,122, while that for urban households stood significantly higher at ₹6,996, reflecting broader income and lifestyle differentials. Out of this, rural households allocated 6.63% of their monthly expenditure towards clothing, bedding and footwear amounting to ₹272.28. (Source – MOSPI)

In contrast, urban households, despite having a higher overall spending capacity, allocated a relatively lower proportion of 5.66% to clothing, translating to a higher absolute expenditure of ₹395.97 per capita. Collectively, the national average per capita expenditure on clothing, bedding and footwear amounted to ₹669.25. (Source – MOSPI)

The data underscores a dual trend: while urban consumers spend more on clothing in absolute terms—driven by higher disposable incomes, greater exposure to fashion and lifestyle influences, and easier access to organised retail infrastructure—rural consumers place relatively greater importance on clothing within their limited spending baskets, suggesting a high prioritisation of basic apparel needs and rising aspirations in non-urban regions. This behaviour also reflects structural shifts in rural consumption, supported by improving rural incomes, deeper market penetration by apparel brands, and growing awareness of quality and branded products.

The strong and steady demand across both segments highlights the resilience of the clothing and textile sector, underpinned by demographic expansion, evolving lifestyle needs, and a shift towards discretionary consumption. These consumption patterns provide a favourable backdrop for sustained growth in the domestic apparel market, with significant headroom for expansion in semi-urban and rural markets as income levels rise and retail access improves.

4. Market Dynamics

4.1 Key Growth Drivers

The Indian textile industry is poised for robust growth, driven by a combination of structural strengths, favourable demographics, and supportive policy initiatives. As one of the most integrated and diversified sectors in the country, it benefits from abundant raw material availability, including cotton, jute, silk, and man-made fibres. Rising domestic consumption, fuelled by urbanization, growing disposable incomes, and the expansion of organized retail and e-commerce, is further propelling demand for apparel and textile products.

1. Abundant raw material availability. India is the world's Second largest producer of cotton and jute, and the second-largest producer of both silk and man-made fibres. This natural advantage provides a stable and cost-effective supply of inputs to the industry. Moreover, India's integrated textile value chain—from fibre to yarn, fabric, and finished goods—allows for better coordination, lower transaction costs, and greater production efficiency, which in turn enhances global competitiveness.

2. Future Industry Growth - The Indian textile industry is projected to grow from \$174 billion in 2024 to \$350 billion by 2030, at a CAGR of 12.3%, driven by strategic investments, policy support, and innovation. Initiatives like the PM MITRA textile parks and the Production Linked Incentive (PLI) scheme are strengthening the integrated textile value chain and boosting competitiveness. Rising adoption of sustainable practices, smart fabrics, and technological advancements is enhancing efficiency and aligning with global standards. Strong export potential, backed by a skilled workforce and abundant raw materials, further supports growth. However, the sector faces challenges such as trade barriers, environmental concerns, and cost pressures, which need careful management to achieve the projected expansion.

3. Rising domestic consumption- This is another major driver, fuelled by rapid urbanization, increasing disposable incomes, changing fashion preferences, and growing awareness of branded apparel. The demand for ready-to-wear clothing, athleisure, and premium fabrics is rising across all age groups. In addition, the expansion of organized retail, fast fashion chains, and the rapid penetration of e-commerce platforms is enabling brands to reach consumers in Tier 2 and Tier 3 cities. Digital marketplaces, supported by aggressive discounting, faster delivery networks, and social media-driven fashion trends, are broadening the consumer base and further strengthening the industry's domestic footprint.

4. Export demand- India's export demand is strengthening as global brands adopt the "China+1" strategy, seeking alternatives to China. The country's capabilities in cotton yarn, fabrics, and home textiles are helping it gain market share in the U.S. and Europe, supported

by favourable tariffs, compliance standards, and reliable delivery. However, the recent 50% U.S. tariff poses a risk to exports and labour-intensive hubs. The government's measures—duty-free cotton imports, outreach to new markets, and GST reforms—aim to sustain competitiveness, highlighting India's strategic role in global textile supply chains.

5. Government Policy- Government policy support has been instrumental in driving the industry forward. Landmark initiatives like the Production Linked Incentive (PLI) Scheme and PM MITRA textile parks are designed to stimulate investment, upgrade infrastructure, and create large-scale integrated manufacturing hubs. Schemes like RoSCTL and RoDTEP ensure the continuation of export incentives, while the National Technical Textiles Mission (NTTM) supports research, innovation, and high-value textile product development. Reforms such as simplified labour codes, industry-specific tax reliefs, and infrastructure subsidies are also enhancing ease of doing business.

6. Technical and Functional Textile Expansion- The technical and functional textiles segment is witnessing strong growth due to rising applications across sectors such as healthcare (meditech), agriculture (agrotech), construction (geotech), and defence. These textiles are gaining traction due to their durability, functionality, and performance characteristics. The government's enforcement of Quality Control Orders (QCOs) for specific technical textile categories ensures adherence to global standards, enhancing export potential and investor confidence in this segment.

7. Cost-Competitive Labor and Skilled Workforce- India's cost-competitive labour force and skilled workforce also give it a distinct edge, particularly in labour-intensive processes such as garmenting, embroidery, weaving, and finishing. The availability of a large pool of trained and semi-skilled workers across textile clusters like Tiruppur, Ludhiana, Surat, and Panipat enables manufacturers to scale operations quickly and maintain flexibility in production.

8. Sustainability and circular fashion- Consumers and brands are now focusing more on environmentally friendly, organic, and recycled textiles. Indian manufacturers are responding by investing in green manufacturing practices, using eco-friendly dyes, adopting water-saving technologies, and producing certified sustainable fabrics. This aligns with international compliance standards and opens new market opportunities with environmentally conscious buyers.

9. Strong MSME ecosystem- India's strong MSME ecosystem forms the backbone of the textile sector, accounting for over 80% of production. These small and medium enterprises are increasingly being brought into the formal economy through digitization, easy access to credit, government e-marketplaces (GeM), and export support programs. MSMEs are also benefiting from technology upgradation schemes and capacity-building programs that improve their competitiveness and integration into global value chains.

10. Investment in textile-specific infrastructure- Initiatives like the PM MITRA Parks are creating plug-and-play manufacturing clusters with integrated facilities including effluent treatment plants, testing labs, skill centres, and logistic hubs. This kind of ready infrastructure improves operational efficiency, reduces project timelines, and attracts both domestic and foreign investment.

4.2 Market Restraints and Challenges

Despite its strong fundamentals and growth potential, the Indian textile industry faces several structural and operational challenges that can constrain its expansion and global competitiveness. One of the most pressing issues is low productivity and yield in cotton cultivation. India's cotton yield remains significantly below the global average due to fragmented landholdings, rain-fed farming, limited adoption of advanced seeds, and pest infestations. This not only affects raw material availability but also leads to higher input costs for downstream processes.

1. High dependence on cotton- Dependence on cotton makes the industry vulnerable to fluctuations in cotton prices and weather conditions. While global demand is shifting towards man-made fibres (MMF), India's fibre mix continues to be cotton-heavy, and MMF production remains underdeveloped due to higher input costs and limited domestic manufacturing capacity.

2. Infrastructure bottlenecks- The industry faces significant infrastructure and capital investment challenges, including outdated machinery, limited adoption of modern technology, inadequate logistics, and inefficient port handling. These issues increase production costs and lead times, affecting competitiveness in exports. Although initiatives like PM MITRA parks aim to modernize infrastructure and promote advanced manufacturing, the pace of technology adoption and capital investment remains uneven across regions, limiting the sector's ability to fully leverage global demand opportunities.

3. Nature of the industry- A critical constraint is the fragmented nature of the industry, especially in the weaving and apparel sectors, which are dominated by small and medium enterprises (SMEs). These units often lack access to modern technology, finance, skilled labour, and global markets and non-availability of Capital limiting their ability to scale or compete internationally.

4. Skilled labour shortage- Skilled labour shortage is another concern, particularly in advanced manufacturing and technical textile segments. The industry experiences high attrition rates and low productivity in several labour-intensive hubs, exacerbated by the lack of formal training and certification programs.

5. Compliance-related challenges- On the export front, compliance-related challenges, such as evolving global sustainability norms, carbon border taxes, and traceability requirements, pose additional hurdles. Many small exporters find it difficult to meet stringent environmental and labour standards imposed by international buyers, potentially limiting their market access.

6. Unpredictable Government Policy- Further, unpredictable government policy—frequent changes in export duties, minimum support price (MSP) operations, and tax structures—adds to business uncertainty. For instance, sudden restrictions on cotton exports or changes in duty drawback rates can disrupt pricing and supply contracts.

7. Global Competition- Lastly, global competition from low-cost producers like Bangladesh, Vietnam, and Cambodia—backed by large-scale, export-oriented infrastructure and trade agreements—continues to exert pressure on India’s market share, particularly in garments and finished goods.

8. Access to affordable finance- This remains a persistent problem, particularly for small and mid-sized players. High interest rates, limited collateral, and cumbersome loan procedures undercut the ability of MSMEs to invest in technology, scale operations, or upgrade compliance.

9. Low R&D investment and innovation- Low R&D investment and innovation in fabric development, fashion tech, and sustainable production methods limit India’s ability to move up the value chain. While the world is shifting towards smart textiles, antimicrobial fabrics, and eco-friendly alternatives, India still lags in adopting cutting-edge textile technologies.

10. Trade Policy - India’s textile exports face a major setback following the U.S. decision in April 2025 to impose a 50% reciprocal tariff on Indian textile imports. As the U.S. is India’s single largest export market, this steep tariff significantly undermines the sector’s competitiveness, limits growth opportunities, and raises uncertainty for long-term sourcing commitments. Without favourable trade negotiations or policy interventions, Indian exporters may struggle to maintain market share and profitability in this critical destination.

5. Government Initiatives and Policy Support

The Government of India has launched a series of targeted policy measures to enhance the domestic textile and footwear manufacturing ecosystem. These initiatives focus on formalizing the supply chain, modernizing technology, building a skilled workforce, and raising quality standards. These efforts are particularly beneficial for niche segments like children's apparel and footwear, which gain from improved infrastructure, regulatory standards, and institutional capabilities. (PIB).

The Union Budget 2025-26 announced an outlay of Rs. 5272 crores (Budget Estimates) for the Ministry of Textiles for 2025-26. This is an increase of 19 percent over budget estimates of 2024-25 (Rs. 4417.03 crore).

Union Budget 2025-26 has announced a five-year Cotton Mission to increase cotton productivity especially extra-long staple varieties. Science & Technology support will be provided to farmers under this Mission. The Mission is in keeping with the 5 F principle and will increase income of the farmers and augment a steady supply of quality cotton. By boosting domestic productivity, this initiative will stabilise raw material availability, reduce import dependence and enhance the global competitiveness of India's textile sector, where 80% of capacity is driven by MSMEs

1. Production-Linked Incentive (PLI) Scheme for Textiles

The PLI Scheme is designed to boost domestic manufacturing of man-made fibre (MMF) garments, MMF fabrics, and technical textiles. In the Union Budget for FY2025–26, the Ministry of Textiles received an increased allocation of ₹5,272 crore (up from ₹4,417.03 crore in FY2024–25), with ₹1,148 crore earmarked specifically for the PLI scheme. The scheme carries a total outlay of ₹10,683 crore over five years.

2. PM MITRA Parks & Textile Cluster Development

To create world-class textile hubs, the government is developing PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks, with an approved budget of ₹4,445 crore to be implemented by FY2027–28. These parks offer integrated infrastructure across the value chain—including spinning, weaving, dyeing, and garmenting—with plug-and-play facilities. Additionally, the Textile Cluster Development Scheme (TCDS) has a sanctioned budget of ₹853 crore and has already generated 1.22 lakh jobs as of March 2025.

3. National Technical Textiles Mission (NTTM)

The NTTM aims to establish India as a global leader in technical textiles, focusing on:

- Research, innovation, and product development
- Market and promotional activities
- Skill development and workforce training
- Export promotion

This mission is vital for advancing high-performance textiles used in healthcare, infrastructure, defence, and automotive industries.

4. SAMARTH – Skill Development in Textiles

The SAMARTH scheme addresses the industry's need for skilled labour by providing demand-driven, placement-oriented training. It focuses on unemployed youth, women, and disadvantaged groups, bridging the skill gap and enhancing productivity throughout the value chain.

5. Amended Technology Upgradation Fund Scheme (ATUFS)

ATUFS encourages modernization in the textile sector by offering capital investment subsidies for upgrading machinery. It promotes efficiency, cost reduction, and quality improvements, especially in spinning, weaving, and processing units.

6. Silk Samagra-2

This scheme promotes holistic development in the sericulture sector. It supports all stages—from research and silkworm rearing to cocoon production, yarn processing, and marketing—with the aim of boosting raw silk output and generating rural livelihoods.

7. Handloom Sector Support: NHDP & Raw Material Supply Scheme

These initiatives aim to strengthen India's traditional handloom industry through:

- Easier access to raw materials
- Loom modernization and adoption of solar energy
- Product diversification and design innovation
- Marketing support for domestic and export markets
- Financial assistance (e.g., concessional loans, MUDRA)
- Social security and insurance for handloom workers

8. Handicraft Sector Support: NHDP & CHCDS

The Office of the Development Commissioner (Handicrafts) administers:

1. National Handicrafts Development Programme (NHDP)
2. Comprehensive Handicrafts Cluster Development Scheme (CHCDS)

These schemes provide holistic support to artisans—including cluster development, infrastructure, capacity building, producer group formation, technology access, research, and direct benefit transfers.

9. Interest Subsidy Scheme - The Scheme for financial assistance by way of credit linked Interest Subsidy in Ginning & Pressing, Cotton Spinning, Weaving, Dyeing & Processing, Knitting, Garment/Made-ups, Machine Carpeting, Machine Embroidery and any other activities/ process like crimping, texturizing, twisting, winding, sizing etc. within the Textile value chain. Maximum interest subsidy will be at the rate of 5% per annum for five years. (7% for Spinning unit and garment/made-ups unit) for five years.

6. Technological and Digital Transformation

The yarn industry in India and globally is undergoing a significant transformation driven by innovations in spinning technologies, automation, smart manufacturing systems, and data-led process optimisation. These changes aim to enhance product quality, improve production efficiency, reduce labour dependency, and meet sustainability goals.

1. Advanced Spinning Technologies

a) Compact Spinning

- Compact spinning is a breakthrough that reduces yarn hairiness, improves strength, and enables higher machine speeds.
- It enhances yarn quality for high-end and export markets.
- Leading technology providers: Rieter, Trützschler, Lakshmi Machine Works (LMW).

b) Rotor Spinning (Open-End Spinning)

- A high-speed, cost-efficient alternative to ring spinning for coarse yarns.
- It enables continuous, automated spinning with reduced labour.

c) Air-Jet Spinning

- Used for producing ultra-fine yarns with low hairiness and soft hand-feel.
- Gaining traction in synthetic yarn and MMF segments.

2. Automation & Robotics in Spinning Mills

Modern spinning mills are rapidly adopting automation solutions to streamline operations, reduce labour dependency, and enhance precision.

Key Technologies:

- Automatic cone winders for knotless yarn packages.
- Automated material handling systems (conveyor belts, bobbin transport).
- Robotic doffing systems for bobbin changeovers without manual intervention.
- Auto-levellers in draw frames for consistent yarn thickness.

Example: Many mills in Tamil Nadu and Gujarat have invested in fully automated ring frames with integrated doffing systems to enhance productivity and reduce downtime.

3. Real-Time Monitoring & Digital Twin Technology

Digitalisation is enabling real-time production tracking, predictive maintenance, and process optimisation.

Smart mill systems include:

- SCADA-based control systems to monitor temperatures, speeds, humidity, and other key variables.
- Digital twin platforms to simulate spinning conditions and optimize parameters.
- IoT-enabled sensors embedded in machines for predictive maintenance and anomaly detection.
- Cloud-based yarn management platforms (e.g., Truetzschler's T-Data, LMW's SPINCONNECT) for real-time analytics and machine performance tracking.

4. Quality Control and AI-Based Inspection

Modern mills are replacing manual inspection with automated quality control tools using AI and machine vision:

- Online yarn evenness testers to detect slubs, neps, and thickness variations.
- Spectrophotometers and colour scanners to ensure dye consistency in dyed yarns.
- AI-based yarn classification for automated grading of yarn based on quality parameters.

5. Sustainable and Green Technologies

Amid global sustainability pressure, yarn manufacturers are adopting green tech:

- Energy-efficient ring frames and motors (IE3/IE4 rated).
- Zero-liquid-discharge dyeing units for dyed yarn segments.
- Solar and Wind powered spinning units in Maharashtra, Tamil Nadu and Gujarat
- Closed-loop fibre recycling systems to regenerate yarn from textile waste.

6. ERP, MES, and End-to-End Digital Platforms

Digital enterprise systems are enabling integrated manufacturing execution and supply chain control.

Key solutions:

- ERP (SAP, Tally ERP 9, Infor Cloud Suite) for yarn order, inventory, and finance integration.
- MES (Manufacturing Execution Systems) for floor-level control.
- Digital Yarn Marketplace Platforms: B2B platforms like Texchange, Yarn Bazaar, and TexProcil's e-marketplace help MSMEs reach buyers globally with real-time stock availability and quality certificates.

With increasing demand for high-quality and sustainable yarns, technological adoption is no longer optional—it is essential for competitiveness. The Indian government, under schemes like ATUFS and PLI for Textiles, is incentivizing capex in high-end spinning and automation. The future will see further convergence of AI, IoT, and blockchain to enable full traceability "from farm to fabric."

7. PESTEL Analysis

The Indian textile industry operates within a complex macro-environment influenced by a multitude of external factors. A PESTLE analysis—examining Political, Economic, Social, Technological, Legal, and Environmental dimensions—provides a structured framework to understand these forces and their impact on the industry's performance and growth prospects.

Factors	Description
Political	- Government support through schemes like ATUFS, PM MITRA Parks, PLI for MMF and technical textiles. - Export incentives (RoDTEP, RoSCTL) continue to help offset cost disadvantages. - Trade agreements (e.g., India-UAE CEPA, India-UK) create export growth avenues. - Fluctuating import tariffs and anti-dumping duties on MMF yarns and cotton (to protect domestic spinners).
Economic	- Yarn industry is labour-intensive and capital heavy. Sensitive to raw cotton prices, labour cost, and power tariffs. Global slowdown, China+1 policy, and volatile demand cycles affect capacity utilization. - Cotton price volatility (e.g., 2022 spike) impacts spinner margins. - Rising interest rates increase cost of working capital and debt. MSMEs still struggle with credit access, especially in decentralized spinning clusters.
Social	- Employs over 35 lakh workers in spinning and related activities, majority in rural and semi-urban areas. - Rising demand for comfortable, sustainable fashion, athleisure, and functional fabrics is influencing yarn blending trends (e.g., organic cotton, recycled polyester yarns). - Social compliance and traceability (e.g., BCI cotton, OEKO-TEX certification) increasingly demanded by global buyers.
Technological	- Rapid adoption of compact spinning, auto-corners, robotic doffing, real-time monitoring, AI-based quality control. - Digitization of operations via ERP, MES, and IoT platforms. MMF segment seeing investment in air-jet spinning, melt spinning, and texturing technologies. - Indian spinning hubs (like Coimbatore) adopting Industry 4.0, but MSMEs lag.

Legal	• Regulated by laws under Factories Act, Labour Codes, Pollution Control, and Textile Control Orders. • BIS certification norms increasingly applied to quality-sensitive yarns. • Increasing focus on traceability laws (especially for organic yarns) in Europe and US. • Intellectual property protection for specialty yarns (e.g., antimicrobial, fire-retardant) gaining traction.
Environmental	• Textile manufacturing is resource-intensive, particularly in dyeing and processing units, which consume large quantities of water and chemicals. • There is growing demand for organic cotton, bamboo fibre, hemp, and recycled fabrics, leading firms to adopt sustainable practices to meet buyer expectations. • Upcoming EU environmental tariffs may impact Indian exporters unless they demonstrate decarbonization and compliance with sustainability standards.

8. PORTER 5 Forces Analysis

Porter's Five Forces framework offers a strategic lens to analyse the competitive landscape of the Indian textile industry by examining the key forces that influence its profitability and long-term sustainability. Given its vast scale, fragmented structure, and global integration, the textile sector in India is shaped by dynamic interactions between suppliers, buyers, new entrants, substitutes, and existing competitors.



1. Competitive Rivalry

- **Fragmented Spinning Market:** India is home to more than 3,500 spinning mills, with a large share in cotton yarn production. The presence of numerous small and medium-sized spinners, especially in Tamil Nadu, Gujarat, and Maharashtra, makes the segment highly fragmented and price competitive.
- **Regional Clustering:** Cotton yarn production is concentrated in regions like **Coimbatore (Tamil Nadu), Ahmedabad (Gujarat), Ludhiana (Punjab), and Nagpur (Maharashtra)**. This clustering intensifies competition for access to cotton, skilled labour, and large buyer contracts from domestic fabric producers and exporters.
- **Global Competition:** Indian cotton yarn faces stiff rivalry from Vietnam, Pakistan, and Indonesia, which often enjoy preferential trade agreements with key markets like the EU and China, enabling them to capture a larger export share.
- **Cost Pressures:** Fluctuations in domestic cotton prices and higher power costs often compress margins, forcing spinners to compete aggressively on pricing rather than differentiation.

2. Bargaining Power of Suppliers

- **Abundant Raw Materials:** India is a major producer of cotton, jute, and MMF, and raw material suppliers are fragmented, reducing their power over manufacturers.
- **Commoditization of Inputs:** Cotton, polyester, and dyes are generally standardised inputs with multiple alternative sources, keeping supplier influence low.
- **Price Volatility:** However, cotton price fluctuations (due to MSP, monsoons, global demand) occasionally shift power in favour of suppliers, especially during short supply

3. Bargaining Power of Buyers

- **Buyer Concentration in Exports:** Export markets, particularly the U.S. and EU, are dominated by large retailers and buying houses (e.g., Walmart, H&M), who wield significant negotiating power over price, delivery, and compliance.
- **Low Switching Costs:** Buyers can easily shift to competitors (e.g., Bangladesh, Vietnam) offering similar products at competitive prices.
- **Demand for Customization and Compliance:** Buyers increasingly demand sustainability certifications, faster turnaround, and traceability, which adds pressure on manufacturers to upgrade while keeping costs low.

4. Threat of New Entrants

- **Low Entry Barriers:** The textile industry, especially in segments like garmenting and weaving, has relatively low capital and technical entry requirements, making it accessible to small and medium enterprises.
- **Government Support:** Incentives such as PLI, TUFS, and PM MITRA textile parks lower initial investment costs and encourage new players.
- **Brand Differentiation & Compliance:** However, barriers exist in the form of brand loyalty, global quality standards, environmental certifications, and large buyers' preference for established, compliant suppliers.
- **Access to Distribution & Buyers:** New entrants often struggle to establish reliable supply chains or gain access to large domestic and export buyers, especially without digital infrastructure or scale.

5. Threat of Substitutes

- **Limited Substitutes for Clothing:** Basic textiles and apparel have few true substitutes; however, within fibres, there is **substitution between cotton and MMF** depending on price, availability, and performance.

- **Imported Finished Goods:** Cheaper garment imports (especially from Bangladesh or China) may act as substitutes for domestic products in retail, especially in the fast fashion segment.

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9. Competitive Landscape

9.1 Key Factors shaping competition

The Indian cotton spinning industry is highly competitive, with numerous players spread across organized mills, medium enterprises, and unorganized small-scale units. Several structural and market-driven factors shape the intensity of competition in this segment.

1. **Fragmented nature of the industry** is one of the primary drivers of competition in cotton spinning. With more than 3,500 spinning mills in India, most of them small and medium units, the industry remains highly fragmented. This results in price-based rivalry, thin margins, and frequent undercutting, especially among unorganized players that lack scale and brand strength.
2. **Cost competitiveness** remains a major determinant of market positioning, as cotton accounts for 60–70% of total spinning costs. Fluctuations in cotton prices directly impact profitability, and mills with efficient procurement systems or integration with cotton ginning enjoy an advantage. Additionally, units located in clusters such as Coimbatore, Ahmedabad, and Ludhiana benefit from better infrastructure, skilled labour, and proximity to cotton-growing regions, improving their cost efficiency.
3. **Product innovation and differentiation** are becoming increasingly relevant even in spinning. While basic cotton yarn is largely commoditized, players offering specialized products such as compact yarn, organic cotton yarn, blended yarn, and fair-trade certified yarns are able to secure premium pricing and capture niche export markets.
4. **Export orientation and global compliance** significantly influence competitive dynamics, as a large portion of India's cotton yarn is exported to countries like China, Bangladesh, and Vietnam. International buyers prefer mills that comply with global certifications (e.g., GOTS, OEKO-TEX, BCI) and meet social, environmental, and quality standards. Players that lack these certifications often find it difficult to participate in global supply chains.
5. **Technology and modernization** are increasingly shaping competitiveness. Spinning mills that invest in modern machinery (ring spinning, open-end, and compact spinning) and adopt energy-efficient practices gain a distinct edge in productivity, cost savings, and quality consistency. By contrast, older mills with outdated equipment face challenges in sustaining profitability.

9.2 Competitive Strategies

The cotton spinning industry, being the backbone of India's textile value chain, is characterized by intense price competition, global demand fluctuations, and the need for modernization. Spinning companies adopt a range of strategies to strengthen cost efficiency, secure export competitiveness, and enhance resilience against raw material volatility. The key competitive strategies include:

- 1. Cost Leadership and Scale Efficiency** – Cost competitiveness is a critical strategy in cotton spinning, as raw cotton accounts for a major share of production costs. Large integrated mills focus on bulk cotton procurement, cluster-based operations (Coimbatore, Ahmedabad, Ludhiana), and economies of scale to optimize costs. Small and medium mills leverage contract spinning and cluster synergies to survive in a low-margin environment.
- 2. Product Differentiation and Value-Added Yarns** – Basic cotton yarn is largely commoditized, but mills are increasingly moving towards differentiated products such as compact yarn, organic cotton yarn, slub yarn, mélange, and blended yarns (cotton-polyester, cotton-viscose) to access niche domestic and export markets. Value addition through certifications like GOTS, Fair Trade, and BCI provides mills with premium pricing opportunities.
- 3. Export Competitiveness and Market Diversification** – India is one of the largest exporters of cotton yarn, with key markets including China, Bangladesh, Vietnam, and Turkey. Spinning mills adopt strategies such as building compliance records, meeting international quality standards, and diversifying markets beyond traditional buyers to reduce dependency and mitigate risks from trade fluctuations.
- 4. Technology and Modernization** – Upgradation of machinery (ring spinning, open-end, and compact spinning), automation of quality control, and adoption of energy-efficient equipment are central to competitiveness. Mills investing in modernization achieve higher productivity, consistency, and reduced wastage, giving them an edge over older, less efficient units.
- 5. Sustainability and Compliance as Differentiators** – Sustainability is becoming increasingly important in cotton spinning. Mills adopting water-efficient dyeing, renewable energy sources, and eco-friendly practices gain preference from global buyers. Compliance with certifications such as OEKO-TEX and adherence to Environmental, Social, and Governance (ESG) standards strengthens international partnerships.
- 6. Cluster-Based Collaboration and Partnerships** – Spinning hubs like Coimbatore, Tirupur, Ludhiana and Gujarat rely on strong ecosystem linkages with ginners, weavers, and garment exporters. Collaboration with downstream players ensures steady demand,

better bargaining power, and reduced lead times, enhancing overall competitiveness in both domestic and export supply chains

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9.3 Barriers to Entry

The cotton spinning industry in India presents considerable opportunities, especially for MSMEs, but new entrants face multiple barriers arising from capital intensity, regulatory requirements, supply chain dynamics, and operational complexities. The key barriers include:

- 1. High Capital Investment** – Establishing a spinning unit requires significant investment in modern machinery, ginning, carding, combing, and ring spinning equipment, along with skilled manpower and infrastructure for quality control. Capital requirements escalate further for automation, sustainability compliance, and effluent treatment facilities.
- 2. Technology and Compliance Requirements** – Global buyers increasingly demand adherence to environmental, social, and quality standards such as GOTS, OEKO-TEX, and ISO certifications. Setting up effluent treatment plants, quality assurance systems, and obtaining certifications requires both technical know-how and substantial financial resources.
- 3. Raw Material Availability and Procurement Challenges** – Access to consistent and quality cotton is critical. Established players often secure long-term contracts or integrate backward into cotton procurement, giving them pricing and supply advantages. Price volatility in cotton and dependence on imported fibres for certain blends can complicate sourcing for newcomers.
- 4. Brand Loyalty and Buyer Relationships** – In the export segment, international buyers prefer established suppliers with proven track records in quality, delivery timelines, and compliance. New entrants need sustained performance and sometimes the ability to offer credit terms to penetrate these networks.
- 5. Labor Availability and Skill Gaps** – While India has a large labour pool, recruiting and retaining skilled workers for spinning, quality control, and technical textile production remains challenging. High attrition rates and regional disparities in skill development affect productivity and operational stability.
- 6. Economies of Scale and Operational Efficiency** – Large players benefit from scale advantages in procurement, production, and distribution, enabling competitive pricing. Smaller firms often struggle to match these efficiencies, particularly when handling bulk orders or operating on tight margins.
- 7. Policy and Regulatory Complexity** – The industry is subject to multiple regulations covering labour laws, environmental compliance, GST, and export-import procedures. Delays in subsidy disbursement (e.g., TUFS, GST, CLCSS), inconsistent implementation of schemes, and bureaucratic paperwork add to the challenges for new entrants.

8. **Access to Finance** – Securing capital remains difficult for MSMEs due to limited credit history, lack of collateral, and bureaucratic loan processes. Obtaining working capital or project financing for scaling operations or surviving downturns is often a significant barrier.

9.4 Consolidated Trends

The Indian cotton spinning industry is evolving rapidly, influenced by global market shifts, technological advancements, sustainability imperatives, and changing domestic consumption patterns. Key consolidated trends shaping the industry include:

- 1. Shift towards value-added yarns and specialty fibres** – While traditional cotton yarn continues to dominate, there is growing investment in blended yarns, compact and combed yarns, and technical fibres for functional textiles such as moisture-wicking, antimicrobial, and performance fabrics. Government initiatives like the PLI for Textiles support higher-value segments.
- 2. Increasing focus on sustainability** – Indian spinning mills are adopting eco-friendly practices including organic cotton, recycled fibres, zero-liquid discharge (ZLD) systems, and energy-efficient machinery. Export buyers, particularly in Europe and North America, increasingly demand traceable, certified sustainable yarns, prompting mills to integrate ESG practices.
- 3. Digitalization and automation** – Automation in spinning (e.g., ring, rotor, and compact spinning), ERP systems, AI-based inventory management, and predictive maintenance are improving production efficiency, reducing wastage, and enabling faster response to market demand. Digital B2B platforms also allow MSMEs to connect directly with domestic and global buyers.
- 4. Export orientation and market diversification** – While the US, EU, and UK remain core markets, Indian spinners are exploring Latin America, Africa, and Asia-Pacific to reduce dependency risks. FTAs with UAE, Australia, and UK are expected to enhance India's global cotton yarn exports.
- 5. Industry consolidation and vertical integration** – Larger mills are pursuing backward integration into cotton procurement and forward integration into fabric production to ensure quality control and cost efficiency. MSMEs are increasingly forming clusters or joint ventures to achieve scale and access shared resources.
- 6. Rising domestic consumption** – Urbanization, higher disposable incomes, and the growth of organized retail and e-commerce are boosting domestic demand for cotton yarn-based apparel and home textiles. This trend is encouraging spinners to focus on branding, product differentiation, and direct-to-consumer (D2C) channels.

9.5 Key Industry Players

The Indian textile and cotton yarn sector is populated by a diverse mix of regional and national players. Among them, companies such as Pashupati Cotspin Limited, Lagnam Spintex Limited, and Ambika Cotton Mills Limited stand out as notable peers, each with unique strengths and positioning in the industry.

1. Pashupati Cotspin Limited

Pashupati Cotspin Limited, headquartered in Gujarat, is a growing player in the Indian textile sector, primarily engaged in the manufacturing of cotton yarn and cotton bales. The company has established itself as a reliable and quality-conscious producer, operating with semi-integrated manufacturing facilities that enable greater control over the ginning and spinning processes. This integration not only supports consistent product quality but also allows for better cost optimization across its production cycle. The company caters predominantly to the domestic textile and apparel industry, supplying cotton yarn to fabric manufacturers, power loom clusters, and small-scale garment producers. However, in recent years, it has started to diversify its revenue streams by gradually building a modest presence in export markets, targeting neighbouring countries and select buyers in Asia and the Middle East. Its focus on quality consistency, operational prudence, and financial discipline has allowed it to grow steadily within the competitive spinning segment. Although it operates on a smaller scale compared to large integrated mills, it remains a relevant peer for companies.

2. Lagnam Spintex Limited

Lagnam Spintex Limited, headquartered in Bhilwara, Rajasthan, is a well-established player in the Indian spinning industry, specializing in the production of high-quality cotton yarn, particularly in combed and carded varieties. The company has built a strong reputation for delivering consistent quality and has positioned itself as a preferred supplier in both domestic and international markets.

One of Lagnam's key strengths lies in its strong export orientation. It has developed a robust global customer base, with substantial sales to countries like Turkey, Portugal, Bangladesh, and other textile hubs. The company's commitment to compliance, timely delivery, and product reliability has helped it secure long-term relationships with overseas buyers, making exports a key pillar of its growth strategy.

3. Ambika Cotton Mills Limited

Ambika Cotton Mills Limited, headquartered in Coimbatore, Tamil Nadu, is one of the most respected and well-established names in India's cotton spinning industry. The company has carved a niche for itself in the high-value segment, specializing in the production of compact, contamination-free cotton yarn that caters to premium export markets, particularly in Europe and East Asia. Its products are widely used by international brands in the manufacture of fine garments, luxury shirting, and high-end fabrics.

The company's infrastructure includes modern spinning units equipped with advanced technology, enabling it to produce superior-quality yarn with exceptional consistency and minimal defects. Ambika's dedication to operational excellence and technological upgradation ensures high productivity and cost efficiency, despite its emphasis on premium products.

Over the years, Ambika Cotton Mills has developed a strong brand reputation and long-standing relationships with leading global textile and apparel companies. Its ability to deliver quality, reliability, and compliance has made it a trusted sourcing partner in competitive overseas markets.

9.6 Peer Benchmarking - Operational KPI's

Sr. No.	KPI	Aastha Spintex Limited	Pashupati Cotspin	Lagnam Spintex Limited	Ambika Cotton Mills Limited
1	No. of Employees	217	477	857	1771
2	Spindle Capacity	25920	37000	41472	108288

Note: Peers data is based on annual reports for 2024-25, DRHP filings, and industry disclosures on Companies website.

Aastha Spintex operates with a spindle capacity of 25,920, which is lower than larger peers such as Ambika Cotton Mills and Lagnam Spintex. The company employs 217 people, reflecting a lean and efficient workforce relative to its scale. Rather than competing purely on scale, the company emphasizes operational efficiency, targeted production, and engagement with high-value markets. This approach positions Aastha Spintex as a specialized, agile, and well-managed player in the Indian cotton yarn industry, leveraging a focused workforce to deliver sustainable growth and profitability.

9.7 Financial Performance Analysis

Key Indicators (in INR Lakhs)	Aastha Spintex Limited		
	FY 2023	FY 2024	FY 2025
Total Operating Income	23926.50	30486.16	35116.02
EBITDA	1160.02	3424.59	4694.39
EBITDA Margin	4.85%	11.23%	13.37%
PAT	105.83	1628.76	2349.83
PAT Margin	0.44%	5.34%	6.69%
Current Ratio	1.23	1.29	1.64
Tangible Net worth	6000.94	7637.83	12163.43
Debt Equity Ratio	1.35	1.08	0.78
ROCE (%)	4.58%	18.95%	19.12%
Return on Net Worth (%)	1.78%	23.88%	23.73%

Note: The financial information presented in the table has been extracted from the certificate issued by the statutory auditors of Aastha Spintex. The figures have been adopted as reported and have not been independently calculated or verified.

The company has demonstrated a strong growth trajectory over FY 2023–FY 2025, marked by consistent expansion in revenue and profitability. Total Operating Income grew from ₹23,926.50 lakhs in FY 2023 to ₹35,116.02 lakhs in FY 2025, reflecting a steady CAGR. Profitability improved significantly, with EBITDA rising more than 3.5 times and margins expanding from 4.85% in FY 2023 to 13.37% in FY 2025, highlighting better cost management and operating efficiency. Similarly, PAT margins improved from a negligible 0.44% to 6.69%, showcasing enhanced bottom-line performance.

On the balance sheet side, Tangible Net Worth doubled, strengthening the company's equity base. The Debt-Equity Ratio declined sharply from 1.35 times in FY 2023 to 0.78 times in FY 2025, indicating deleveraging and stronger financial stability. The Current Ratio improved from 1.23 times to 1.64 times, reflecting better liquidity and short-term solvency.

In terms of returns, ROCE improved from 4.58% to 19.12%, showing efficient use of capital employed, while RONW increased drastically to around 23.73% in FY 2024–25 (from just 1.78% in FY 2023), aligning with profitability growth and strengthening shareholder value.

Overall, the company shows a strong turnaround story with robust operational improvements, rising margins, improved liquidity, and a much healthier leverage profile. Sustaining these profitability levels while managing debt prudently will be key for future growth.

9.8 Peer Benchmarking

For the purpose of financial peer benchmarking of FY 2025, we have selected Pashupati Cotspin Limited, Ambika Cotton Mills Limited, and Lagnam Spintex Limited. These companies represent key players in the Indian textile spinning industry with comparable business models, product offerings, and operational scales.

Key Indicators (in INR Lakhs)	Aastha Spintex	Pashupati Cotspin	Ambika Cotton Mills Limited	Lagnam Spintex Limited
Revenue from operations	35116.02	63670.28	70207.04	60556.46
EBITDA	4694.39	3893.19	12982.56	6567.62
EBITDA Margin	13.37%	6.11%	18.49%	10.85%
PAT	2349.83	1288.03	6574.16	1285.47
PAT Margin	6.69%	2.02%	9.36%	2.12%
Current Ratio	1.64	1.68	4.18	1.06
Net worth	12163.43	15433.81	90405.59	12086.89
Debt Equity Ratio	0.78	0.64	0.06	3.21
ROCE (%)	19.12%	11.28%	14.36%	9.06%
Return on Equity (%)	23.73%	9.44%	7.46%	10.64%

Note: The FY 2025 financial information presented in the peer comparison tables has been extracted from the certificate issued by the statutory auditors of Aastha Spintex. The figures have been adopted as reported and have not been independently calculated or verified.

Aastha Spintex has established itself as a financially strong and operationally efficient player in the spinning industry, clearly standing out in peer comparison. While its revenue base ₹35,116.02 lakh is relatively smaller than peers like Pashupati Cotspin, Ambika Cotton Mills, and Lagnam Spintex. The company consistently delivers superior profitability, with an EBITDA margin of 13.37% and PAT margin of 6.69%, well above Pashupati and Lagnam Spintex and nearly at par with Ambika Cotton Mills, a much larger player. Importantly, Aastha demonstrates prudent financial management with a low debt-equity ratio of 0.78 times and a comfortable current ratio of 1.64 times, reflecting both balance sheet strength and liquidity.

Its return metrics further reinforce its strong positioning, as Aastha leads the peer group with the highest ROCE of 19.12% and RONW of 23.73%, underscoring its ability to generate superior value for shareholders. This combination of strong margins, efficient capital utilization, and conservative leverage positions Aastha Spintex as a nimble, growth-oriented, and financially robust company, well-placed to scale sustainably in the competitive spinning industry.

9.9 Company Positioning (Aastha Spintex Private Limited)

Aastha Spintex Private Limited, incorporated on August 12, 2013, is a professionally managed textile manufacturing and trading company based in Halvad, Morbi, Gujarat. The company specializes in the production of high-quality combed, carded and combed compact cotton yarn and cotton bales, leveraging its strategic location in one of India's leading cotton-growing regions. With a strong emphasis on quality, innovation, and sustainability, Aastha Spintex is strategically positioned as a modern, environmentally responsible textile manufacturer catering to both domestic and international markets.

1. Manufacturing and Product Specialization

Aastha Spintex offers an integrated and diversified textile manufacturing portfolio, ensuring consistent quality and reliable supply. Its key product offerings include:

- **Cotton Yarn** – High-quality combed, carded, and compact cotton yarn in the 26s–40s count range, suitable for both weaving and knitting applications.
- **Cotton Bales** – Processed in-house with stringent quality control.
- **BCI-Certified & Organic Cotton Yarn** – Sustainable yarn solutions catering to eco-conscious global buyers.

Applications of its yarn extend across apparel (shirts, trousers, denim, t-shirts), home textiles (bed linens, towels, curtains, upholstery), industrial textiles (canvas, tarpaulins, workwear fabrics), and lifestyle furnishings.

2. Sector-Focused Market Presence

The company serves a wide spectrum of downstream textile industries across:

- **Domestic Markets** – Supplying high-quality yarn to Indian weaving and knitting clusters.
- **International Markets** – Exporting sustainable yarns for apparel, fashion, and home textile applications with strong global demand. Its ability to cater to varied customer requirements positions Aastha Spintex as a versatile and reliable supplier across the textile value chain.

3. State-of-the-Art Manufacturing Strength

The company operates a fully integrated facility spread across **65,672 sq. meters** in Halvad, Morbi, Gujarat. Its infrastructure highlights include:

- **Ginning Capacity** – 12,000 metric tonnes per annum for in-house cotton processing.
- **Spinning Unit** – 25,920 spindles with advanced compact spinning technology from leading Indian, Japanese, and French manufacturers. This modern setup ensures superior yarn quality, high production efficiency, and adherence to international standards.

4. Renewable Energy and Sustainability Commitment

Aastha Spintex has embedded sustainability at the core of its operations through significant investments in renewable energy:

- **4 MW Solar Power Plant (2022–23)**
- **2.7 MW Wind Power Project (2023–24)**
- **1 MW Rooftop Solar Plant**

These initiatives have reduced dependence on fossil fuels, lowered carbon emissions, and cut energy costs, while also generating additional revenue through surplus electricity sales.

The company's **Better Cotton Initiative (BCI)** compliance, organic cotton production, and waste management practices align with global ESG standards, making it a future-ready partner for environmentally conscious buyers.

5. Operational Agility and Market Credibility

Aastha Spintex is recognized for its:

- **Consistent Quality Assurance** backed by modern machinery and strict in-house control.
- **Sustainability Practices** integrated into sourcing, manufacturing, and energy management.
- **Agility in Delivery** with the ability to meet both bulk and customized orders.
- **Trusted Relationships** with domestic and international clients through reliability and transparency.

These attributes have enabled the company to build long-term credibility and position itself as a **progressive, sustainable, and globally competitive textile manufacturer**.

9.10 SWOT Analysis

A SWOT analysis provides a strategic overview of Company's operational strengths, existing limitations, emerging opportunities, and external threats. It serves as a valuable tool to assess the company's current position within the highly competitive textile industry and its preparedness to scale sustainably. With a focus on modern infrastructure, sustainability, and inclusive employment, the company is well-placed to leverage government support and global demand shifts. At the same time, it must navigate challenges such as raw material volatility, regulatory complexities, and market competition.

Strengths	Weakness
❖ Integrated Operations: In-house ginning and spinning enable control over input quality, cost efficiency, and supply chain reliability. ❖ Modern Infrastructure: Equipped with advanced compact spinning machinery from India, Japan, and France, ensuring high-quality yarn production. ❖ Renewable Energy Initiatives: Solar (5 MW) and wind (2.7 MW) power projects reduce operational costs and enhance environmental sustainability. ❖ Sustainable Product Line: Production of BCI and organic cotton yarns positions the company well in the global shift toward sustainable textiles. ❖ Empowered Workforce: Over 95% of the workforce comprises local women, promoting inclusive growth and rural employment. ❖ Consistent Financial Performance: Steady growth in revenue and profitability, supported by strong banking relationships. ❖ Strategic Location Advantage: Proximity to major cotton-growing regions in Gujarat ensures cost-efficient raw	❖ Limited Product Diversification: Heavy reliance on cotton yarn; no presence yet in value-added fabrics or garments. ❖ Moderate Scale: Compared to larger textile conglomerates, the company operates on a mid-sized scale, which may limit pricing leverage. ❖ Geographical Concentration: Operations concentrated in one location (Halvad, Gujarat), exposing it to regional risks.

material sourcing, while access to ports and transport infrastructure supports smooth domestic and international dispatches.

- ❖ **Fiscal Incentives:** Eligible for GST subsidy and other government-linked benefits, improving cost competitiveness and financial flexibility.
- ❖ **Certifications & Compliance:** Holds international certifications such as GOTS, RCS, and OEKO-TEX, which enhance credibility with global buyers and facilitate access to premium export markets.
- ❖ **Expansion through Acquisition:** Strategic acquisitions have enabled Aastha Spintex to rapidly scale operations, diversify product offerings, and strengthen market presence, enhancing competitive advantage in both domestic and international markets

Opportunities	Threats
❖ Export Market Expansion: Increasing global demand for sustainable and ethical textiles, especially in the US and EU, offers strong export potential. ❖ PLI and MITRA Scheme Benefits: Government incentives can support capacity expansion and further technology upgrades. ❖ Technical Textiles & Value Addition: Opportunity to diversify into higher-margin products like knitted fabrics, garments, and functional textiles. ❖ Rising Domestic Demand: Growth in organized retail and e-commerce presents a growing market for branded yarns and sustainable textiles.	❖ Raw Material Volatility: Cotton price fluctuations due to MSP changes, monsoons, or global factors can impact input cost stability. ❖ High Competition: Intense price competition from domestic players and low-cost countries like Bangladesh and Vietnam. ❖ Policy Uncertainty: Sudden regulatory changes (e.g., export bans, tax changes) could affect operational continuity. ❖ Compliance Pressure: Increasing global compliance requirements (sustainability certifications, labour standards) may require continuous investment and monitoring. ❖ Natural Fibre vs. MMF Competition: The growing global preference for man-made fibres, driven by their cost efficiency, durability, and suitability for technical textiles, poses a structural challenge to cotton spinners. This trend is further reinforced by India's policy push for MMFs through schemes like PLI and MITRA, which could intensify competitive pressures on natural fibre-based players.

10. Future Outlook

The textile industry, both in India and globally, is poised for significant transformation driven by evolving consumer preferences, trade realignments, and increasing sustainability mandates. With a gradual shift in global sourcing patterns away from overdependence on a single country, India is increasingly emerging as a preferred destination for textile manufacturing and exports. Supportive policy interventions, enhanced infrastructure, and strategic trade agreements are expected to further strengthen India's positioning in the global value chain.

The cotton spinning will remain an integral part of this growth story, supported by India's position as one of the largest producers of cotton and a key supplier of yarn to global markets. Stabilization of cotton prices is expected to aid cost predictability, while rising demand for sustainable and traceable cotton yarns provides strong export potential. However, the segment will face competition from man-made fibres (MMFs), which are gaining preference due to cost efficiency, durability, and suitability for technical textiles. Policy incentives under schemes like PLI and MITRA for MMFs are expected to intensify this competition, compelling cotton spinners to differentiate through sustainability, certifications, and value-added products.

The production of cotton yarn is valued at 3,760.6 tonnes in 2024–25 and is projected to increase to 4,037.5 '000 tonnes by 2029–30, at a CAGR 1.43% during the forecast period. This steady expansion indicates a stable demand trajectory, supported by consistent domestic consumption, gradual export growth, and continued investment in spinning capacity. The trend suggests that while cotton yarn will maintain its dominant position in the yarn segment, growth is likely to be moderate due to competition from blended and man-made yarns.

In the short to mid-term, tariffs and trade-related measures will play a critical role in shaping competitiveness. While India may benefit from Free Trade Agreements (FTAs) with markets like the EU, UK, and UAE, exporters must remain vigilant about potential non-tariff barriers and duty disadvantages compared to competing nations such as Bangladesh or Vietnam.

Domestically, rising urbanization, income growth, and demand for fast fashion and functional apparel are expanding opportunities, particularly in Tier 2 and Tier 3 cities. The emergence of organized retail, e-commerce platforms, and greater integration of MSMEs into formal supply chains will continue to catalyse demand. At the same time, technological advancements in automation, digitization, and renewable energy adoption are expected to unlock efficiency gains and new product lines.

While challenges such as trade volatility, raw material fluctuations, environmental compliance, and natural fibre vs. MMF competition persist, companies that invest in innovation, sustainability, and diversified product portfolios are expected to remain resilient.

Overall, the future of the textile industry—and specifically the cotton spinning segment—will be defined by a balance of tradition and innovation, leveraging India's rich cotton heritage while adapting to global market dynamics and sustainability imperatives.

For Infomerics Analytics & Research Pvt Ltd

Uday TG
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