Infomerics Analytics & Research

CIN: U74999DL2020PTC369018

Flat No.108, Golf Apartments, Sujan Singh Park New Delhi – 110 003
iar@infomerics.com, Phone: +9111 41410243, 4141 0244

Outlook on Textile Industry

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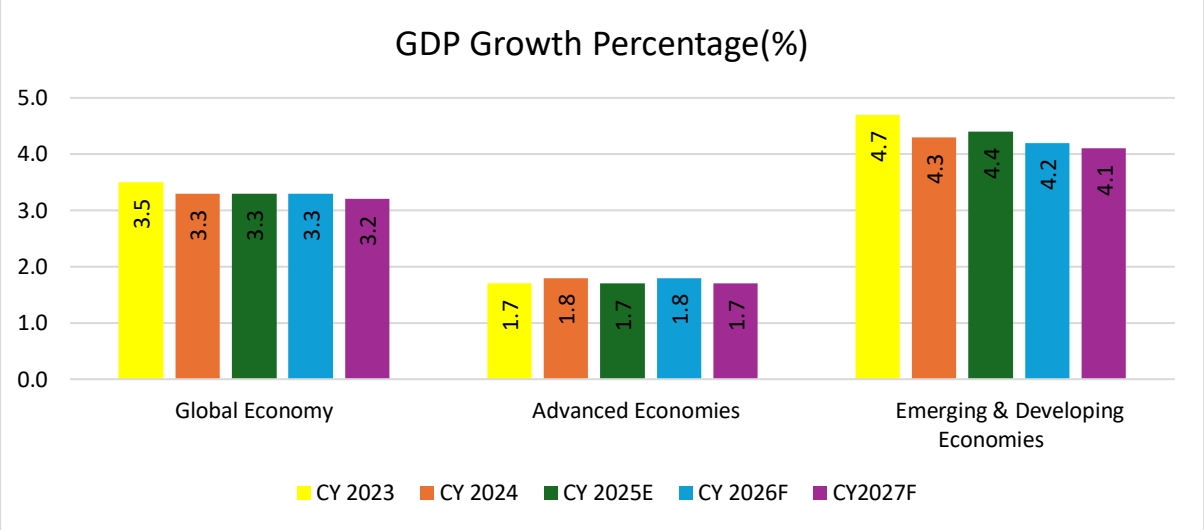
1. Economic Outlook

As per the IMF's World Economic Outlook (WEO) published in January 2026, global growth is projected to remain resilient at 3.3 percent in 2026 and at 3.2 percent in 2027.

Global headline inflation is expected to decline from an estimated 4.1 percent in 2025 to 3.8 percent in 2026 and further to 3.4 percent in 2027. The inflation projections are also broadly unchanged from those in October and envisage inflation returning to target more gradually in the United States than in other large economies.



Note: E = Estimates, F = Forecast

Source: IMF World Economic Outlook January 2026

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.)

Growth in advanced economies is projected to be 1.8 percent in 2026 and 1.7 percent in 2027. In the United States, the economy is projected to expand by 2.4 percent in 2026, supported by fiscal policy and a lower policy rate, while the impact of higher trade barriers also gradually wanes. This 0.3 percentage point upward revision from the October forecast reflects a stronger-than expected GDP outturn in the third quarter of 2025, a rebound in activity in the first quarter of 2026 compared with that in the fourth quarter of 2025 following the end of the federal government shutdown, and the associated carryover.

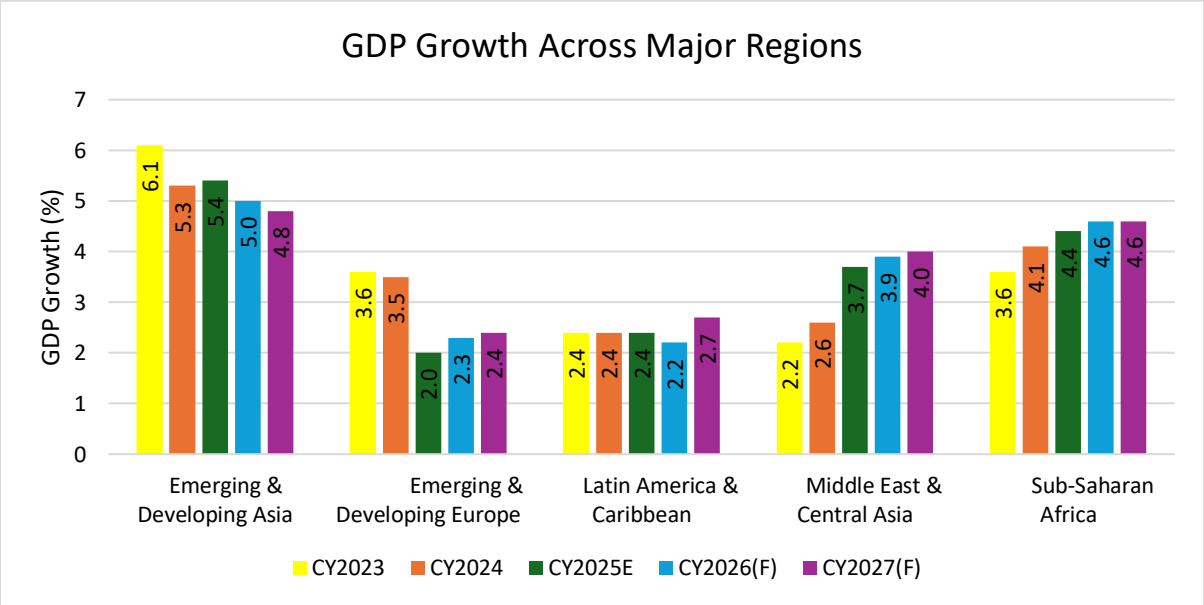
In emerging market and developing economies, growth is expected to continue to hover just above 4.0 percent in 2026 and 2027. Relative to the projection in October, growth in 2025 for China is revised upward by 0.2 percentage point to 5.0 percent. The revision reflects stimulus measures and additional policy bank lending for investment. Growth for 2026 is also revised upward by 0.3 percentage point to 4.5 percent, reflecting the lower US effective tariff rates on Chinese goods due to the yearlong trade truce agreed to in November and stimulus measures that are assumed to be implemented over two years. The economy's growth rate is expected to decelerate to 4.0 percent in 2027 as structural headwinds assert themselves.

In India, growth is revised upward by 0.7 percentage point to 7.3 percent for 2025, reflecting the better-than expected outturn in the third quarter of the year and strong momentum in the fourth quarter. Growth is projected to moderate to 6.4 percent in 2026 and 2027 as cyclical and temporary factors wane.

In the Middle East and Central Asia, growth is projected to accelerate from 3.7 percent in 2025 to 3.9 percent in 2026 and to 4.0 percent in 2027, supported by higher oil output, resilient local demand, and ongoing reforms. Growth is also expected to accelerate in sub-Saharan Africa, from 4.4 percent in 2025 to 4.6 percent in 2026 and 2027, supported by macroeconomic stabilization and reform efforts in key economies. In Latin America and the Caribbean, growth is projected to moderate to 2.2 percent in 2026 and bounce to 2.7 percent in 2027 as countries in the region approach potential from different cyclical positions. In emerging and developing Europe, a sharp slowdown in 2025 to a growth rate of 2.0 percent is expected to reverse, with economies in the region expanding at an average rate of 2.3 percent in 2026 and 2.4 percent in 2027. In most regions, the rebound also reflects the fading effect of shifting trade policies.

1.1 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. The global outlook presents a mixed scenario, with emerging economies continuing to outperform advanced economies.



Note: E = Estimates, F = Forecast

Source: IMF World Economic Outlook January 2026 update

In Emerging and Developing Asia, growth is projected to moderate from 5.4% in CY 2025 to 5.0% in CY 2026 and further projected at 4.8% during CY 2027. India's expected growth in 2025 has been uplifted at 7.3% in CY 2025, supported by resilient rural consumption and sustained infrastructure investments, up from 6.5% in CY2024. The growth estimate for 2026 and 2027 is kept at 6.4%. In contrast, China's growth is estimated at 5.0% in CY2025, and to further decelerate at 4.5% in 2026 and 4.0% in 2027.

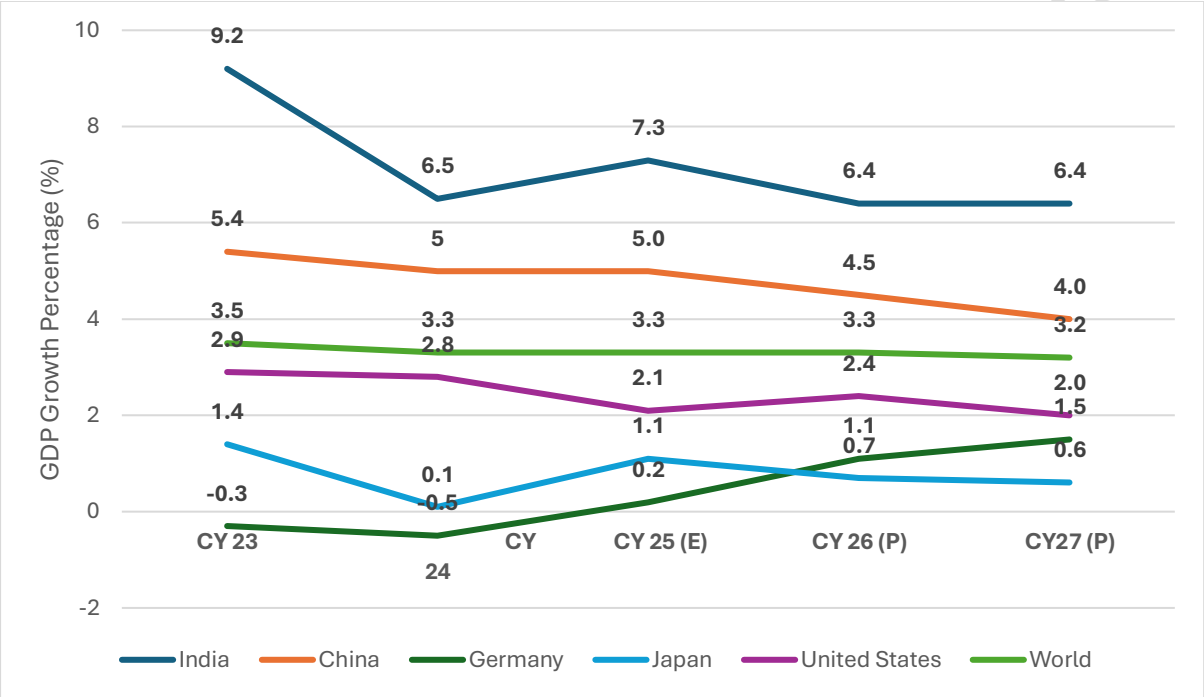
Sub-Saharan Africa is projected to grow at 4.4% in CY 2025, increased from 4.1% in CY 2024, with growth is expected to accelerate further at 4.6% in CY 2026. This gradual improvement is being supported by better weather conditions and more efficient supply chain operations.

In the Middle East and Central Asia, the economy is forecasted to expand from 3.7% in CY 2025 to 3.9% in CY 2026, and further at around 4.0% in CY 2027, driven by stabilization in oil production and ongoing economic reforms.

For Latin America and the Caribbean, the economy is expected to slow from 2.4% in CY 2025, to 2.2% in CY2026, but increase again at 2.7% in CY 2027 reflecting stable yet subdued economic momentum supported by stronger macroeconomic management across key economies.

Emerging and Developing Europe remains subdued, with growth estimated at 2.0% in CY 2025, down from 3.5% in CY 2024, expected to rise modestly to 2.3% in CY 2026 and further at 2.4% in 2027. However, the recent Greenland issue and tariff imposition by the US President has posed fresh challenges for the region. The region continues to face structural manufacturing challenges, particularly in major economies like Germany.

India and Top 4 Global Economies GDP Growth Forecast



Note: E = Estimates, P = Projections

Source: IMF World Economic Outlook January 2026 update

Overall, while global growth is expected to remain steady at 3.3% in CY 2025~CY2026 and at 3.2% in CY2027, regional disparities persist, influenced by a combination of domestic challenges, external geopolitical tensions, and fluctuating commodity prices.

2. India's Macroeconomic Scenario

2.1 Gross Domestic Product (GDP)

Real GDP has been estimated to grow by 7.6% in FY 2025–26, while nominal GDP has recorded a growth of 8.6%. These growth rates have been revised upward from their respective First Advance Estimates computed using the previous base year (2011–12), as per the Ministry of Statistics and Programme Implementation (MoSPI) in its press release on the Second Advance Estimates of GDP (base year 2022–23) dated February 27, 2026.

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

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

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.
Source: PIB, Press Release - India becomes 3rd Most Powerful Nation in Asia, Surpasses Japan in Asia Power Index posted on September 24, 2024.

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)

According to the Second Advance Estimate of GDP for 2025-26 by MOSPI, Govt. of India (GoI), Real GVA is estimated at INR 294.40 lakh crore in the year 2025-26, against INR 273.36 lakh crore in FY 2024-25, registering a growth rate of 7.7% as compared to 7.3% growth rate in 2024-25. Nominal GVA is estimated to attain a level of INR 313.61 lakh crore during FY 2025-26, against INR 288.54 lakh crore in 2024-25, showing a growth rate of 8.7%. (MOSPI, Press Release, 27 February 2026)

Major Highlights:

- Real GDP has been estimated to grow by 7.6% in FY 2025-26. Nominal GDP has witnessed a growth of 8.6%. These growth rates are revised upward from their respective First Advance Estimates computed using previous Base Year (2011-12).
- Overall Economic performance in FY 2025-26 is primarily on account of robust Real growth observed in Second Quarter (8.4%) and Third Quarter (7.8%).
- The Economy has exhibited sustained performance, recording Real GDP growth rates of 7.2% and 7.1% respectively during FY 2023–24 and FY 2024–25.
- Nominal GDP has registered 11.0% and 9.7% growth rates during FY 2023–24 and FY 2024–25 respectively.
- Manufacturing sector has been the major driver in contributing to the resilient performance of the economy in consecutive 3 financial years after rebasing. This sector has attained double digit growth rates in FY 2023-24 and FY 2025-26.
- Secondary and Tertiary sectors have boosted the performance of the economy by registering above 9.0% growth rate in FY 2025-26.
- 'Trade, Repair, Hotels, Transport, Communication & Services related to Broadcasting, Storage' sector has attained a growth rate of 10.1% at Constant Prices in FY 2025-26.
- On the Consumption side, both the Private Final Consumption Expenditure (PFCE) and Gross Fixed Capital Formation (GFCF) have exhibited more than 7.0% growth rate in FY 2025-26.

Source: MOSPI, Press Release, 27 February 2026, Govt. of India (GoI).

2.3 Consumer Price Index (CPI)

The GOI published on 12 Feb'26, the retail inflation data for January 2026 with the new base year of 2024, whereas the Headline inflation has increased for the month of January 2026 over January 2025 is 2.75%.

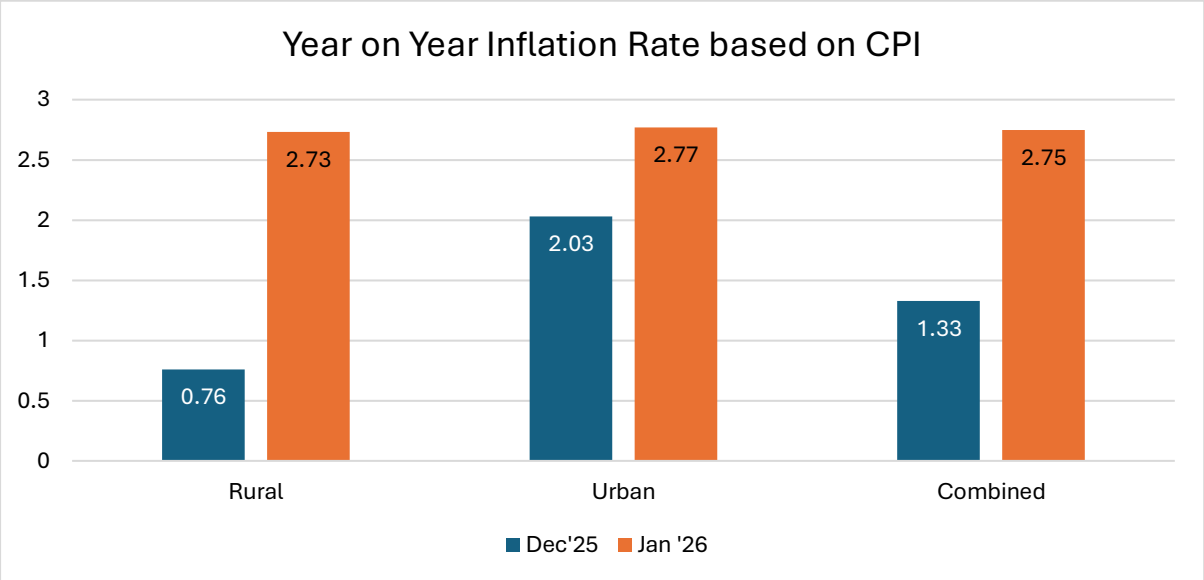
At the all-India level, the number of weighted items has increased from 299 to 358 in CPI 2024. Within this:

- Goods items are increased from 259 to 308
- Services items are increased from 40 to 50

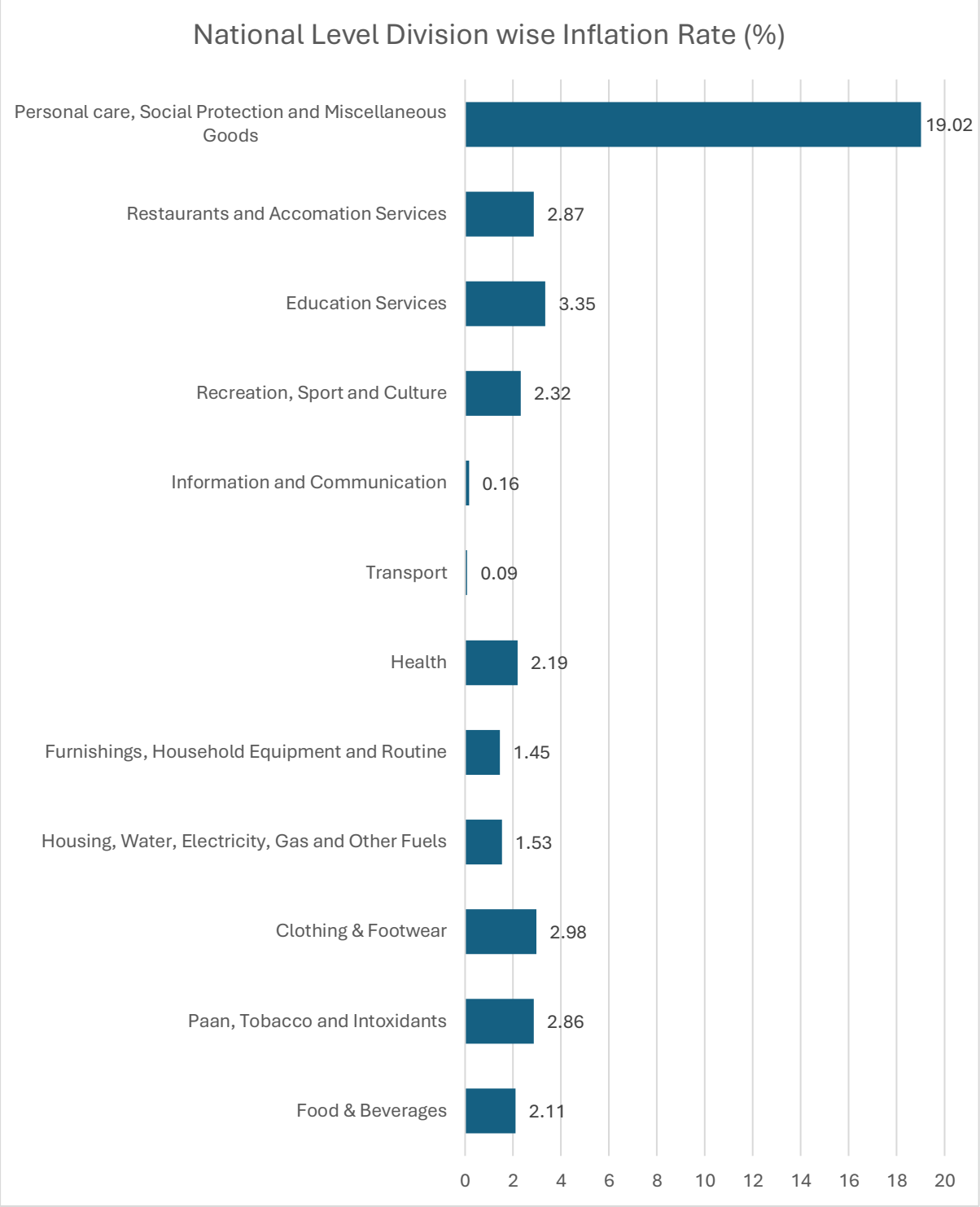
This expansion strengthens the representation of the services sector, which has assumed greater importance in household expenditure over time.

What's New:

a. Base revised from 2012 to 2024 using Household Consumption Expenditure Survey 2023-24.
b. 12 Divisions in place of 6 Groups in accordance to Classification of Individual Consumption According to Purpose (COICOP) 2018.
c. Release of All India and State level Item indices for rural, urban and combined sectors
d. New Additions: Rural housing, Online media service provider/Streaming services, value added dairy products, Barley & its product, Pen-drive & External Hard disk, Attendant, Babysitter and Exercise equipment.
e. Items Removed: VCR/VCD/DVD player and hiring charges, Radio, Tape recorder, Clothing second-hand, CD/DVD audio/video cassettes and Coir/rope.



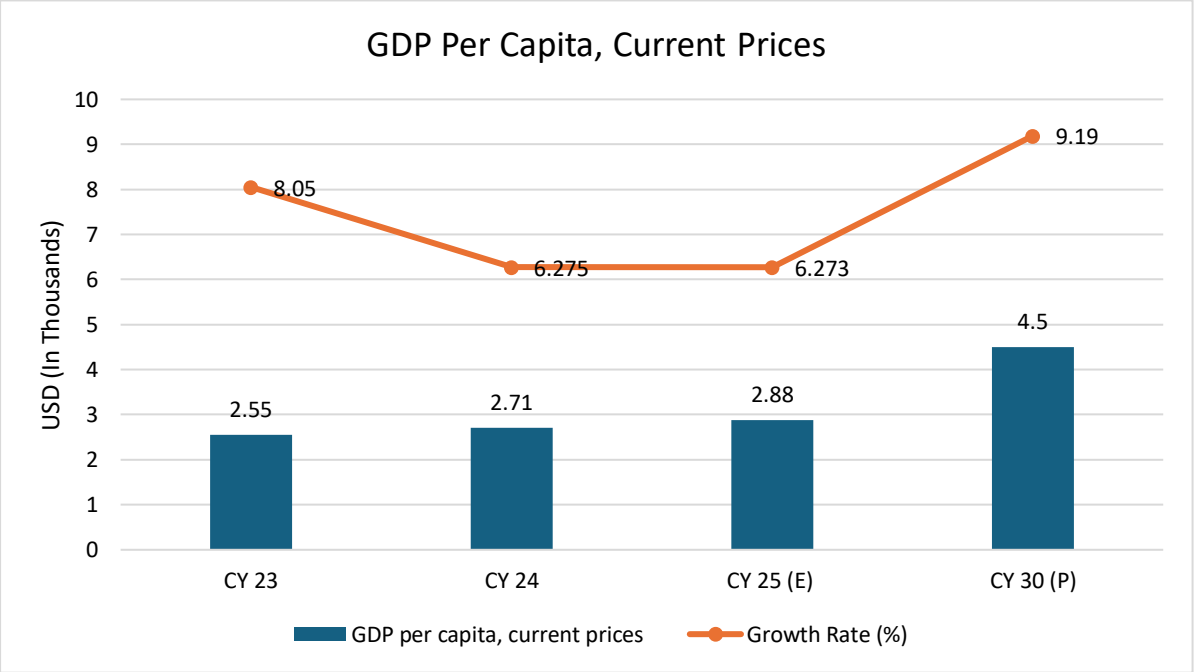
Source: MOSPI, GOI



Source - MOSPI

2.4 India Per Capita GDP Forecast

Per capita GDP growth for India is estimated at 9.19 % CAGR between CY2025-CY2030. Increased individual incomes are expected to create additional discretionary spending, which may be beneficial for the sector.



Note: E = Estimated, P = Projected

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

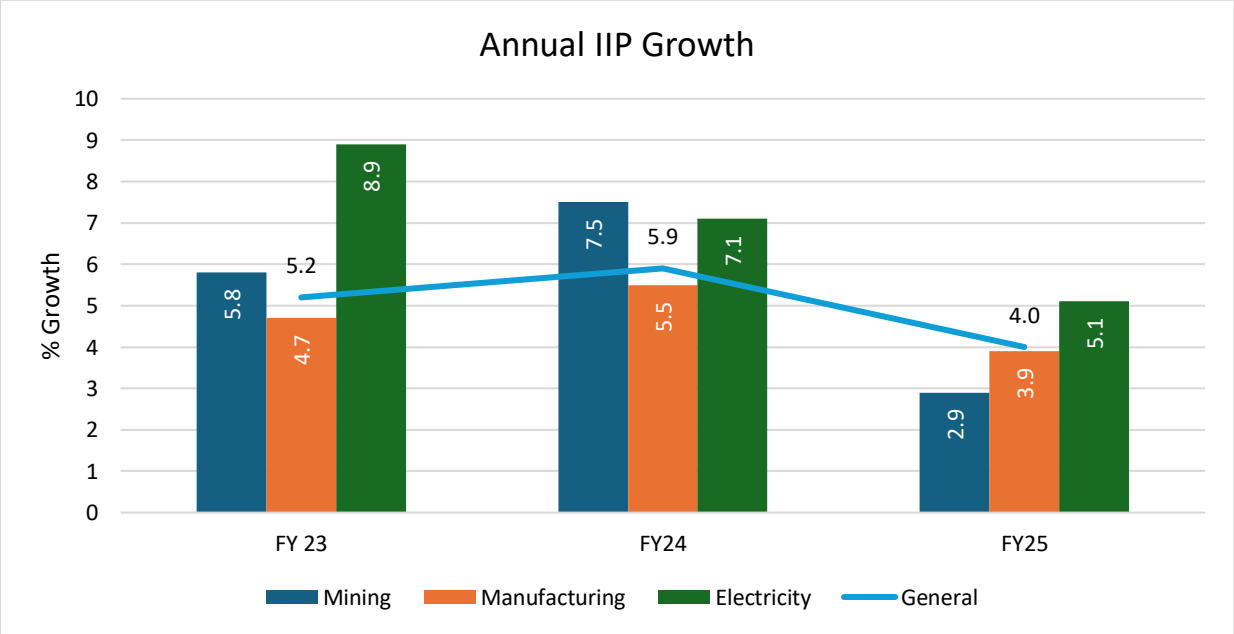
2.5 Index of Industrial Production (IIP) Growth Trends:

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.



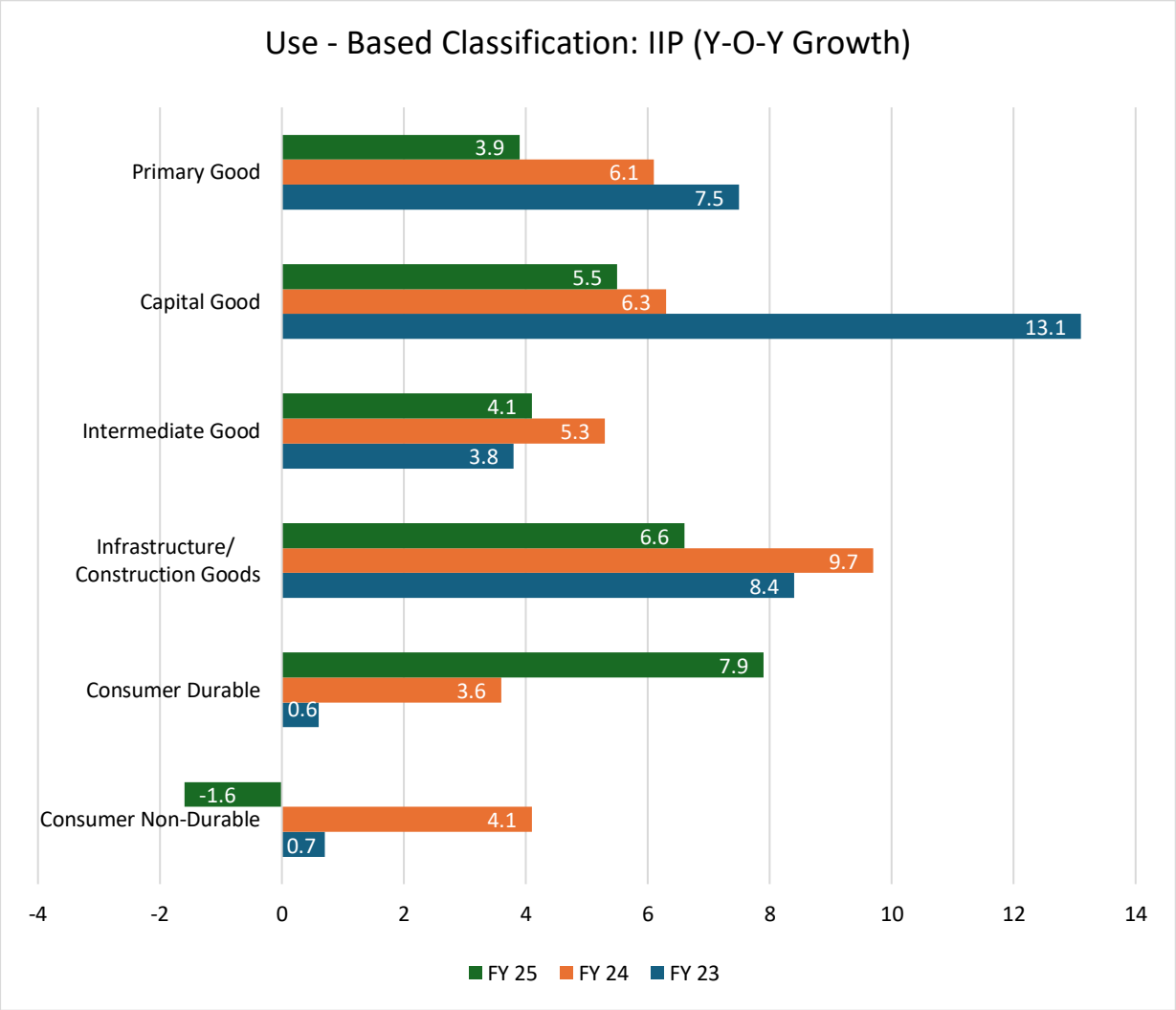
Source: Ministry of Statistics & Programme Implementation (MOSPI)

Latest IIP data in Oct'25 remains a tad low amid less activity during festival times

The Index of Industrial Production (IIP) slows a tad at 0.4% during Oct'25 due to less working days available amid festivals. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of October 2025 are (-) 1.8 percent, 1.8 percent and (-) 6.9 percent respectively. Lower demand in October 2025 and subsequent decline in electricity generation was driven by extended rainfall season and comfortable ambient temperature across multiple States/UTs.

Source: Quick Estimate of Index of Industrial Production and Use-Based Index for the Month of October 2025, MOSPI, December 01, 2025, Release

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.

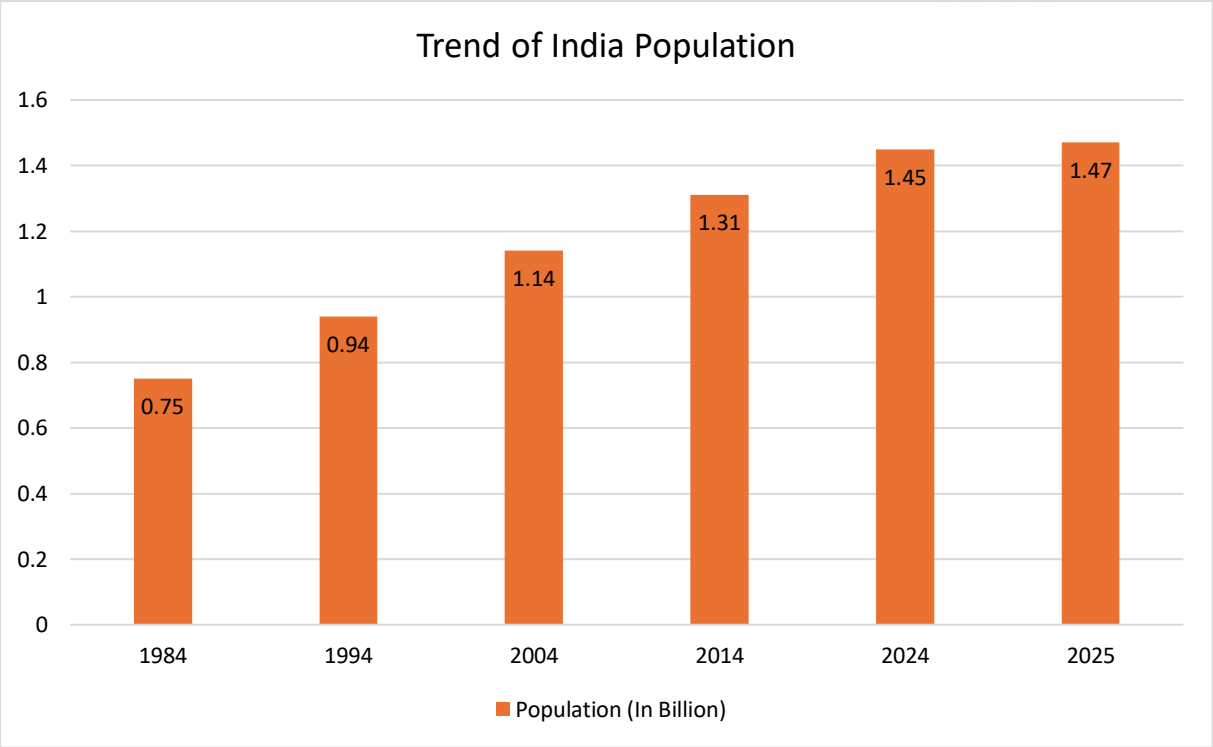
  The divergence in growth across segments suggests an uneven industrial recovery in FY 2025. While certain consumer categories have rebounded, investment-related and primary sectors remain under pressure.

The latest growth rates of IIP as per Use-based classification in October 2025 over October 2024 are (-)0.6 percent in Primary goods, 2.4 percent in Capital goods, 0.9 percent in Intermediate goods, 7.1 percent in Infrastructure/ Construction Goods, (-) 0.5 percent in Consumer durables and (-)4.4 percent in Consumer non-durables. Based on use-based classification, top three positive contributors to the growth of IIP for the month of October 2025 are Infrastructure/ construction goods, Intermediate goods and Capital goods.

2.6 Overview on Key Demographic Parameters

2.6.1 Population growth

India's economic trajectory and consumption dynamics are closely tied to its demographic shifts. India's population expanded from approximately 0.75 billion in 1984 to 1.45 billion in 2024 and is further reached around 1.47 billion in 2025, consolidating its position as the world's most populous nation. This sustained growth underlines the emergence of a vast labour force and consumer base, which is essential for driving long-term economic growth, supporting rising consumption demand, and strengthening the country's overall economic potential.



Source: World Bank Database. Population Data 2025 - Worldometer, Infomerics Analytics & Research

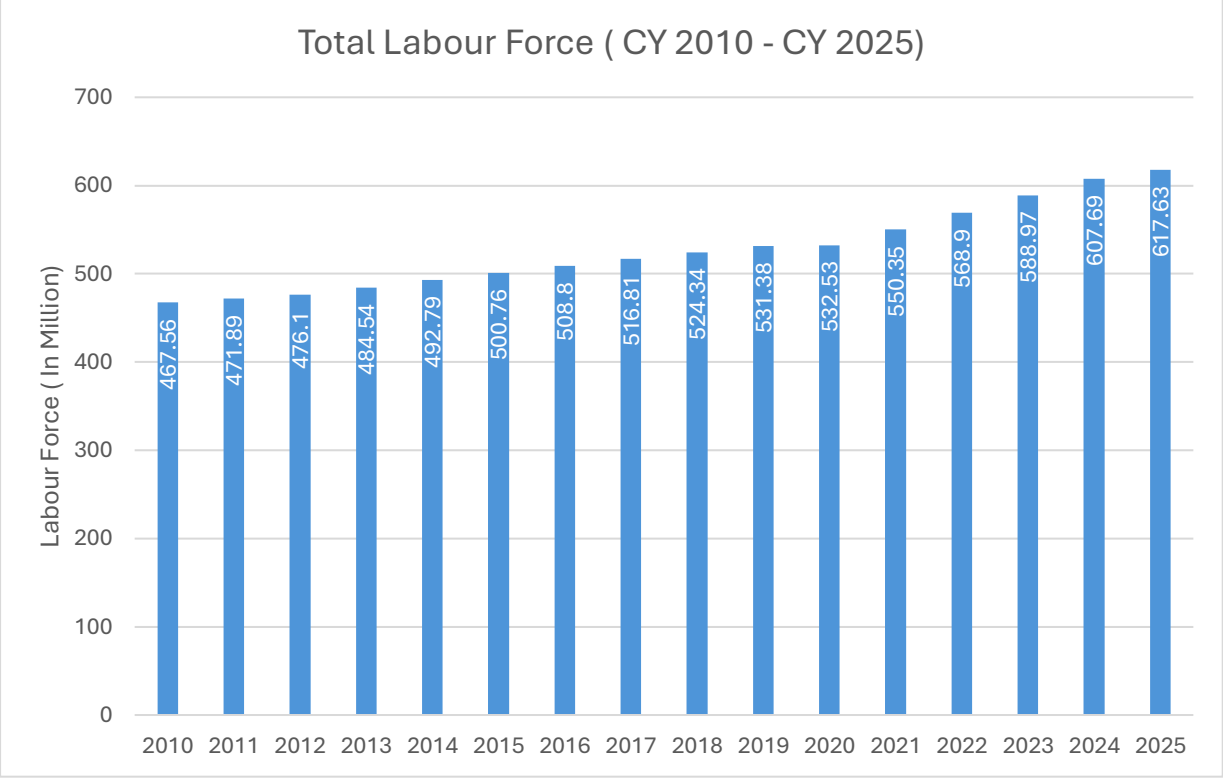
2.6.2 Labour Force in India

India's labour force has experienced steady growth over the past decade. In 2010, the total labour force was approximately 467.56 million. By 2025, this number had increased to 617.63 million.

This upward trend underscores the expanding working-age population, improving labour force participation, and gradual recovery in employment post the pandemic period. The sharp increase observed after 2020 highlights the rebound in economic activity and rising workforce engagement across sectors. However, it also emphasizes the need for sustained job creation to effectively absorb the growing labour pool.

The labour force participation rate (LFPR) has also witnessed variations over time due to changing socio-economic conditions, including urbanization, education levels, and sectoral employment shifts.

These trends highlight the importance of implementing policies that not only generate employment opportunities but also improve job quality, productivity, and inclusivity across key sectors of the economy.



Source: World Bank Database

2.6.3 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

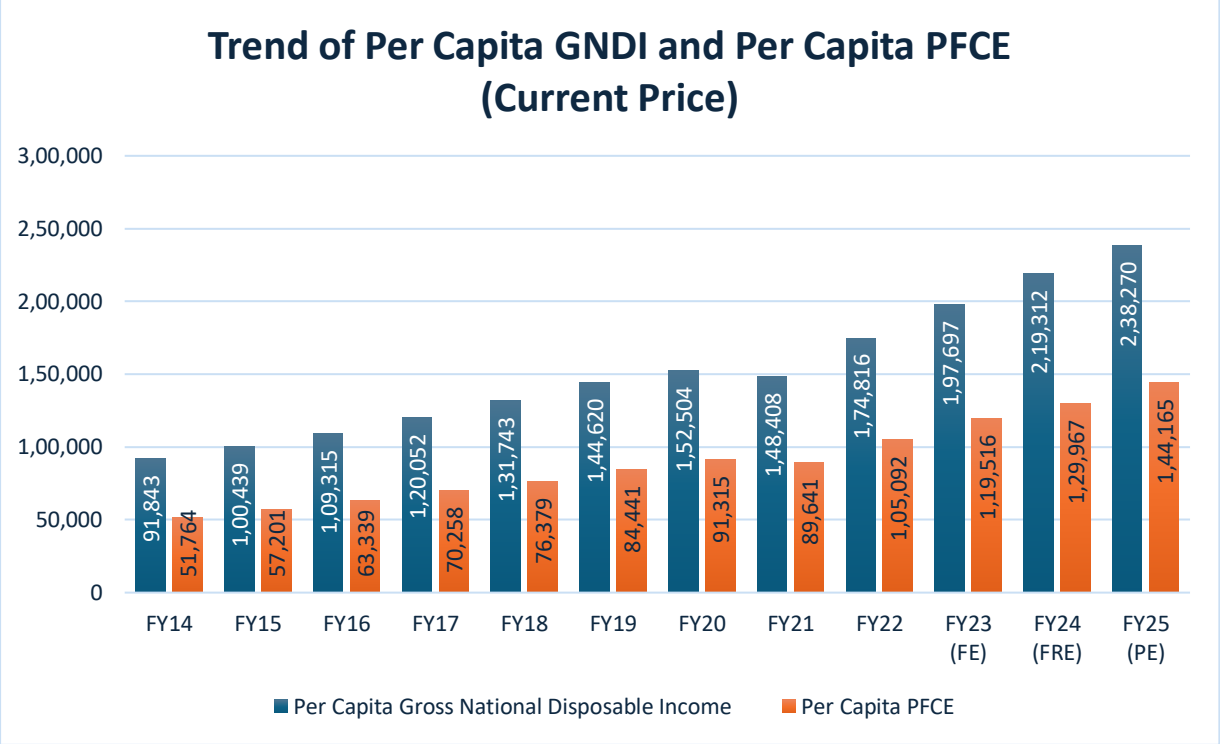
As of 31st December 2024, the Central Government and a majority of States/Union Territories had pre-published draft rules under all four Labour Codes. Regional consultations were held to align state-level rules with the central framework. Once fully implemented, these Codes are expected to harmonize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

2.6.4 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 10.9%, followed by a moderate growth of 8.6% 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 8.7% in FY24 and further accelerated to 10.9% in FY25, highlighting strong consumer confidence and robust domestic demand.



Note: Data mentioned is in INR, FE – Final Estimates, FRE – First Revised Estimates, PE – Provisional Estimate

Source: PIB, *Provisional estimates of GDP 2024-25 released on May 30th, 2025*

2.7 Union Budget FY26-27 Highlights

The Union Budget FY 2026–27, 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**
  In FY2026-27, the Union Budget has increased the public capex towards to INR 12.2 lakh crore from the previous INR 11.21 lakh crore (3.1% of GDP) which was earmarked in FY 2025–26. To strengthen the confidence of private developers regarding risks during infrastructure development and construction phase, the budget proposed to set up an Infrastructure Risk Guarantee Fund to provide prudently calibrated partial credit guarantees to lenders.
- **Support for MSMEs**
  Recognizing the pivotal role of Micro, Small, and Medium Enterprises (MSMEs) in India's economic landscape, the budget introduced a three-pronged approach to support the sector. The budget introduced a dedicated INR 10,000 crore SME Growth Fund as well as proposed to top up the Self-Reliant India Fund set up in 2021, with INR 2,000 crore to continue support to micro enterprises and maintain their access to risk capital. With TReDS, more than INR 7 lakh crore has been made available to MSMEs. To leverage its full potential, the budget further proposed four measures: (i) mandate TReDS as the transaction settlement platform for all purchases from MSMEs by CPSEs, serving as a benchmark for other corporates; (ii) introduce a credit guarantee support mechanism through CGTMSE for invoice discounting on TReDS platform; (iii) link GeM with TReDS for sharing information with financiers about government purchases from MSMEs, encouraging cheaper and quicker financing; (iv) introduce TReDS receivables as asset-backed securities, helping develop a secondary market, enhancing liquidity and settlement of transactions. Moreover, Government will facilitate Professional Institutions such as ICAI, ICSI, ICMAI to design short-term, modular courses and practical tools to develop a cadre of 'Corporate Mitras', especially in Tier-II and Tier-III towns, which will help MSMEs meet compliance requirements at affordable costs.
- **Establishment of dedicated Rare Earth Corridors**
  A Scheme for Rare Earth Permanent Magnets was launched in November 2025. In line with that, the budget proposed to support the mineral-rich States of Odisha, Kerala, Andhra Pradesh and Tamil Nadu to establish dedicated Rare Earth Corridors to promote mining, processing, research and manufacturing.

- **Integrated Programme for the Textile Sector**

  The following Schemes have been announced:

  (a) The National Fibre Scheme for self-reliance in natural fibres such as silk, wool and jute, man-made fibres, and new-age fibres.

  (b) Textile Expansion and Employment Scheme to modernise traditional clusters with capital support for machinery, technology upgradation and common testing and certification centres.

  (c) A National Handloom and Handicraft programme to integrate and strengthen existing schemes and ensure targeted support for weavers and artisans.

  (d) Tex-Eco Initiative to promote globally competitive and sustainable textiles and apparels.

  (e) Samarth 2.0 to modernize and upgrade the textile skilling ecosystem through collaboration with industry and academic institutions.

- **Carbon Capture Utilization and Storage (CCUS)**

  Aligning with the roadmap launched in December 2025, CCUS technologies at scale will achieve higher readiness levels in end-use applications across five industrial sectors, including, power, steel, cement, refineries and chemicals. An outlay of INR 20,000 crore is proposed over the next 5 years.

- **Municipal Bonds**

  To encourage the issuance of municipal bonds of higher value by large cities, the budget proposed an incentive of INR 100 crore for a single bond issuance 10 of more than INR 1000 crore. The current scheme under AMRUT which incentivises issuances up to INR 200 crore, will also continue to support smaller and medium towns.

- **Ease of Doing Business**

  Individual Persons Resident Outside India (PROI) will be permitted to invest in equity instruments of listed Indian companies through the Portfolio Investment Scheme. It is also proposed to increase the investment limit for an individual PROI under this scheme from 5% to 10%, with an overall investment limit for all individual PROIs to 24%, from the current 10%.

- **Hubs for Medical Value Tourism**

  To promote India as a hub for medical tourism services, the budget proposed to launch a Scheme to support States in establishing five Regional Medical Hubs, in partnership with the private sector. These Hubs will serve as integrated healthcare complexes that combine medical, educational and research facilities. They will have AYUSH Centres, Medical Value Tourism Facilitation Centres and infrastructure for diagnostics, post-care and rehabilitation. These Hubs will provide diverse job opportunities for health professionals including doctors and AHPs.

- **Agriculture Related Schemes**

  To diversify farm outputs, increase productivity, enhance farmers' incomes, and create new employment opportunities, the budget announced support schemes related to high value crops such as coconut, sandalwood, cocoa and cashew in coastal areas. Agar trees in Northeast and nuts such as, almonds, walnuts and pine nuts in hilly regions will also be supported. India is the world's largest producer of coconuts.

  About 30 million people, including nearly 10 million farmers, depend on coconuts for their livelihood. To further enhance competitiveness in coconut production, the Budget proposed a Coconut Promotion Scheme to increase production and enhance productivity through various interventions including replacing old and non-productive trees with new saplings/plants/varieties in major coconut growing States. A dedicated programme is proposed for Indian cashew and cocoa to make India self-reliant in raw cashew and cocoa production and processing, enhance export competitiveness and transform Indian Cashew and Indian Cocoa into premium global brands by 2030.

  Further, the Central Government will partner with State Governments to promote focused cultivation and post-harvest processing to restore the glory of the Indian Sandalwood ecosystem. To rejuvenate old, low-yielding orchards and expand high-density cultivation of walnuts, almonds and pine nuts, the budget announced to support a dedicated programme to enhance farmer incomes and in bringing value addition by engaging youth.

The Union Budget FY 2026–27 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, 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.

2.8 Concluding Remarks

The major headwinds to global economic growth remain significant, with escalating geopolitical tensions involving the United States, Israel, and Iran, volatile global commodity prices, disruptions in global trade flows, inflationary pressures, and tightening financial conditions. These geopolitical developments have adversely impacted global supply chains, leading to a decline in import and export activity, particularly across energy-dependent regions. These disruptions have triggered a sharp rise in energy prices, with crude oil prices increasing by approximately 27% between late February and early March 2026, alongside a surge in freight costs, bunker fuel prices, and insurance premiums. The increase in energy and transportation costs has had a cascading effect on global inflation, particularly food prices, as higher fuel and fertilizer costs elevate agricultural production and distribution expenses. . Despite these challenges, the global economy remains relatively resilient, with growth projected at 3.3% in 2026 and inflation expected to moderate to 3.8%, as per the International Monetary Fund.

India's economy remains relatively well-positioned amid these global uncertainties, supported by strong macroeconomic fundamentals. As per the Ministry of Statistics and Programme Implementation, India's GDP is estimated to grow at 7.6% in FY 2025–26, maintaining its status as one of the fastest-growing major economies globally. Inflation, as measured by the Consumer Price Index (CPI), remains contained at 2.75% in January 2026 under the revised base year, although rising global oil prices and supply disruptions may pose upside risks going forward. Key growth drivers for the Indian economy include strong domestic demand, rising disposable incomes, and continued government focus on infrastructure development and policy support.

Public investment is expected to play a crucial role in sustaining economic momentum, with the Union Budget FY 2026–27 increasing capital expenditure to INR 12.21 lakh crore from INR 11.21 lakh crore in the previous year. The proposed Infrastructure Risk Guarantee Fund is aimed at enhancing private sector participation by mitigating risks associated with infrastructure development. These measures are likely to crowd in private investment, strengthen infrastructure capacity, and support long-term economic growth.

Overall, while global headwinds such as geopolitical tensions, trade disruptions, and rising energy and food prices present near-term challenges, India's strong domestic growth drivers, proactive policy measures, and continued focus on investment-led growth are expected to support economic resilience. Strengthening supply chains, maintaining inflation stability, and sustaining infrastructure investments will be critical for navigating external uncertainties and ensuring stable long-term growth.

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.

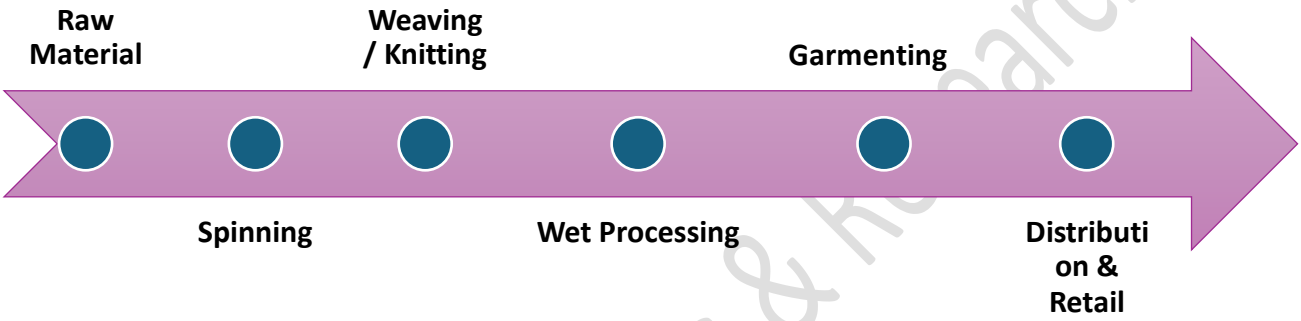
3.1 Market Segmentation

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

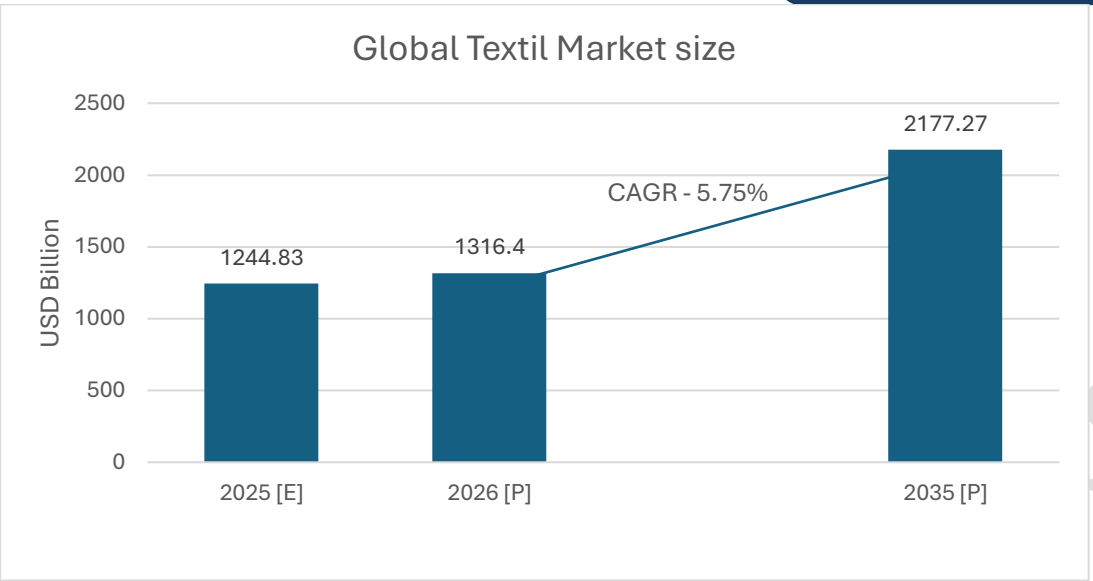
	appearance, texture, and functional characteristics. It plays a crucial role in defining the final look and performance of the textile. Given its high-water usage and chemical intensity, strict adherence to environmental regulations is essential at this stage.
Garmenting / Made ups	At this stage, fabric 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 2,177.27 billion by CY 2035 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.

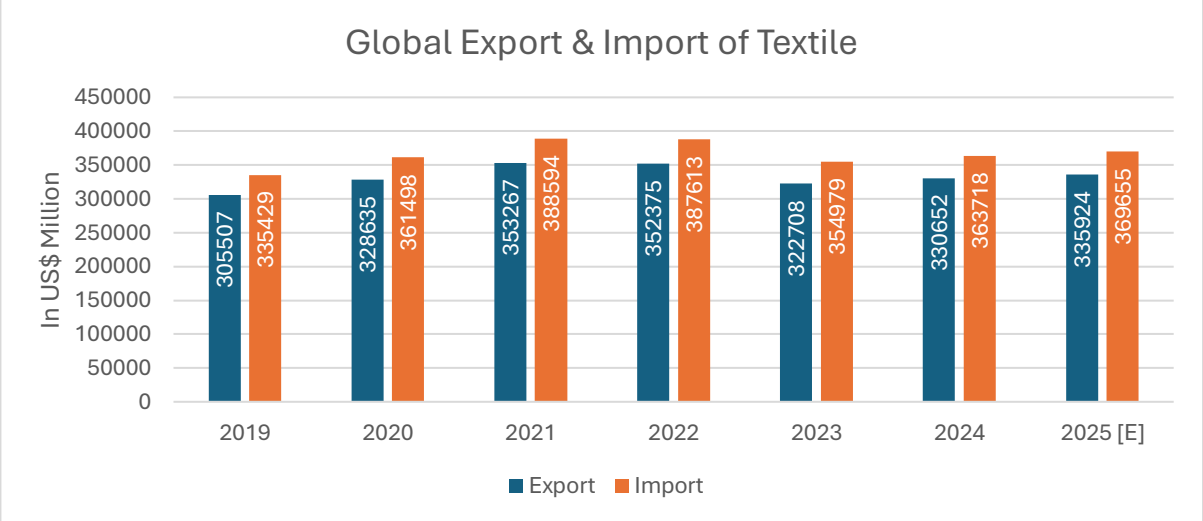
- The Government of Gujarat provides several incentives to promote industries, particularly textiles and related sectors, through schemes such as power tariff subsidies and tax setoffs. Eligible units in spinning, weaving, dyeing, processing, and garmenting can avail a ₹1 per unit power tariff subsidy 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)

Global textile trade has exhibited moderate growth with noticeable fluctuations during the period from 2019 to 2025, reflecting the impact of pandemic-related disruptions, demand normalization, and evolving global consumption patterns. Global textile exports increased from USD 305,507 million in CY 2019 to USD 353,267 million in CY 2021, supported by the post-pandemic recovery in consumer demand, restocking by global retailers, and the reopening of major economies. However, exports remained largely stable in CY 2022 at USD 352,375 million before declining to USD 322,708 million in CY 2023, primarily due to inflationary pressures, weakened consumer spending in key markets such as the United States and Europe, and inventory corrections across global supply chains. In CY 2024, exports showed signs of recovery, increasing to USD 330,652 million, and further improved to an estimated USD 335,924 million in CY 2025, indicating gradual stabilization and recovery in global textile demand.

Similarly, global textile imports followed a comparable trend, rising from USD 335,429 million in CY 2019 to USD 388,594 million in CY 2021, reflecting strong recovery in global consumption. Imports remained elevated at USD 387,613 million in CY 2022 before declining to USD 354,979 million in CY 2023 amid macroeconomic uncertainties and reduced discretionary spending. In CY 2024, imports rebounded moderately to USD 363,718 million and are further estimated to increase to USD 369,655 million in CY 2025, reflecting improving trade activity and stabilization of demand conditions.

Overall, global textile trade remains structurally strong, supported by population growth, rising apparel consumption in emerging markets, and supply chain diversification, although short-term fluctuations persist due to macroeconomic cycles, inflationary pressures, and geopolitical developments, as observed in global trade trends reported by the World Trade Organization.



Source – WTO (S13_AGG_MATE), Infomerics Analytics & Research

Top Exporting countries in Textiles


China


European Union


India

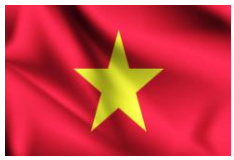

Germany


Turkiye

Top Importing Countries in Textiles


European Union


USA


Vietnam


Bangladesh


Germany

Source – WTO

The global textile trade structure highlights a clear concentration of production and consumption across regions. China remains the dominant exporter, supported by its large manufacturing base, followed by the European Union and India, which benefit from strong value-added production and raw material availability. Countries like Germany and Türkiye focus on specialized and high-quality segments. On the import side, the European Union and the United States lead due to strong consumer demand, while Vietnam and Bangladesh import textiles for processing and re-export. Overall, the data reflects a globally integrated value chain, with Asia as the production hub and developed economies as key consumption 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 USD 18764 Million in CY 2024 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.

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.

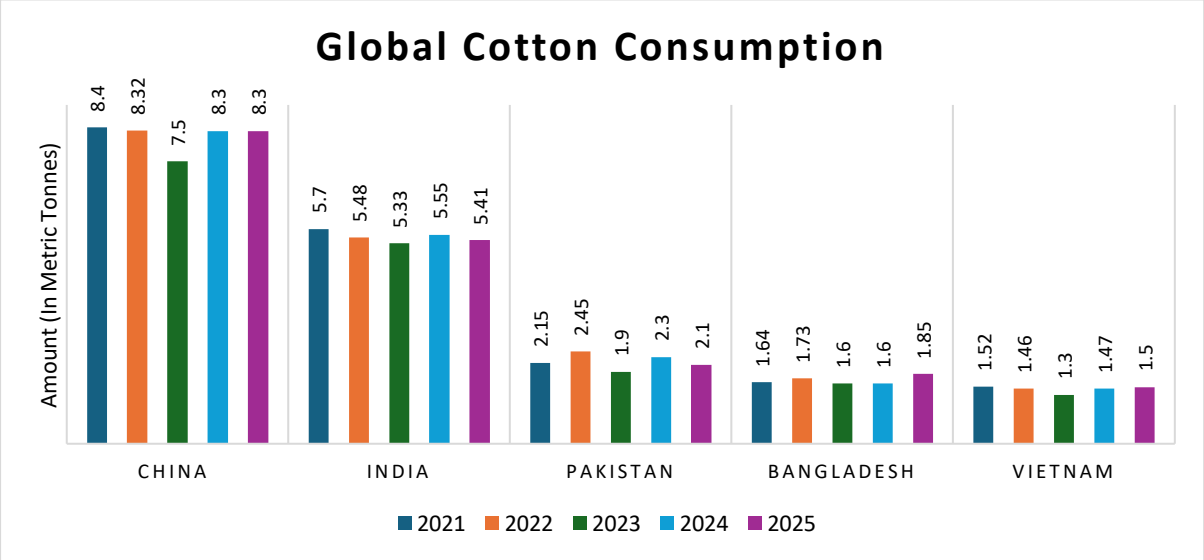
Global Production of Cotton (Top 5 Countries)

Source - 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)



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

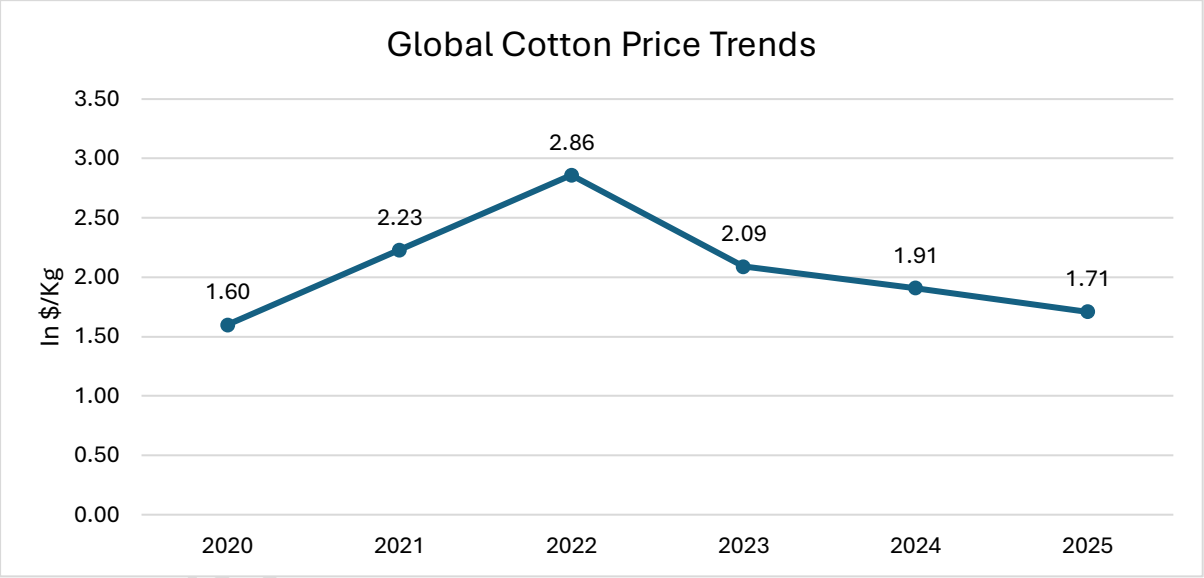
This highlights the trends in cotton consumption (in metric tonnes) from 2021 to 2025 across the leading consumer nations—China, India, Pakistan, Bangladesh, and Vietnam. China consistently ranks as the world's largest consumer of cotton, reaching a peak of 8.4 million tonnes in 2021. Although there 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 marked volatility over the period, rising from USD 1.60/kg in 2020 to a peak of USD 2.86/kg in 2022 due to pandemic-related supply chain disruptions, strong post-COVID recovery in textile demand, and higher input and logistics costs. However, from 2023 onwards, prices declined to USD 2.09/kg in 2023 and further to USD 1.91/kg in 2024, and of USD 1.71/kg in 2025. The decline in prices is primarily driven by improved global cotton production in key exporting countries such as the U.S., Brazil, and India, normalization of supply chains, easing freight and energy costs, and softer global demand due to inflationary pressures, inventory destocking by textile manufacturers, and cautious consumer spending. Together, these factors have led to a rebalancing of supply and demand, resulting in a gradual correction and stabilization of cotton prices.



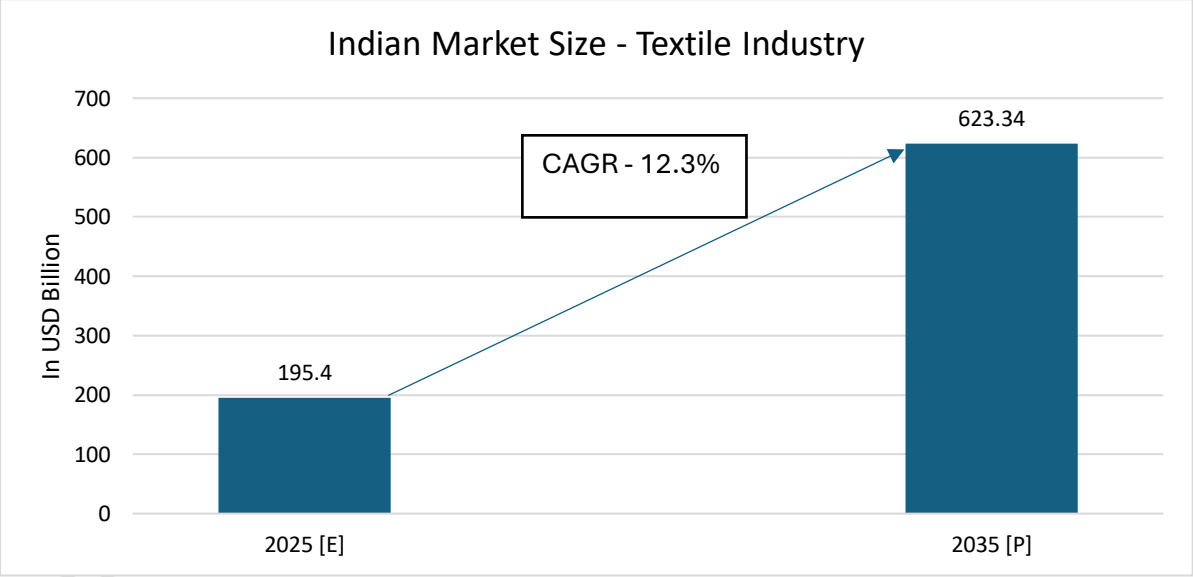
Source - World Bank, report Commodity markets outlook for February 2026.

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 estimated at USD 195.4 billion in 2025 and is projected to reach USD 623.34 billion by 2035, 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 – Infomerics Analytics & Research

Indian T&A industry contributes 2% to the country's GDP, accounts for 11% of manufacturing gross value added (GVA), and 8.63% to exports, underscoring its critical role in India's economic architecture.

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.

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.

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. 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, silky smooth	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 important raw materials for the Indian textile industry and serves as the primary natural fibre supporting yarn, fabric, and garment production. India holds a leading position globally in cotton cultivation due to its large acreage and favourable agro-climatic conditions. The crop is cultivated across several major states, with a significant portion grown under rain-fed conditions, while the remainder is supported by irrigation infrastructure. India has established itself as a key producer, consumer, and exporter of cotton, ensuring strong raw material availability for the domestic textile sector. The Cotton Corporation of India plays a crucial role in ensuring price stability and farmer protection through procurement under the Minimum Support Price mechanism, thereby maintaining a stable supply chain for textile manufacturers.

2.Jute

India is the world's largest producer of raw jute, and the crop plays a vital role in supporting the textile industry, particularly in the eastern region of the country. The jute sector provides significant employment across farming, processing, and manufacturing activities, while also supporting the livelihoods of millions of farming families. Jute mills are largely concentrated in eastern India, forming an important industrial base for natural fibre processing. The

government supports the sector through procurement operations undertaken by the Jute Corporation of India and through mandatory packaging norms under the Jute Packaging Material Act, which ensure consistent demand for jute products. This policy framework supports farmer incomes, sustains mill operations, and ensures continued availability of jute as a raw material.

3.Silk

Silk is a premium natural fibre known for its superior texture, durability, and cultural significance within the textile industry. India occupies a prominent position in global silk production and is unique in producing all major commercial varieties of silk. The sericulture sector plays an important role in rural employment and income generation, particularly in traditional silk-producing regions. The industry is characterised by low capital requirements and high labour intensity, making it an important contributor to inclusive growth. Continued focus on quality improvement, productivity enhancement, and diversification of silk varieties has strengthened the sector and ensured a stable raw material base for silk textile manufacturing.

4.Man-Made Fibre

Man-made fibre forms a critical component of the modern textile industry and supports the production of a wide range of apparel, home textiles, and technical textile products. India has developed a vertically integrated man-made fibre value chain, covering the entire spectrum from raw material production to finished goods manufacturing. With changing global consumption patterns favouring synthetic fibres, there is increasing emphasis on expanding domestic production capacity and improving quality standards. The government has introduced regulatory measures such as Quality Control Orders to ensure the availability of high-quality raw materials and protect domestic manufacturers. These initiatives are aimed at strengthening the man-made fibre ecosystem and enhancing India's competitiveness in global textile markets.

5. 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:

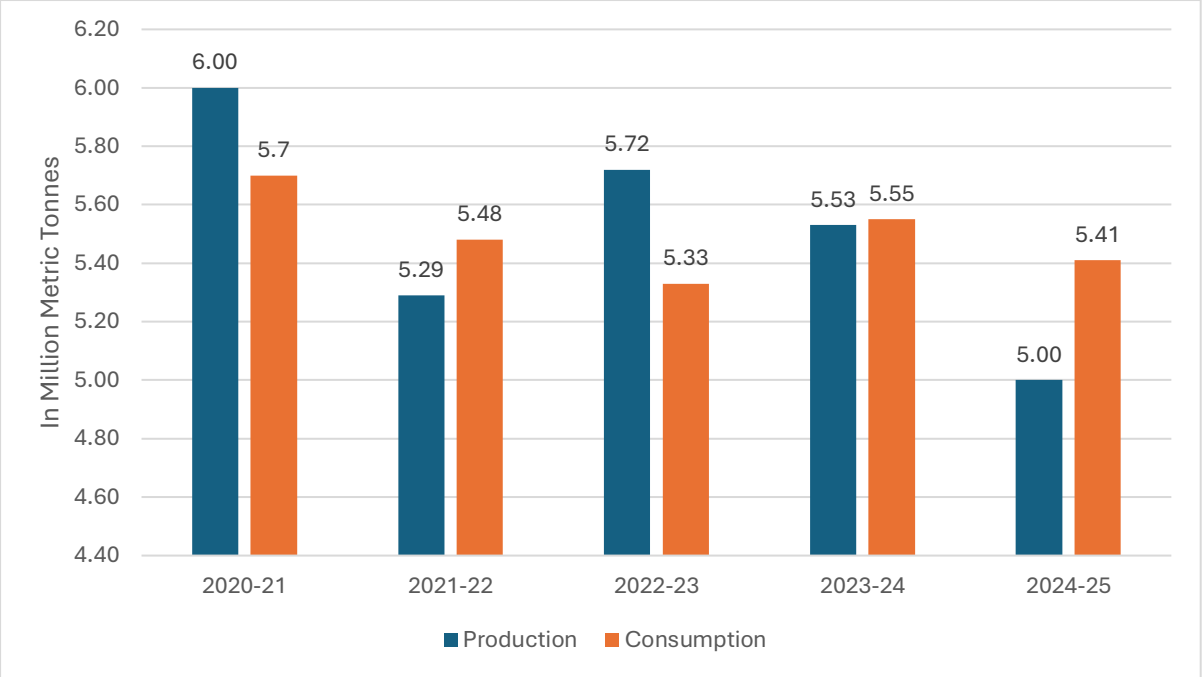
- Enhancing backward and forward linkages in the wool supply chain by improving raw wool procurement capacities of State Governments.

- 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.

3.3.3 Cotton Production & 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 is essential to assess the raw material availability, price stability, export potential, and competitiveness of India's textile exports. This section outlines recent production patterns, key drivers, and policy interventions shaping the sector.



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

The chart indicates fluctuating trends in India's cotton production and consumption over the period FY2020–21 to FY2024–25, reflecting the combined impact of acreage shifts, weather variability, and evolving domestic demand. Cotton production declined from 6.00 million metric tonnes in FY2020–21 to 5.29 million metric tonnes in FY2021–22, before recovering to 5.72 million metric tonnes in FY2022–23. However, production softened again to 5.53 million metric tonnes in FY2023–24 and is estimated to decline further to 5.00 million metric tonnes in FY2024–25, indicating supply-side pressures in recent years.

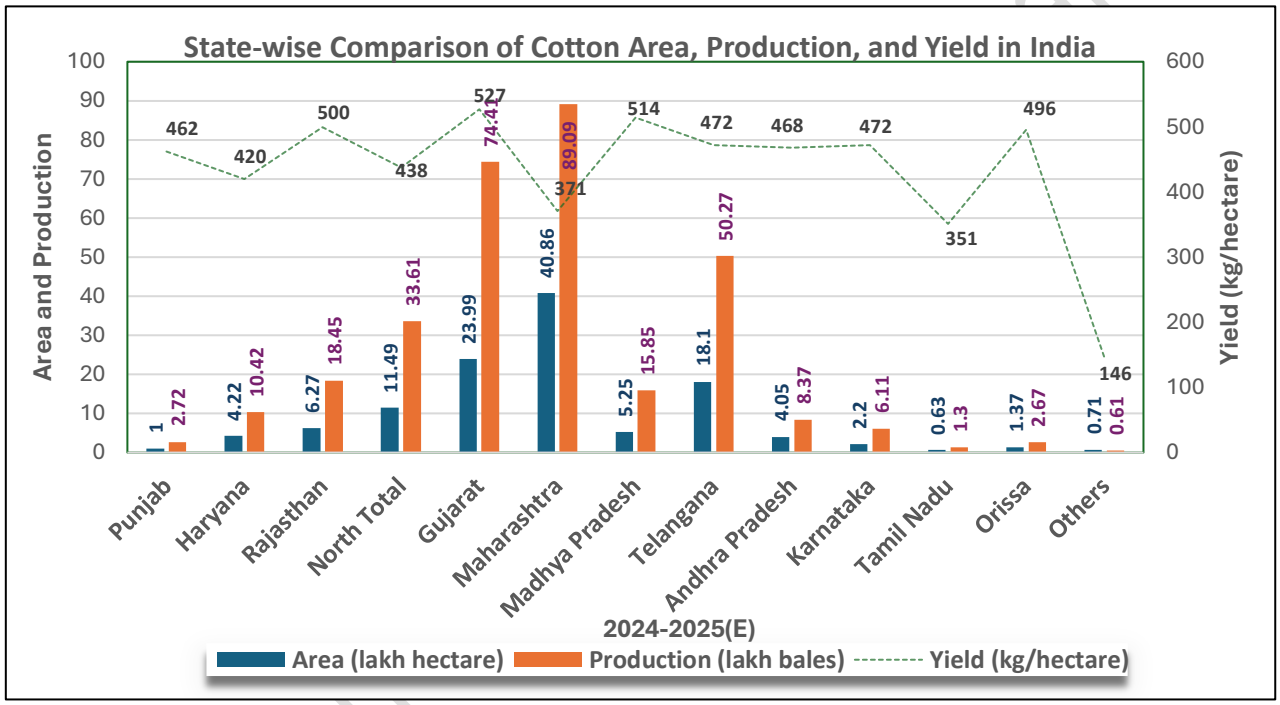
In contrast, cotton consumption has remained relatively stable to rising, increasing from 5.70 million metric tonnes in FY2020–21 to 5.48 million metric tonnes in FY2021–22, moderating slightly in FY2022–23, and then rising to 5.55 million metric tonnes in FY2023–24 and 5.41 million metric tonnes in FY2024–25. Notably, from FY2021–22 onwards, consumption consistently exceeds production, highlighting a tightening domestic supply-demand balance.

Overall, the widening gap between declining production and steady consumption suggests increased reliance on imports, drawdown of inventories, or pressure on domestic prices. These trends underline the importance of productivity improvements, stable acreage, and yield-enhancing measures to support India's cotton value chain and meet sustained domestic demand.

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.

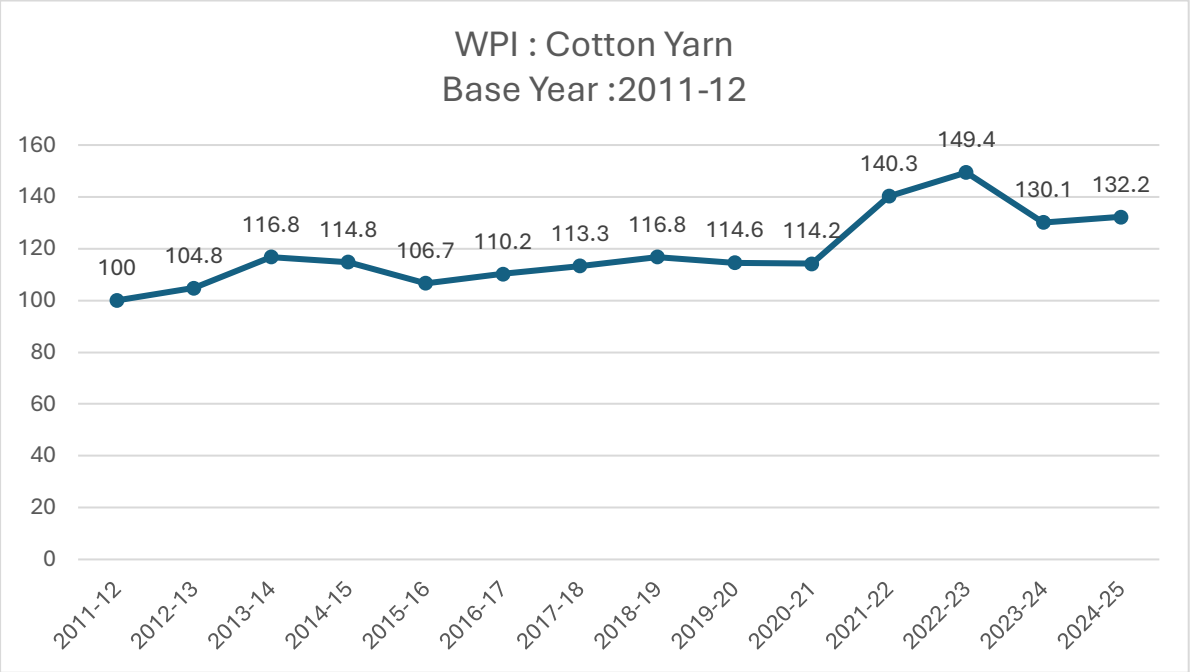
- **Types:**
    - Worsted yarn (fine and strong)
    - Woolen yarn (bulkier, warm)
- **Applications:** Sweaters, coats, shawls, carpets.

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

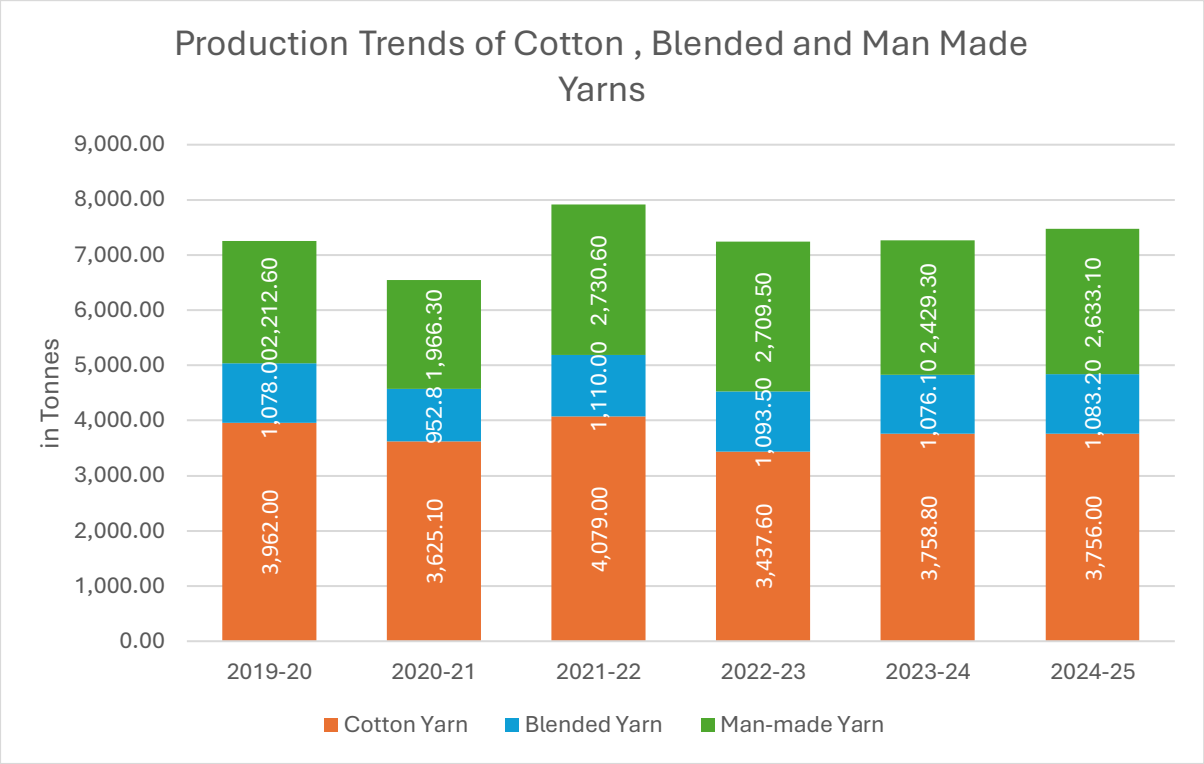
The Wholesale Price Index (WPI) for cotton yarn in India has shown a dynamic and cyclical pattern over the years, reflecting the sector's sensitivity to both domestic and global factors. Starting from the base level of 100 in 2011–12, the index registered steady inflation in the early years, peaking 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

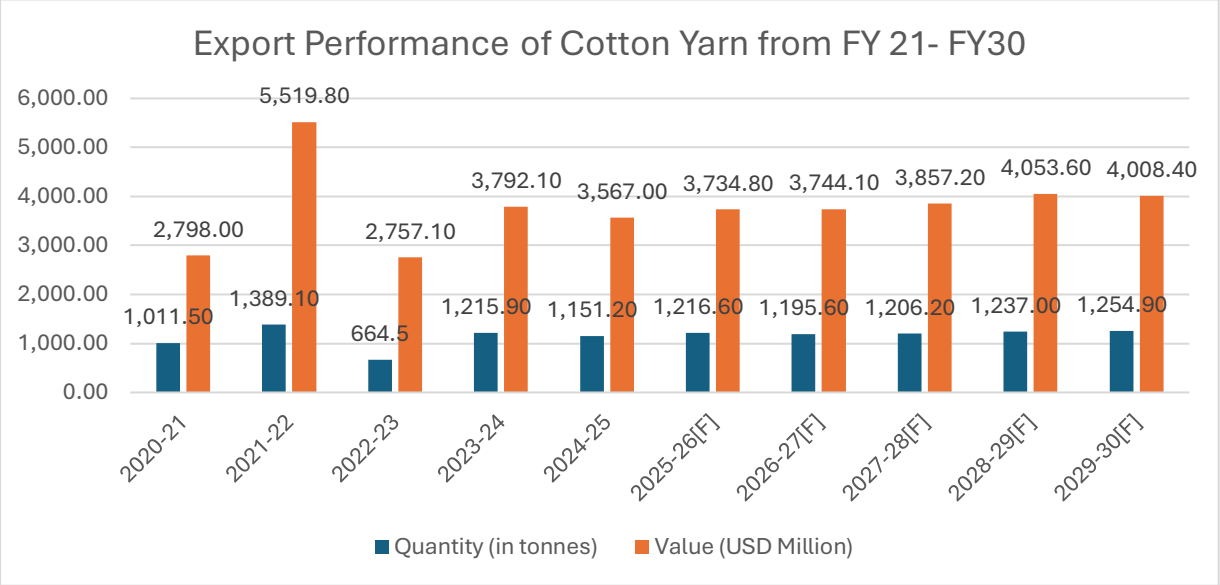


Source – CMIE, Infomerics Analytics & Research

Between 2019–20 and 2024–25, cotton yarn production in India ranged from 3,962 to 4,079 thousand 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 thousand tonnes and 1,110 thousand tonnes, reflecting consistent demand for polyester-cotton and other blends. Man-made yarn exhibited volatility, rising sharply from 2,212.60 thousand tonnes in 2019–20 to 2,730.60 thousand tonnes in 2021–22 before stabilizing around 2,429 thousand tonnes in 2023–24 and increasing to 2,633.10 in 2024-25 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. At the production level, cotton yarn manufacturing in India is largely concentrated in key textile hubs such as Tamil Nadu, Gujarat, Maharashtra, Karnataka, Uttar Pradesh, Haryana, Rajasthan, and West Bengal, supported by strong spinning infrastructure, availability of raw cotton, and established industrial ecosystems.

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.

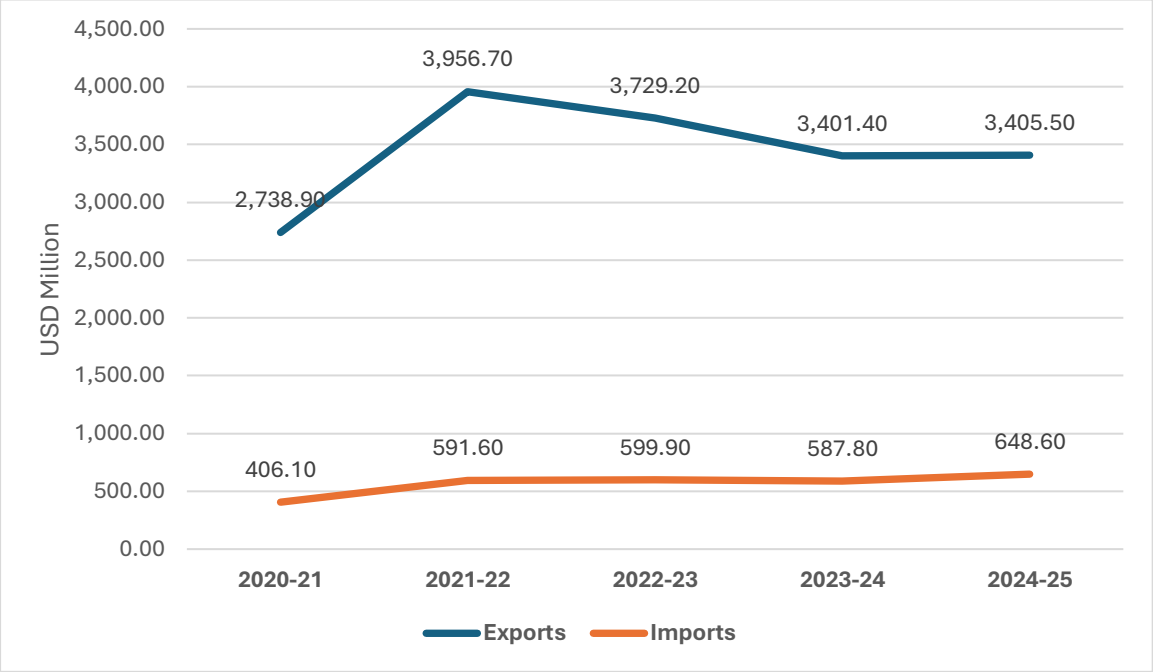
Meanwhile, production of polyester/viscose blended fabrics has witnessed a consistent upward trajectory over the five-year period. From 83,295.5 million run metres in FY 2020–21, production increased to 136,951.8 million run metres in FY 2024–25, registering a CAGR of approximately 13.1%. The sustained 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

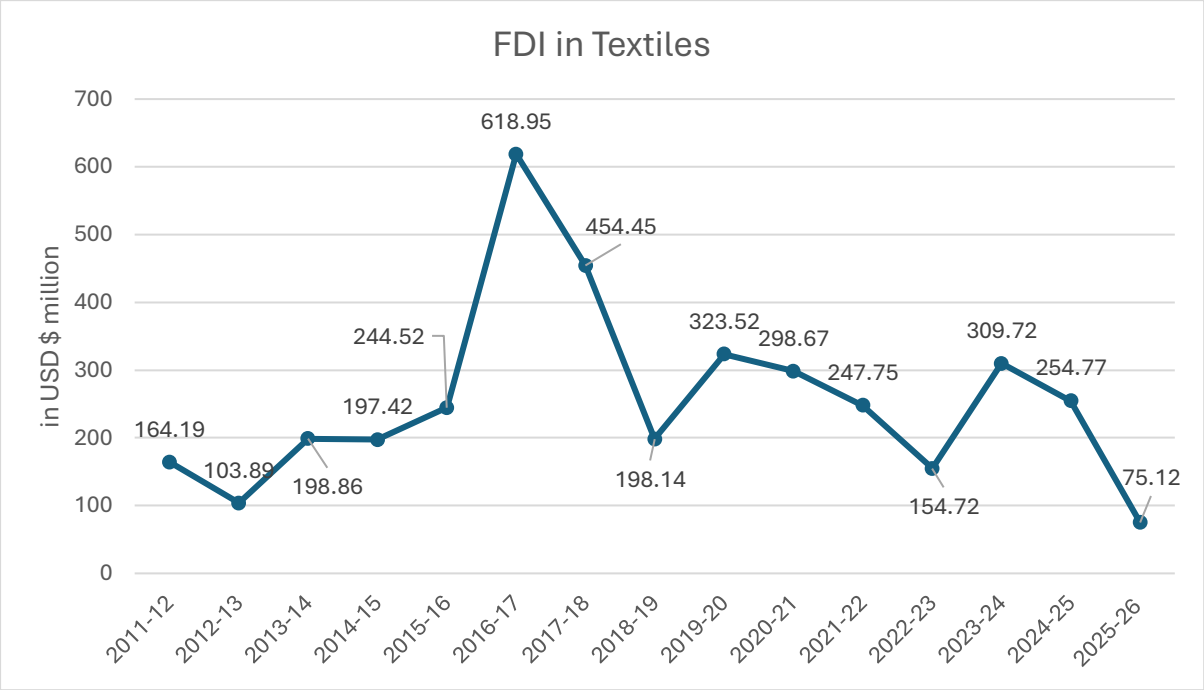
India's fabric exports registered strong growth in FY 2021–22, increasing from USD 2,738.9 million to USD 3,956.7 million, aided by post-pandemic global recovery, strong restocking demand, and stable export incentives. However, in the subsequent years, export values declined moderately to USD 3,401.4 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, Note: 2025-26 Data is Upto June 2025

Foreign Direct Investment (FDI) inflows into the textile sector in India have exhibited a fluctuating trend over the period under review, reflecting changing global investment sentiment, policy developments, and cyclical dynamics within the textile industry. The sector witnessed moderate inflows during the early years, followed by a significant surge in the mid-period, and thereafter experienced volatility with intermittent recovery.

FDI inflows increased substantially during the middle of the period, reaching a peak driven by increased investor interest, supportive government policies, and expansion of export-oriented manufacturing capacity. This surge was followed by a correction phase, as inflows moderated due to global economic uncertainties, supply chain disruptions, and shifting investment priorities.

In recent years, the sector has shown mixed trends, with certain years witnessing recovery supported by policy initiatives such as the Production Linked Incentive (PLI) Scheme, improving ease of doing business, and growing global interest in diversifying textile sourcing bases. However, the latest year reflects a sharp decline, which may be attributable to provisional data, global macroeconomic uncertainty, and cautious investor sentiment.

Overall, between FY2011-12 and FY2024-25, FDI inflows in the textile sector increased from USD 164.19 million to USD 254.77 million, registering a compound annual growth rate (CAGR)

of approximately 3.44%. This indicates moderate long-term growth in foreign investment, despite year-to-year volatility.

The overall trend reflects sustained foreign investor interest in India's textile sector, supported by structural advantages such as availability of raw materials, large labour base, integrated value chain, and government initiatives aimed at enhancing manufacturing competitiveness. Going forward, continued policy support, infrastructure development, and global supply chain realignment are expected to support steady growth in FDI inflows into the sector.

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

Recent trade developments involving the United States, India, and the European Union are expected to positively influence India's textile export outlook. Trade discussions between the United States and India have led to a reduction in reciprocal tariffs from 25% to 18%, improving India's relative tariff position in the U.S. market. This revision alters the competitive dynamics among Asian textile-exporting countries supplying to the U.S., the world's largest textile and apparel import market.

Tariff comparison with competitors:

- Vietnam: 20%
- Bangladesh: 20%
- Cambodia: 19%
- Pakistan: 19%
- China: 30%
- India: 18%

With the reduction to 18%, the tariff imposed by the U.S. on Indian exports is now broadly comparable to key Asian exporters and materially lower than China. This improvement enhances India's price competitiveness in the U.S. market and reduces the earlier disadvantage vis-à-vis countries such as Vietnam, Bangladesh, and Cambodia, which have historically benefited from preferential or lower-duty access.

In addition to developments in the U.S. market, India has concluded negotiations on the India–European Union Free Trade Agreement on 27 January 2026, which is expected to be signed later in 2026 and become effective by early 2027. The agreement is considered transformational for India's textile and apparel sector, as it provides zero-duty access for textiles and clothing across all tariff lines in the European market, with tariff reductions of up to 12%. The agreement is expected to significantly expand India's textile and garment exports to the European market by improving duty conditions, particularly benefiting labour-intensive segments of the value chain such as garments, home textiles, and made ups.

For the textile industry, the revised tariff structure is expected to support export order stability, particularly in value-added segments where price sensitivity is high. Improved competitiveness may help sustain capacity utilisation across major textile clusters such as Tiruppur, Surat, Ludhiana, and Bengaluru, while also supporting employment across the spinning, weaving, processing, and garmenting value chain.

Over the medium term, the tariff rationalisation is likely to encourage incremental export-oriented investments, strengthen India's role in diversified global sourcing strategies, and partially offset demand pressures arising from geopolitical and macroeconomic uncertainties. While competition from other Asian exporters remains intense, the narrowing of tariff differentials reduces the risk of large-scale order diversion away from India.

In the longer term, continued engagement through trade negotiations and alignment with U.S. sourcing requirements, combined with a shift towards higher-value and differentiated products, could further improve India's positioning in the U.S. textile supply chain and reduce over-dependence on any single export market.

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 INR 4,122, while that for urban households stood significantly higher at INR 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 INR 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 INR 395.97 per capita. Collectively, the national average per capita expenditure on clothing, bedding and footwear amounted to INR 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

India's textile industry especially the fabric manufacturing segment is poised for strong growth due to favourable demographic trends, increasing demand for quality and performance fabrics, integrated domestic value chains, and supportive policy frameworks. A combination of local and global shifts is expected to reshape the fabric manufacturing landscape over the next decade.

Market Drivers and Impact Assessment

(All values represent directional impact based on industry estimates and qualitative analysis)

Driver	Impact		
	1-2 Years	3-4 Years	5-7 Years
1. Favourable demographics with young and fashion-conscious population	High	High	Moderate
2. Rise in income levels and discretionary spending	High	High	High
3. Government policy support (PM MITRA, PLI, ATUFS)	High	High	High
4. Global realignment in sourcing (China+1 Strategy)	Moderate	High	High
5. Increasing demand for sustainable and eco-friendly wool products	Moderate	High	High
6. Expansion in demand for functional and technical fabrics	Moderate	High	High
7. Digitalisation and direct-to-business (D2B) channels for fabric	High	High	Moderate
8. Rise in woolen apparel demand for winter and fashion markets	Moderate	High	High
9. Sustainability push and compliance with ESG mandates	Moderate	High	High
10. Urbanisation and growth in organised apparel manufacturing	High	High	High

Source – Infomerics Analytics & Research

Detailed Driver Commentary

1. **Favourable Demographics with Young and Fashion-Conscious Population**
   India's youth-driven population is influencing demand for fashion-forward, easy-care, and functional textiles. As fashion cycles shorten, there is increasing demand for innovative fabrics with customisable properties (e.g., stretch, wrinkle-resistance, blends), which creates consistent downstream pull for yarn-to-fabric manufacturers.
2. **Rise in Income Levels and Discretionary Spending, Especially in Tier II/III Cities**
   Growth in household incomes, especially in Tier II and III cities, is fuelling consumption of branded apparel and lifestyle textiles. The demand shift from basic to value-added fabrics is expanding opportunities for fabric manufacturers catering to premium shirting, ethnic wear, kids wear, and home textiles.
3. **Government Policy Support (PLI, PM MITRA, ATUFS)**
   Schemes such as the Production Linked Incentive (PLI) for MMF and Technical Textiles, PM MITRA Parks, and ATUFS are aimed at enhancing manufacturing capabilities across the textile value chain. Fabric manufacturers benefit directly through access to subsidised capital, common infrastructure, and lower logistics cost, supporting competitiveness and capacity expansion.
4. **Global Realignment in Sourcing (China+1 Strategy)**
   Geopolitical shifts and buyer diversification strategies are positioning India as a strategic alternative for global fabric sourcing. With established yarn-to-fabric capabilities, Indian players are well-positioned to meet the rising demand from global apparel manufacturers looking to derisk from China.
5. **Increasing demand for sustainable and eco-friendly wool products**
   Rising consumer awareness regarding sustainability, biodegradability, and environmental impact of textiles is driving preference for natural fibres such as wool over synthetic alternatives. Wool's renewable, biodegradable, and recyclable nature aligns well with ESG norms and global sustainability standards, especially in export-oriented markets. This trend is expected to strengthen over the medium to long term, benefiting wool yarn and wool top manufacturers with compliant sourcing and traceable supply chains.
6. **Expansion in Demand for Functional and Technical Fabrics**
   There is growing demand for performance and functional fabrics (e.g., anti-microbial, UV-resistant, moisture-wicking) across categories such as workwear, sportswear, healthcare, and home furnishings. Fabric manufacturers are responding by investing in specialised yarns and differentiated finishing technologies.
7. **Digitalisation and Direct-to-Business (D2B) Channels for Fabric**
   The emergence of online B2B platforms and digital cataloguing is enabling fabric manufacturers to directly connect with garment exporters, domestic brands, and retailers. This reduces dependency on intermediaries and enables faster demand discovery and inventory management.

8. **Rise in Woolen Apparel Demand for Winter and Fashion Markets**
   Growing demand for premium winter wear, coupled with increased use of wool in fashion-led and lifestyle apparel, is supporting consumption of woolen yarns. Changing fashion trends, higher spending on branded and organized apparel, and expanding domestic as well as export markets are driving demand for fine-quality wool yarns. Seasonal demand stability is improving due to diversified applications of wool across formal, casual, and blended apparel categories.
9. **Sustainability Push and Compliance with ESG Mandates**
   Global buyers are increasingly enforcing ESG and traceability standards across their supply chains. Indian fabric manufacturers adopting sustainable fibres, energy-efficient machinery, and green processing technologies are better positioned to meet export requirements and gain long-term sourcing preference.
10. **Urbanisation and Growth in Organised Apparel Manufacturing**
    The expansion of apparel manufacturing in semi-urban clusters and industrial parks is driving consistent demand for quality woven and knitted fabrics. Urbanisation is also boosting demand for functional and aesthetic textiles in segments like home furnishings, uniforms, and women's ethnic wear.

4.2 Market Restraints and Challenges

Despite the strong policy support and structural demand drivers, the Indian textile industry particularly for companies engaged in fabric manufacturing from yarn faces a range of challenges that may moderate its growth trajectory. Key constraints include raw material dependency, infrastructure gaps, rising ESG compliance costs, and competitive pressures from global low-cost manufacturing hubs.

Market Restraints and Impact Assessment

(*All values represent directional impact based on industry estimates and qualitative analysis*)

Restraint	Impact		
	1–2 Years	3-4 Years	5-7 Years
1. Fragmented industry structure and lack of scale in MSMEs	High	Moderate	Moderate
2. Decline in sheep numbers in traditional wool producing countries	Moderate	High	High
3. Outdated technology and low productivity in unorganised weaving/processing units	High	Moderate	Low
4. Rising global competition from low-cost fabric and apparel exporters	Moderate	High	High
5. Environmental compliance and sustainability-related pressures	Moderate	High	High
6. Environmental scrutiny and sustainability pressures specific to wool sourcing and animal-welfare practices	Moderate	High	High
7. Competition from emerging plant-based biofibers impacting wool applications	Low	Moderate	High

Source – Infomerics Analytics & Research

Detailed Restraint Commentary

1. **Fragmented Industry Structure and Lack of Scale in MSMEs**
   The Indian fabric manufacturing segment is dominated by small and medium-scale players, often operating in cluster-based ecosystems with limited vertical integration. These units typically face challenges in accessing modern technology, institutional finance, and international buyers, which affects their scalability, cost efficiency, and quality consistency.
2. **Decline in sheep numbers in traditional wool producing countries**
   Reduction in sheep populations in key wool-producing regions due to climatic factors, changing land use, and lower farm profitability has constrained global wool supply. This

may result in tighter availability, higher raw material prices, and increased procurement volatility for wool processors and manufacturers.

3. **Outdated technology and low productivity in unorganised weaving/processing units**
   While larger mills have adopted automation, a significant portion of the weaving and dyeing/finishing ecosystem still relies on legacy looms and manual processes. This leads to lower output per loom, higher defect rates, and difficulty meeting global quality standards, particularly in bulk or export-oriented orders.
4. **Rising Global Competition from Low-Cost Fabric and Apparel Exporters**
   Countries such as Bangladesh, Vietnam, and China continue to offer cost advantages due to better infrastructure, focused export incentives, and economies of scale. Indian fabric exporters face price pressures and longer lead times, especially in segments where buyers prioritize cost efficiency and reliability.
5. **Environmental Compliance and Sustainability-Related Pressures**
   With growing demand for eco-certified fabrics and sustainable production practices, manufacturers must invest in effluent treatment plants (ETPs), waterless dyeing technologies, and environment-friendly chemicals. For small and mid-sized processors, compliance costs are significant and affect profitability.
6. **Environmental scrutiny and sustainability pressures specific to wool sourcing and animal-welfare practices**
   Increasing focus on sustainability and animal-welfare standards has led to heightened scrutiny of wool sourcing practices by regulators, global brands, and end consumers. Compliance with animal-welfare certifications, traceability norms, and sustainability benchmarks may increase sourcing and compliance costs and could limit acceptance of wool products among certain buyers if standards are not met.
7. **Competition from emerging plant-based biofibers impacting wool applications**
   The development and adoption of plant-based and alternative biofibers in apparel and technical applications pose competitive pressure on wool. These substitutes, often positioned as sustainable or cost-efficient alternatives, may limit growth in certain wool end-use segments over the medium to long term.

5. Government Initiatives and Policy Support

The Government has undertaken multiple policy initiatives and schemes aimed at strengthening the textile sector across the value chain, improving global competitiveness, attracting investments, enhancing employment generation, and supporting both modern and traditional segments of the industry. These initiatives focus on scale creation, infrastructure development, technology upgradation, skilling, and export promotion.

1. **Production Linked Incentive (PLI) Scheme for Textiles**
   The Government approved the Production Linked Incentive (PLI) Scheme for Textiles on September 8, 2021, with a total outlay of INR 10,683 crore over a five-year period. The scheme is designed to promote large-scale manufacturing of man-made fibre (MMF) apparel, MMF fabrics, and technical textile products, with the objective of achieving scale, improving cost competitiveness, and enhancing export potential. Financial years 2022–23 and 2023–24 were designated as gestation periods, while the performance period extends from FY2024–25 to FY2028–29. Under the scheme, 64 applications have been approved, involving proposed investments of approximately INR 19,798 crore, projected turnover of about INR 1.94 lakh crore, and estimated employment generation of over 2.45 lakh persons.
2. **PM MITRA Parks and Textile Cluster Development**
   The Government approved setting up of 7 PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks in Greenfield/Brownfield sites with an outlay of INR 4445 crore for a period of 7 years up to 2027-28. Investment MoUs with expected investment potential of INR 27,434 crore+ have been signed. Infrastructure works worth INR 2590.99 crore have been started by all 7 State Governments. The scheme is expected to generate employment of 3 lakhs (1 lakh direct and 2 lakhs in direct) with an estimated investment of ₹10,000 crore per park.

3. **National Technical Textiles Mission (NTTM)**
   The National Technical Textiles Mission has been launched to position the country as a global leader in technical textiles. The mission focuses on research, innovation, and product development; promotion and market development; skilling and training of the workforce; and export promotion. The mission supports development of high-

performance textiles for applications in sectors such as healthcare, infrastructure, defence, automotive, and industrial uses.

4. **SAMARTH – Scheme for Capacity Building in the Textile Sector**

   The SAMARTH scheme is a demand-driven, placement-oriented skilling initiative aimed at addressing the requirement for skilled manpower across the textile value chain. The scheme focuses on training unemployed youth, women, and underprivileged sections of society to improve employability, productivity, and workforce availability in textile manufacturing and allied activities.

5. **Amended Technology Upgradation Fund Scheme (ATUFS)**

   The Amended Technology Upgradation Fund Scheme (ATUFS) provides capital investment subsidies to encourage technology upgradation and modernisation of textile units. The scheme incentivises investment in benchmarked machinery, supporting improvements in productivity, quality, and cost efficiency, particularly in spinning, weaving, and processing segments.

6. **Silk Samagra-2**

   This scheme supports the holistic development of India's sericulture sector. It offers support across the value chain, including research, rearing, cocoon production, silk yarn processing, and marketing. The scheme aims to increase raw silk productivity and encourage livelihood generation in rural areas.

7. **National Handicrafts Development Programme (NHDP)**

   The National Handicrafts Development Programme (NHDP) is designed to provide comprehensive and need-based support to artisans engaged in the handicrafts sector. The scheme focuses on strengthening livelihoods through skill upgradation, design development, technology support, and marketing assistance. Under NHDP, support is extended for organising domestic and international exhibitions, buyer–seller meets, branding initiatives, and e-commerce enablement to improve market access for handicraft products. The programme also facilitates training and capacity-building initiatives to enhance productivity, product quality, and income levels of artisans, while promoting preservation of traditional crafts.

8. **Comprehensive Handicrafts Cluster Development Scheme (CHCDS)**

   The Comprehensive Handicrafts Cluster Development Scheme (CHCDS) adopts a cluster-based approach to develop handicraft clusters with significant artisan concentration. The scheme aims to address structural gaps by providing integrated support for infrastructure development, common facility centres, raw material banks, technology upgradation, and design studios within identified clusters. CHCDS also promotes formation of producer groups and producer companies to improve collective bargaining power, operational efficiency, and sustainability of artisan communities. The scheme focuses on long-term development of clusters by improving scale, formalisation, and value addition, thereby enhancing competitiveness of handicraft products in domestic and export markets.

9. Cotton Sector reforms

The cotton sector supports 6 million farmers and 40–50 million people across value chains. To enhance transparency, the Kapas Kisan mobile app was launched, enabling farmer self-registration and slot booking. The 'Kasturi Cotton Bharat' Programme was launched, to enhance the global market acceptance of Indian cotton. Additionally, the Quality Control Order (QCO) 2023 for cotton bales has been deferred till August 2026.

Recent Regulatory and Trade Developments – India–EU FTA and Tariff Rationalisation by the US

India and the European Union (EU) concluded negotiations on a comprehensive Free Trade Agreement (FTA) on 27 January 2026, which is expected to be signed later in 2026 and become effective by early 2027. Trade developments add another layer to the outlook. A transformational trade deal for India's T&A sector, the India-EU FTA offers zero duty access in textiles and clothing, covering all tariff lines and reduces tariffs by up to 12%. It lowers duties of up to 10.5% in Indian wooden, bamboo, and handcrafted furniture. The India–EU FTA could significantly expand India's textile and garment exports to the European market by improving duty conditions, particularly benefiting labour-intensive segments.

In parallel, the United States announced an immediate reduction in tariffs on Indian goods to 18% from 50% in February 2026, which is expected to provide near-term support to India's apparel exports, offering an earlier boost compared to the EU FTA.

The EU FTA incorporates defined Rules of Origin (RoO), including specific processing and change-in-tariff-classification norms. These requirements are not expected to pose material challenges for Indian exporters, given India's strong domestic manufacturing base, high degree of backward integration, and limited dependence on third-country inputs. The agreement is expected to place India on par with countries currently enjoying zero-duty access under the EU's Generalised Scheme of Preferences (GSP).

The EU, being the world's largest apparel importer with imports of USD 202.8 billion in 2024-25, represents a significant growth opportunity. India's current share of the EU apparel market is expected to improve post-FTA, supported by rising exports and potential market share gains from competitors such as Bangladesh, which is set to lose its LDC status in November 2026. India's advantages in raw cotton availability, integrated supply chains, and compliance with stringent RoO norms are expected to support sustained export growth.

Overall Impact:
These trade developments are expected to positively impact the Indian textile and apparel industry by improving market access, enhancing export competitiveness, supporting capacity utilisation, and strengthening India's positioning as a reliable global sourcing destination over the medium to long term.

Recent Budgetary Developments – Union Budget 2026–27 and Government Support for the Textile Industry

The Union Budget 2026–27 has further strengthened the Government of India's focus on the textile and apparel sector through a comprehensive set of policy initiatives aimed at enhancing competitiveness across the value chain. Key measures include the introduction of the National Fibre Scheme, which seeks to promote self-reliance and stability in the availability of natural, man-made and specialised fibres, thereby strengthening raw material security and reducing input cost volatility. The Budget also emphasises modernisation of textile clusters, development of integrated textile parks, and promotion of technical and value-added textiles to improve scale efficiencies and productivity. Continued support for traditional segments such as handloom, handicrafts and khadi is expected to support employment generation and inclusive growth. Further, the government has reiterated its commitment to skill development through Samarth 2.0, an enhanced skilling programme aimed at improving workforce quality, productivity and industry alignment. Export-facilitative measures, including improved flexibility in meeting export obligations and better access to trade finance, are expected to ease operational constraints and support export growth. Overall, the measures announced in the Union Budget 2026–27 is expected to have a positive impact on the Indian textile industry by encouraging investment, strengthening backward integration, improving skill availability and supporting sustainable, export-led growth over the medium to long term.

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 PESTEL framework provides a structured assessment of the external macro environmental factors that influence the industry's operating landscape. It examines the political, economic, social, technological, environmental, and legal dimensions that collectively shape industry performance, regulatory evolution, and strategic direction. This analysis enables a comprehensive understanding of the opportunities and challenges impacting market stability, investment potential, and long-term sectoral growth.

PESTEL Factor	Key Considerations
Political	• Policy initiatives supporting textile parks, modernization, and export promotion aid sectoral growth. • State-level industrial incentives and infrastructure support facilitate capacity expansion. • Import duties and trade policies on greasy and raw wool directly influence procurement costs. • Stability of trade relations with major wool-supplying regions affects raw material availability. • Policy support for technology upgradation in spinning units improves productivity and efficiency.
Economic	• Rising income levels and discretionary spending support demand for apparel and textile products. • Global economic cycles influence export demand for fabrics and garments. • High dependence on imported wool exposes manufacturers to foreign exchange volatility. • Seasonal pricing and premium nature of wool impact cost structures and margins. • Working-capital-intensive nature of yarn spinning affects scalability and profitability.
Social	• Urbanisation and changing lifestyles drive growth in organized and branded apparel. • Increasing fashion consciousness boosts demand for diversified textile offerings. • Growing preference for natural, sustainable fibres supports wool consumption. • Rising demand for premium woollen apparel in winter season aids market stability.

Technological	• Automation and digitisation across manufacturing processes improve efficiency and traceability. • Adoption of advanced machinery enhances quality consistency and reduces wastage. • Technological advancements in wool processing improve fibre quality and yield. • R&D in fine wool and functional blends enhances product differentiation. • Modern spinning technologies enable production of finer and value-added yarns.
Environmental	• Increasing regulatory focus on energy efficiency, emissions, and waste management. • Growing emphasis on sustainable manufacturing practices across the value chain. Wool's renewable and biodegradable nature aligns with sustainability objectives. • Climate variability affects sheep farming and raw wool supply cycles. • Energy and water consumption norms impact spinning operations and cost efficiency.
Legal	• Compliance with labour laws, wage regulations, and workplace safety norms. • Environmental regulations governing effluents, emissions, and solid waste disposal. • Import regulations and quality standards applicable to raw wool procurement. • Traceability and certification requirements for wool in export markets. • Adherence to quality specifications and contractual obligations in yarn supply.

8. Competitive Landscape

The Indian textile industry is undergoing a strategic shift marked by rising domestic consumption, shifting global sourcing patterns, increasing digitisation, and growing demand for sustainable and value-added fabrics. The competitive environment features a wide spectrum of players including vertically integrated mills, regional MSME clusters, large-scale exporters, institutional suppliers, and digital-first B2B platforms. As the industry transitions from volume-driven commodity manufacturing to quality-driven, differentiated production, fabric manufacturers are increasingly leveraging technology, branding, and scale to build competitive advantage

8.1 Key Factors shaping competition

The textile industry operates in a highly competitive environment influenced by structural characteristics of the manufacturing ecosystem, availability and cost of raw materials, scale of operations, and ability to meet quality and compliance requirements of institutional buyers. Key factors shaping competition in the industry are:

1. **Scale and integration of operations**
   Larger players with integrated manufacturing capabilities across spinning, processing, and finishing benefit from economies of scale, improved cost control, and greater flexibility in meeting customer requirements, thereby strengthening their competitive position.
2. **Access to raw material and sourcing efficiency**
   Efficient procurement networks and long-term relationships with raw material suppliers enable better price negotiation, consistent quality, and reduced supply disruptions, which are critical in a raw-material-intensive industry.
3. **Technology adoption and operational efficiency**
   Investment in modern machinery, automation, and process optimisation improves productivity, reduces wastage, and ensures uniform quality, providing a competitive advantage over less technologically advanced players.
4. **Working capital management and financial strength**
   The ability to manage high inventory levels, longer operating cycles, and exposure to raw material price and currency volatility is a key differentiator, particularly in capital-intensive manufacturing segments.
5. **Capability to process and handle premium wool**
   Expertise in handling fine and premium wool fibres, including advanced combing and spinning processes, enhances product quality and enables participation in higher-margin market segments.
6. **Compliance, traceability, and quality consistency**

Ability to meet stringent quality standards, sustainability expectations, and traceability requirements of institutional and export customers influences long-term competitiveness and customer retention.

8.2 Competitive Strategies

Participants in the textile industry adopt a range of strategies to sustain operations, improve market positioning, and manage risks arising from raw material volatility, competitive intensity, and evolving customer requirements. Key strategies are:

1. **Operational efficiency and cost optimisation**
   Continuous improvement in manufacturing processes, capacity utilisation, and cost controls enables players to maintain competitive pricing and protect operating margins.
2. **Process standardisation and operational consistency**
   Emphasis on standardised operating procedures and process discipline supports consistency in output quality, reduces operational variability, and improves execution across production cycles.
3. **Quality assurance and compliance for wool processing**
   Wool processing requires strict adherence to quality parameters such as fibre fineness, strength, and contamination control. Compliance with customer specifications, sustainability standards, and traceability requirements is critical to maintain credibility with institutional buyers.
4. **Supply chain management for wool procurement**
   Efficient procurement of wool through long-term supplier relationships, inventory optimisation, and logistics planning helps mitigate risks arising from dependence on imported raw material and price volatility.
5. **Financial discipline and working capital management**
   Prudent management of liquidity, receivables, and operating cycles supports uninterrupted operations and enhances financial resilience.

8.3 Barriers to Entry

The textile industry is characterised by structural and operational entry barriers that limit the ability of new participants to establish sustainable operations. These barriers arise from capital requirements, supply chain dependencies, compliance obligations, and the need for operational scale and credibility with institutional customers. Various barriers to entry in the industry are:

1. **High capital investment requirements**
   Establishing manufacturing operations involves significant investment in land, buildings, machinery, and utilities, increasing the initial cost of entry and extending the break-even period.
2. **Working capital intensity**
   Operations require maintenance of high inventory levels, longer operating cycles, and exposure to input price volatility, resulting in substantial working capital requirements for sustained operations.
3. **Customer qualification and credibility requirements**
   Institutional customers typically require suppliers to undergo qualification processes and demonstrate consistent quality and delivery performance before approval, limiting immediate market access for new entrants.
4. **Regulatory and compliance complexity**
   Compliance with labour, environmental, safety, and operational regulations increases administrative burden and execution risk, particularly for first-time entrants.
5. **Access to consistent wool sourcing**
   Reliable procurement of quality wool is supported by established relationships with domestic and overseas suppliers, which may be difficult for new entrants to develop in the initial stages.
6. **Technical expertise in wool processing**
   Handling and processing wool, particularly fine and premium fibres, requires specialised process knowledge and operational expertise, creating entry challenges for inexperienced players.

8.4 Consolidation Trends

The industry has been witnessing gradual consolidation driven by cost pressures, compliance requirements, capital intensity, and evolving customer expectations. These trends are leading to a shift in market share towards organised and financially stronger participants, while smaller and less efficient players face challenges in sustaining operations over the long term. Key trends in the industry are:

1. **Shift towards scale-driven manufacturing platforms**
   The industry is witnessing a gradual consolidation of capacities as manufacturers increasingly focus on achieving scale to optimise procurement efficiencies, overhead absorption, and operating costs, supporting improved competitiveness and margin stability.
2. **Rationalisation of unorganised and sub-scale capacities**
   Rising capital investment requirements, compliance costs, and operational complexities are leading to selective exits and capacity rationalisation among smaller and unorganised units, resulting in a gradual shift of production towards organised players.
3. **Streamlining of vendor base by institutional buyers**
   Procurement practices of organised and institutional buyers are evolving, with greater emphasis on quality consistency, delivery reliability, and compliance standards, leading to a more concentrated and stable vendor ecosystem.
4. **Improved access to capital for established entities**
   Entities with stronger balance sheets, governance standards, and operating track records are better positioned to access institutional financing for expansion and working capital, supporting incremental consolidation over the medium term.
5. **Consolidation of specialised wool processing infrastructure**
   In the wool segment, high capital intensity and technical complexity associated with scouring, combing, and fine wool processing are contributing to concentration of capacity among fewer, well-established players.
6. **Movement towards integrated wool value chains**
   Manufacturers are increasingly adopting integrated operating models across wool processing and spinning stages to enhance quality control, traceability, and operational coordination, supporting long-term efficiency and customer alignment.

8.5 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.

8.6 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.

8.7 Financial Performance Analysis

Key Indicators (in INR Lakhs)	Aastha Spintex Limited			
	FY 2023	FY 2024	FY 2025	FY 2026 (Till December 2025)
Total Operating Income	23926.50	30486.16	35116.02	31328.50
EBITDA	1160.02	3424.59	4636.18	3525.37
EBITDA Margin	5.00%	11.00%	13.00%	11.00%
PAT	105.83	1628.76	2291.62	1755.62
PAT Margin	0.44%	5.00%	7.00%	6.00%
Current Ratio	1.23	1.29	1.64	1.72
Tangible Net worth	6000.94	7637.83	12105.21	15318.16
Debt Equity Ratio	1.35	1.08	0.79	0.66
ROCE (%)	4.58%	18.95%	18.89%	12.13%
Return on Net Worth (%)	1.78%	23.88%	23.21%	12.80%

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, with the positive momentum continuing in FY 2026 (Till December 2025). Total Operating Income increased from INR 23,926.50 lakhs in FY 2023 to INR 35,116.02 lakhs in FY 2025 and stood at INR 31,328.50 lakhs as of December 2025, indicating sustained business growth during the year. Profitability improved significantly, with EBITDA rising more than 3.5 times from INR 1,160.02 lakhs in FY 2023 to INR 4,636.18 lakhs in FY 2025, while EBITDA stood at INR 3,525.37 lakhs for period ended December 2025. EBITDA margins expanded from 5.00% in FY 2023 to 13.00% in FY 2025 and remained healthy at 11.00% as of December 2025, reflecting continued operational efficiency.

Similarly, PAT increased substantially from INR 105.83 lakhs in FY 2023 to INR 2,291.62 lakhs in FY 2025 and stood at INR 1,755.62 lakhs as of December 2025. PAT margins improved from 0.44% in FY 2023 to 7.00% in FY 2025 and were at 6.00% for the period December 2025, demonstrating sustained bottom-line strength.

On the balance sheet side, Tangible Net Worth more than doubled from INR 6,000.94 lakhs in FY 2023 to INR 12,105.21 lakhs in FY 2025 and further increased to INR 15,318.16 lakhs as of December 2025, strengthening the company's capital base. The Debt-Equity Ratio improved significantly from 1.35 times in FY 2023 to 0.79 times in FY 2025 and further to 0.66 times as

of December 2025, indicating continued deleveraging and improved financial stability. The Current Ratio improved from 1.23 times in FY 2023 to 1.64 times in FY 2025 and further to 1.72 times as of December 2025, reflecting stronger liquidity and working capital management.

In terms of returns, ROCE improved from 4.58% in FY 2023 to 18.89% in FY 2025. Return on Net Worth increased significantly from 1.78% in FY 2023 to 23.21% in FY 2025. in line with improved profitability.

Overall, the company reflects a strong turnaround supported by robust operational performance, margin expansion, improving liquidity, and a steadily strengthening balance sheet. Sustaining this growth momentum and maintaining prudent leverage levels will remain critical for its future performance.

8.8 Peer Benchmarking

For financial peer benchmarking of FY 2025 Pashupati Cotspin Limited, Lagnam Spintex Limited and Ambika Cotton Mills Limited has been taken. 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	Lagnam Spintex Limited	Ambika Cotton Mills Limited
Revenue from operations	35116.02	63670.28	60556.46	70207.04
EBITDA	4636.18	3893.19	6567.62	12982.56
EBITDA Margin	13.00%	6.11%	10.85%	18.49%
PAT	2291.62	1288.03	1285.47	6574.16
PAT Margin	7.00%	2.02%	2.12%	9.36%
Current Ratio	1.64	1.68	1.06	4.18
Net worth	12105.21	15433.81	12086.89	90405.59
Debt Equity Ratio	0.79	0.64	3.21	0.06
ROCE (%)	18.89%	11.28%	9.06%	14.36%
Return on Equity (%)	23.21%	9.44%	10.64%	7.46%

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 INR 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 13.00% and PAT margin of 7.00%, 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 0.79 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 18.89% and RONW of 23.21%, 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.

8.9 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.

8.10 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.

9. Future Outlook

The Indian textile industry is expected to witness sustained growth over the medium to long term, supported by its strategic importance to the economy, an integrated value chain, and continued policy support from the government. The sector's presence across the entire value chain from fibre production to finished apparel positions it well to benefit from expanding domestic consumption as well as evolving global sourcing patterns. However, ongoing geopolitical tensions involving the United States, Israel and Iran have added an element of uncertainty to global trade flows indirectly impacting the textile industry through fluctuations in crude oil prices, increased logistics and freight costs and potential disruptions in key export markets.

Government initiatives aimed at strengthening manufacturing competitiveness are expected to support capacity expansion, modernization, and scale creation across key segments of the industry. Policy measures focusing on incentivising production, developing integrated industrial infrastructure, and improving ease of doing business are likely to enhance operational efficiency, reduce logistics costs, and improve supply chain integration. These efforts are expected to support the transition of the sector towards higher value-added and export-oriented manufacturing.

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.

Yours Faithfully,

Sankhanath Bandyopadhyay
Senior Economist
Infomerics Analytics & Research Pvt Ltd
Place: New Delhi