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5. India's Textile Industry - Economy

The Union Minister of Textiles recently highlighted the significant achievements of India's textile sector, emphasising its ongoing transformation into a globally competitive, innovation-driven, and employment-intensive industry. The sector's growth trajectory assumes strategic importance not only for economic output and export earnings but also for its role as one of India's largest employment generators, particularly for women and rural communities.

1.India's Textile Sector - Key Statistics

The domestic apparel and textile industry contributes approximately 2.3% to India's GDP, 13% to industrial production, and 12% to total merchandise exports. The industry has expanded to nearly USD 190 billion in 2025–26, reflecting sustained domestic consumption growth and rising export competitiveness. India holds a 4% share in global textiles and apparel trade and is the sixth largest exporter of textiles and apparel in the world. The share of textiles and apparel, including handicrafts, in India's total export basket stood at 8.21% in 2023–24.

In terms of raw material production, India is one of the world's largest producers of cotton and jute. India is the second largest producer of silk globally, and a remarkable 95% of the world's hand-woven fabric is produced in India — a testament to the depth and scale of the country's craft-based textile traditions. The industry is the second largest employer in India, providing direct employment to 45 million workers and supporting approximately 100 million more in allied sectors such as ginning, spinning, dyeing, and retail.

Regionally, Andhra Pradesh, Telangana, Haryana, Jharkhand, and Gujarat are the leading textile and clothing manufacturing states.

2.Policy Initiatives to Promote the Textile Sector

1. **PM Mega Integrated Textile Regions and Apparel (PM MITRA) Parks Scheme** aims to develop seven mega integrated textile parks across India — in Tamil Nadu, Telangana, Gujarat, Karnataka, Maharashtra, Madhya Pradesh, and Uttar Pradesh. These parks are designed to offer world-class plug-and-play infrastructure, consolidating the entire value chain from fibre to finished garment within a single location. Japanese FDI into these parks aligns with India's "Make in India for the World" and "China-plus-one" manufacturing diversification strategies.
2. **Production Linked Incentive (PLI) Scheme for Textiles** focuses specifically on promoting the production of Man-Made Fibre (MMF) Apparel, MMF Fabrics, and Technical Textiles — segments where India has historically been weak relative to China, Vietnam, and Bangladesh.
3. **National Technical Textiles Mission (NTTM)**, launched in 2020, promotes production, innovation, and export of technical textiles — high-value, functionally specialised textiles used in defence, agriculture, healthcare, and infrastructure applications.
4. **National Fibre Mission** targets improvements in the productivity, quality, and sustainability of both natural and man-made fibres.
5. **Eleven Export Promotion Councils (EPCs)** represent different segments of the textile and apparel value chain, from raw fibre through finished goods and traditional sectors such as handloom, handicrafts, and carpets.

6. **Handloom and Handicrafts Sector -** Nearly Rs 2,000 crore has been invested under the National Handloom Development Programme. Initiatives such as the Government e-Marketplace (GeM), India Handmade Portal, GI tagging, Mega Handloom Clusters, and the Weavers' MUDRA Scheme have expanded market access and strengthened artisans' incomes.

3.Challenges

Despite the strong headline numbers, significant structural vulnerabilities persist.

1. The sector remains **highly fragmented**, with an overwhelming dominance of small and informal enterprises that lack the scale, technology, and financial access needed to compete effectively in global markets.
2. **Low labour productivity and skill gaps** persist due to outdated production practices, limited formal vocational training, and weak industry-academia collaboration.
3. **High logistics and transaction costs**, combined with customs clearance inefficiencies, reduce export competitiveness — particularly against Bangladesh and Vietnam, which benefit from lower costs and simpler regulatory environments.
4. **Access to affordable credit** is a chronic constraint for MSMEs and handloom units, limiting their ability to invest in technology upgradation, quality improvement, and market expansion.
5. **Sustainability and environmental compliance** are an emerging challenge as global buyers increasingly impose environmental, social, and governance (ESG) requirements on their supply chains.

4.Way Forward

1. **Branding and GI-based differentiation -** Moving beyond contract manufacturing toward own-label and geographical indication (GI)-based product lines is essential to capture higher value-added segments of the global market. Stronger design, branding, and marketing support at the district and cluster level is needed.
2. **Digital integration -** Leveraging digital platforms and real-time data systems for tracking production, skilling outcomes, exports, and market linkages will improve policy responsiveness and supply chain efficiency.
3. **Regular impact assessment -** Institutionalising periodic evaluation of the PLI Scheme, PM MITRA Parks, and other major initiatives based on employment creation, export performance, and formalisation indicators will ensure course corrections.
4. **Sustainable textile practices -** Investing in water recycling, effluent treatment, natural dyes, and organic certification can position India advantageously as global fashion supply chains shift toward sustainability.
5. **Skill development at scale -** Sector-specific vocational training programmes aligned to the needs of MMF, technical textiles, and export-oriented units are critical to close the labour productivity gap.

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