

# Textile country India takes off

By 2030, India wants to increase its textile production to 250 billion US dollars (USD) and more than double its textile and clothing exports to 100 billion USD. The ambitious subcontinent has good arguments for this: a range of textiles along the entire value chain, top positions in international rankings, flourishing domestic consumption and market and, not least, targeted government support programs. Many small Indian companies need to be modernized and made fit for global competition in order to reach this high level.

No economy is currently growing faster than that of the world's most populous country, according to the information portal Germany Trade and Invest (GTAI), referring to the World Bank and International Monetary Fund (IMF), which expect India to grow by 7% in the financial year 2024/2025 (April 1 to March 31) and up to 6.7% in the following year.





**A** strong driving force here is the huge domestic market with around 1.4 billion inhabitants and a growing young, consumer middle class with rising incomes, which is becoming increasingly important in terms of purchasing power even from a global perspective. Against this promising backdrop, the Indian government is investing many billions of USD in subsidies for economic expansion - and also wants to put the domestic textile industry in the fast lane. The yearbook „The Fiber Year“ (TFY) 2024 speaks of highly ambitious targets, and not just up to 2030: by 2047, the domestic textile market is set to grow to USD 1.8 trillion and textile exports to USD 600 billion.

India's textile industry is already a heavyweight in the global market: according to TFY data, the subcontinent ranked first in global natural fiber cultivation in 2023 with 8,018 kilotons

(kt/+7.3%) ahead of China (6,262 kt/+4.0%), has by far the largest area under cotton cultivation and is also number one producer of jute. In terms of cotton production, it closely followed China (5,980 kt/+4.4%) with 5,772 kt (+8.2%). India also took second place in other global markets behind the all-powerful People's Republic, for example as a silk producer, as an MMF producer with an 8% market share (+4.9%/China: 75%/+7%), as a polyester fiber producer with 6.107 kt (China: 57,078 kt), as a staple fiber producer with 10,765 kt (+6.4%/China: 24,085 kt/+9.5%) and as a producer of filament and cotton yarn with 8,797 kt (China: 69,850 kt). According to TFY, India was also the fifth largest exporter of textiles and clothing in the same year, behind China, the EU, Bangladesh and Vietnam.

### **Since 3000 BC with colourful cotton fabrics in the textile Olympus**

It is above all its cultural heritage that has brought India so far ahead. Colourful silk saris, handloom weaving, cotton cultivation - the origins of these globally recognized achievements date back to the Indus Valley Civilization in the 3rd millennium B.C. Artfully painted fabrics made from woven cotton found their way to Persia and Greece in the 6th century A.D., were coveted as „Indiennes“ in 16th century Europe, when the Indian textile industry flourished under the ruling Mughal emperors and thanks to the spinning wheel. According to sources, India accounted for 25% of the global textile trade in the early 18th century. British colonization (1757-1947) had a profound impact on the country's textile industry. Due to protectionist measures by the new rulers and their own mechanized textile

production, India lost its dominance as a textile manufacturer and increasingly became a source of raw cotton. After its independence, the textile country back and is now one of the leading textile producers and exporters, and not just of natural fibers.

### **Textile centers are spread across the entire subcontinent**

While Bengal was the most important Indian textile region in pre-colonial times, today clothing and textile production is spread across the entire country, largely organized in geographical textile clusters. Surat in the state of Gujarat is one of India's largest textile centers, especially for synthetic fabrics such as polyester and nylon, and is known for exquisite traditional saris. The Maharashtra region stands out with its large number of power looms, the backbone of the Indian textile industry: in **Ichalkaranji**, modern technologies are used to produce high-quality cotton fabrics and specialty textiles for domestic and export use, while **Bhiwandi** is important in the production of more cost-effective fabrics. In the state of Tamil Nadu, **Tiruppur** has made a name for itself with cotton knitwear; **Erode** is known for cotton fabrics and handloom weaving and is home to numerous dyeing and bleaching mills; **Kanchipuram** preserves the heritage of producing colored silk saris. **Varanasi** in the state of Uttar Pradesh and **Bhagalpur** in Bihar are also famous for traditional silk weaving. In Punjab, the city of **Ludhiana** is India's largest producer of woollen clothing and hosiery, and **Pochampally** in Telangana has been declared a UNESCO heritage site for its ikat dyeing and weaving techniques. **Panipat** in Haryana specializes in woven home textiles and recycling, and **West Bengal** is home to the

**The industry is one of India's largest employers, contributing 2.3% to GDP, 13% to industrial production, and 12% to the country's export earnings.**

production of jute textiles. According to GTAI, important clusters for the clothing industry are the metropolitan regions of **Delhi, Kolkata, Bangalore** and the cotton city of **Mumbai**.

### **India's textile industry feeds over 100 million people and is becoming a mega-investment**

The textile industry in India covers the entire value chain, from the cultivation of cotton, for example, to the production of primary products and their processing through to clothing. Natural fibers such as cotton, jute, silk and wool are produced, as are synthetic materials such as polyester, viscose, nylon and acrylic, as well as clothing, home and technical textiles. According to TFY, production volumes grew by 8.2% for cotton, 5.3% for natural fibers and 4.9% for manmade fibers in 2023. In a long-term comparison, however, only MMF staple fibers and filament yarn show a largely stable upward trend. In other sectors, the global crises in recent years may have prevented significant progress and dampened demand for clothing in particular.

According to various sources, around 45 million people are officially employed in the Indian textile industry, including 3.5 million handloom weavers, the majority of whom are women. The industry is therefore one of India's largest employers, indirectly providing a livelihood for over 100 million people according to the Ministry of Textiles (MOT) and contributing 2.3% to GDP, 13% to industrial production and 12% to the country's export earnings, according to the consultancy IndiaConnected. At USD 25 billion, it also accounted for the largest



The textile industry is a major employer in the country, officially employing around 45 million people.



trade surplus of all Indian industries in 2023, according to TFY, ahead of the pharmaceutical sector (USD 19 billion) and the automotive industry (USD 13 billion)

This immense economic potential is spread across countless companies in the Indian textile and clothing industry. GTAI and GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) speak of around 1,700 large and medium-sized companies as well as 1.5 million small and micro enterprises, most of them from the informal sector. These include 3,500 spinning companies with a total of 50 million spindles and 400,000 weaving companies with 2.5 million looms and 2.3 million handlooms. These estimated figures are probably from the years 2019 to 2022

Especially in the many small businesses, production is often carried out on technically outdated machines. The Indian Spinning Mill Owners Association (ISMOA) estimates that around 15 million of the spindles used are more than 20 years old. And according to the Indian Office of Textile Commissioner, only around 5 percent of weaving machines in 2020 were modern models without guards. Occupational health and safety, a crippling bureaucracy and unpredictable administration, productivity and sustainability also pose challenges.

In order to achieve its ambitious goals, India's government wants to integrate the fragmented textile industry more vertically and horizontally, increase competitiveness along the entire value chain and position India as a global center for textile production. A lot is being invested to achieve this:

- According to TFY, the state increased the budget for FY 2025 by 27.6% to 44 billion Indian rupees (INR/approx. USD 530 million) for various textile programs. The budget for research and capacity building in the textile sector has almost doubled

**The Indian government wants to integrate the fragmented textile industry more vertically and horizontally and position the country as a global center for the textile industry.**

to INR 6.5 billion (USD 78 million), including a 50% increase for the Integrated Wool Development Program to improve the wool industry and producers.

- Production Linked Incentives (PLI) for 14 critical sectors, including textiles, are designed to attract investment, make credit more readily available, improve competitiveness and increase exports.
- As part of the PM MITRA (Mega Integrated Textile Region and Apparel) Parks program, seven integrated textile parks are to be created across the country, offering modern facilities, a plug-and-play infrastructure and synergies along the entire textile value chain. The focus is also on megatrends such as digitalization, sustainability, recycling and waste management as well as resource efficiency.

Foreign textile companies are also recognizing the opportunities in India, whose domestic textile market is expected to reach a volume of USD 350 billion by 2030. According to GTAI, imports have increased fivefold to USD 2 billion by 2022 since the retail sector was opened up to international fashion chains such as Zara, H&M and Uniqlo a good ten years ago. According to the Indian government, foreign investment in the textile sector doubled in the same period. Fashion companies such as Decathlon, Guess Jeans and Sandro are increasingly moving to India, as the local fashion market is expected to grow by around 9 percent per year between 2025 and 2029, according to the statistics platform Statista.

### **Partially declining textile trade has some catching up to do**

The prospects at home are encouraging, but the government's support measures should and must also score points in the textile trade. At this level, there are many global headwinds that make India's goal of increasing textile and apparel exports to USD 100 billion by 2030 a challenge. Corona, geo-political instability, rising inflation and energy costs, supply chain issues - the unrelenting crisis mode in the trade world lowered textile demand. In 2023, exports declined in all major manufacturing countries except Bangladesh, and in India for the third year in a row, according to TFY figures. India's textile and apparel exports fell by -11.2% to USD 34.2 billion in 2023. Apparel shipments in particular slumped by -13.4% to USD 14.5 billion - the second sharpest decline since 2000. There is a need to catch up here anyway:

The global trend is moving toward clothing made from manmade fibers.

Although India is one of the largest clothing producers, it only accounts for around 3% of global trade (in 2022 according to GTAI) and ranks behind local rivals such as China, Bangladesh and Vietnam, which often produce cheaper and of better quality

However, the decline in orders from the major sales markets had a greater impact: according to TFY, the main customer, the USA, imported around USD 9 billion worth of Indian textiles and clothing in 2023, 18.6% less than in the previous year (USD 11 billion). However, as total global US imports fell even more sharply (-22%), India, as the third-largest textile supplier, was even able to increase its share of US imports to 11.6%. It remains to be seen what effect the Trump administration's tariff policy will have: India wants to reduce its dependence on the US but, according to DW (Deutsche Welle), is simultaneously negotiating an agreement to more than double bilateral trade to USD 500 billion by 2030. The tensions between the USA and China could put India in a promising position.

According to TFY data, the EU countries also only ordered 6.6 billion euros (7.2 billion USD) from their fourth-largest textile and clothing supplier India in 2023, a decline of 16.4%. It fits





Around 80% of Indian textile production consists of natural fibers, with cotton traditionally dominating this segment.

the picture that all of the EU's top 5 clothing suppliers suffered double-digit volume losses, including Bangladesh, China, Turkey and Pakistan.

As India serves the entire value chain and imports less than it exports, the trade balance for textiles and clothing is always in positive territory. In 2023, imports amounted to USD 9.2 billion, a decline of 13.5%, after having risen significantly in the previous two years. Imports of filaments grew considerably, while those of cotton fibers and yarns as well as clothing fell sharply. Conversely, India exported 1,156 kt of cotton yarn in 2023, 57.0% more than in the previous year. The subcontinent is also an important supplier of cotton fabrics, especially for Bangladesh and Sri Lanka: according to GTAI, a good quarter of exports with a total value of USD 2.3 billion went to these neighboring countries in 2022. In return, India mainly imports knitted and crocheted fabrics, worth 782 million in 2022, 70% of which came from China.

### **Cotton and natural fibers dominate the broad product mix**

According to GTAI, around 80% of India's textile production is made from natural fibers. Cotton, for example, traditionally dominates and accounts

for more than half of total staple fiber production (almost 10.8 million tonnes) at over 5.7 million tonnes, according to TFY figures for 2023. Around 10% of this was exported, with the majority consumed by the domestic textile industry. India is the world leader in cotton cultivation and will have around 11.8 million hectares, or more than a third of the global area under cultivation (30.8 million hectares) in the 2024/25 harvest year, according to a forecast on the Statista platform. 5.8 million cotton farmers are active on the subcontinent, with 40 to 50 million people working in the entire value chain, according to GTAI. However, as the cotton harvest is still not very mechanized, India's yield of 447 kg per hectare ranks well behind China, Australia, Turkey and Brazil, which achieve 2,000 to 1,800 kg according to the United States Department of Agriculture. The Indian government therefore wants to make Indian cotton more competitive worldwide and strengthen the value chain as part of a mission to increase cotton productivity

For example, according to a report by the information platform FashionUnited, the Aid by Trade Foundation's „Regenerative Cotton Standard“, which was also introduced in the Indian state of Maharashtra in July 2024, is already

creating higher crop yields, lower costs and therefore better prospects for the 5,000 cotton farmers involved, who are also suffering from increasing climate change. More and more cotton farmers are also switching from conventional to organic farming. According to MOT data, around 811 kt of organic cotton was produced in 2020/2021, almost one and a half times as much as in the previous period. India is the world's largest producer of organic cotton.

With a production of 1.8 million tons, according to MOT figures for 2021/2022, the subcontinent is also the world leader in jute cultivation - and has even more to offer: Second place as a silk producer, ninth place as a wool producer. Overall, the production of natural fibers such as coir, jute, kenaf, silk, wool and other bast fibers increased by 5.3% to 2.3 million tons in 2023, according to TFY data. Despite the dominance of natural fibers, other products will increasingly into focus in India in the future: manmade fibers.

### **More growth with and for man-made fibers**

The global trend is moving towards clothing made from manmade fibers. And if you have ambitious market and export targets like India, you can't just achieve them by increasing the

production of cotton, as its cultivation and harvesting options are limited. The government is therefore promoting the production of manmade fibers: in the corresponding PLI program, 64 companies have already committed to investing at least USD 38 million each in the production of clothing made from synthetic fibers and technical textiles. According to the MOT, they will receive a total of USD 2.3 billion in funding for this. In addition, the MITRA parks are to support textile companies in aligning their product ranges with clothing made from synthetic fibers instead of cotton.

**India ranks as the world's second largest producer of manmade fibers and polyester fibers, behind only China.**

However, India is already doing well in the manmade fibers sector and ranks as the second largest MMF and polyester fiber producer in the world, only behind China. Polyester has by far the highest share of all manmade fibers - 78% in 2022, according to the Association of Manmade Fiber Industry of India. Viscose accounted for 17%. According to TFY, the production, import and consumption of polyester textile filaments rose sharply in 2023, while exports fell significantly as the



Chemical fibers are on the fast track—even in India, the land of cotton. Investments in corresponding facilities, such as filament spinning plants (left) and staple fiber plants (right), are subsidized by the government.

Indian textile industry increasingly processed these products itself. In the same year, the government introduced a Quality Control Order (QCO) for polyester POY and FDY to combat the influx of low-quality imports.

It is therefore no surprise that investments in the already broad-based chemical and petrochemical industry are set to grow further and increase the current chemical fiber capacity of 10 million metric tons per year (mtpa). Bharat Petroleum Corporation, for example, is investing USD 6.1 billion in a petrochemical complex in Madhya Pradesh, which is expected to produce 12 million tons per year of ethylene and propylene alone from 2028. Major projects by Indian Oil Corporation, GAIL, MCPI, Reliance Industries and the Adani-Indorama joint venture are set to increase the capacity of the polyester raw material PTA (purified terephthalic acid) from around 6.3 million tons at present to over 14 million tons by 2030. India also wants to make progress in terms of sustainability.

### **Into the future with sustainability, technological progress and more trade**

The global, resource-intensive textile industry must and wants to respond to the growing call for greater sustainability and reduce its broad ecological

footprint. This is not just an ecological necessity: pioneers such as the EU are setting demanding environmental standards with initiatives such as the Green Deal and expect their supply partners to comply with these regulations. Consumers around the world are also increasingly asking for circular fashion made from regenerated fibers.

India has recognized that sustainability therefore plays an important strategic role in the planned growth of its textile industry - both internationally and in the domestic market. Far-reaching measures for waste reduction, resource efficiency and the circular economy are therefore on the agenda. For example, India is to become a global leader in sustainable production with a 30% share of recycled fibers and introduce systems for textile recycling and waste management. This is an ambitious goal, as according to TFY, India produces 8 million tons of textile waste every year, around 60% of which is cotton and cotton blends and 20% of which is manmade fibers and blended fabrics

Many Indian textile companies also want to demonstrate their commitment to sustainability and are acquiring internationally recognized certifications such as GOTS (Global Organic Textile Standard) and OEKO-TEX®. In 2024, BRANDS Fashion, a specialist in sustainable workwear, opened its second



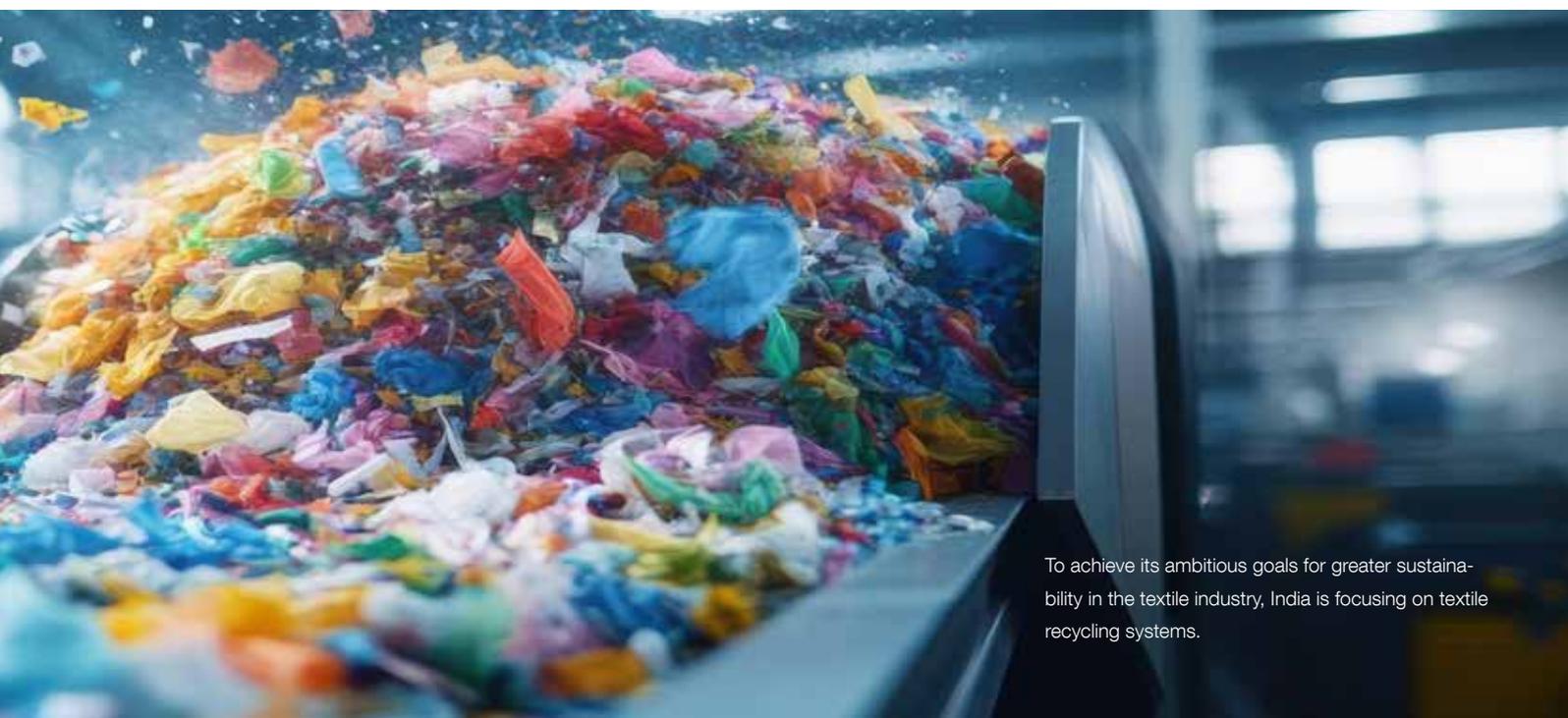
Green Factory in Tiruppur together with Sags Apparels, which aims to meet high environmental standards and produce recyclable polo shirts, T-shirts, sweatshirts and many other knitted items under fair social and ecological conditions. The Indian plastics recycler Pashupati and the Saudi chemical group SABIC also signed a declaration of intent to develop local recycling opportunities in India, and the leading oil and chemical group Reliance Industries Limited is investing in renewable energies and the expansion of chemical recycling technology.

362 million worth of goods. This sector has just as much growth potential as the market for technical textiles, the production of which India wants to expand. The production volume in the Cloth-Tech and Sport-Tech segments was already around USD 1 billion each in 2021/2022, and the market volume for sportswear is expected to grow to almost USD 2 billion by 2024/2025, according to the government organization Invest India.

India is working on fruitful trade partnerships to ensure a flourishing textile future. Talks on a free trade agreement with the EU were resumed in 2022 and are expected to be concluded in 2025. Seven new joint projects to strengthen the Indian textile and handicraft industry were launched in February of this year, for which the EU plans to invest 9.5 million euros, according to Fashion-United. Further free trade agreements are in the pipeline with the United Kingdom and Australia and have already been signed with EFTA (Switzerland, Iceland, Norway, Liechtenstein). India, the country of textiles, has a great vision and great potential to realize it.

The agenda includes far-reaching measures for waste reduction, resource efficiency, and the circular economy. With a 30% share of recycled fibers, India is set to become the global leader in sustainable production.

The subcontinent is relying on key technologies such as artificial intelligence, machine learning, IoT (Internet of Things), automation - and in particular on the increased in-house development and import of modern textile machinery - for sustainable further development. Machines worth USD 3.1 billion were imported in 2022. Almost half of this came from China, with Germany in second place with USD



To achieve its ambitious goals for greater sustainability in the textile industry, India is focusing on textile recycling systems.

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