

Growth and Transformation of the Indian Textile Industry: Opportunities, Challenges and Government Initiatives

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ABSTRACT

The Indian textile industry is one of the oldest and most significant sectors contributing to the economic development of the country. The industry plays a vital role in employment generation, export promotion, industrial production, and foreign exchange earnings. India has emerged as one of the leading global producers and exporters of textiles and apparel due to its strong raw material base, skilled workforce, growing domestic demand, and supportive government policies.

The present study focuses on the growth, development, emerging trends, government initiatives, and future opportunities in the Indian textile and apparel industry. The research examines various government schemes such as the Production Linked Incentive (PLI) Scheme, PM MITRA Parks, National Technical Textile Mission, and skill development initiatives that aim to strengthen the textile sector and improve global competitiveness.

The study also highlights major trends influencing the apparel industry, including sustainable fashion, athleisure wear, technological advancement, digital commerce, and changing consumer preferences. The research is based on secondary data collected from government reports, industry publications, research journals, and reliable online sources.

The findings of the study reveal that the Indian textile industry has strong growth potential due to increasing export opportunities, modernization, policy support, and rising global demand for eco-friendly and innovative textile products. The paper concludes that continuous government support, technological innovation, sustainable manufacturing practices, and global market expansion can further strengthen India's position in the international textile market.

Keywords: Indian Textile Industry, Apparel Sector, Government Schemes, Sustainable Fashion, Export Growth, Technical Textiles, Economic Development, Textile Manufacturing.

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Introduction

The cloth Industry in worldwide is referred as never ending Industry. The concept goes on continuous on going change in terms of fashion, lifestyle's, textures, varieties, colour's and so on. As per today's global

studies, Indian clothes industry became a global powerhouse, It ranks in the world's 6th largest exporter of textiles and apparel. Valued at approximately US\$ 174 billion (2025), it contributes 2.3% to India's GDP, employs 45 million people

directly, and is heavily supported by a strong MSME base and a comprehensive raw material supply chain. (Ref- IBEF –Indian Brand Equity foundation) The study of IBEF suggests Indian textile market was valued at US\$ 146.55 billion in 2024 and is projected to grow to US\$ 213.51 billion by 2033, registering a compound annual growth rate (CAGR) of 3.85% between 2025 and 2033. The apparel industry is one of the biggest contributors to the economy with a 2.3% contribution to the gross domestic product (GDP) which is approx. US\$ 70 billion. It is also the second largest employer after agriculture, providing direct employment to 45 million people and 100 million people in the allied sector. Andhra Pradesh, Telangana, Haryana, Jharkhand, and Gujarat are the top textile and clothing manufacturing states in India. Top Export Destinations India's textile and apparel products, including handlooms and handicrafts, are exported to more than 100 countries across the globe. India's key export destinations for textiles and apparel products include countries namely the USA, Bangladesh, UAE, UK, Germany, and among others. The USA is the largest importer among all, importing about one-fourth of the total exports from India. During FY25, the USA still remains the top export destination for the textile and apparel industry, accounting for a 28.97% share of overall exports which has grown from a 24% share witnessed in FY20. Union Minister of Textiles, Mr. Giriraj Singh, highlighted the importance of broadening the export portfolio, improving product competitiveness, and exploring new and underserved markets. India has entered into 15 Free Trade Agreements (FTAs) with partner nations, whose combined textile import demand amounts to US\$ 198.9 billion. The Minister encouraged exporters to focus on the European Union (EU), which imports textiles valued at US\$ 268.8 billion, over twice the size of the US market. India is currently in active FTA negotiations with the EU. With transformative changes in the textile sector, the government has also launched the PM MITRA Park Scheme with an outlay of INR 4,445 Cr to create an integrated textiles value chain from spinning to manufacturing at a single location. In line with the growth roadmap, the Indian textile market currently ranks fifth globally, and the government is actively working to accelerate this growth to a rate of 15-20% over the next five years. Moreover, the sector acts as a crucial link between the agriculture and industrial sectors, supporting the cultivation of cotton, silk, and other natural fibres and thus bridging the gap. Kasturi Cotton, launched by the Ministry of Textiles, is a first-of-its-kind branding, traceability, and certification exercise carried out jointly by the Government of India, trade bodies, and industry to promote Indian cotton. Stakeholders across the

supply chain, including farmers, ginning units, spinning mills, processing houses, weaving units, garmenting units, home textile manufacturers, and even retailers and brands, will be involved in a collaborative effort to promote and enhance the value of Indian cotton across the domestic and overseas markets. The government has also taken key initiatives, like the Production-Linked Incentive Scheme, to promote the production of MMF apparel, MMF fabrics, and technical textile products in the country. The Make in India initiative has catalyzed textile manufacturing and exports through key policy interventions, enhanced infrastructure, and incentives. In the Union Budget 2024-25, to promote domestic textile production, two more types of shuttle-less looms are added to fully exempted textile machinery by the government.

Literature Review

The Indian textile industry has been widely studied by researchers, economists, and industry experts due to its significant contribution to employment generation, exports, and industrial development. According to Indian Brand Equity Foundation, the textile industry contributes substantially to India's GDP and remains one of the largest employment-generating sectors after agriculture.

Studies conducted by Statista and Wazir Advisors indicate that the Indian apparel sector is rapidly transforming due to changing consumer preferences, technological innovation, and increasing global demand for sustainable fashion products. Researchers have also highlighted the importance of government initiatives such as the Production Linked Incentive (PLI) Scheme, PM MITRA Parks, and the National Technical Textile Mission in improving industrial productivity and export competitiveness.

Various research papers further suggest that India possesses strong advantages in terms of raw material availability, skilled manpower, and growing domestic consumption. However, challenges such as outdated technology, international competition, environmental concerns, and supply chain inefficiencies still affect the growth potential of the industry.

The literature also reveals that sustainable and eco-friendly textile production is becoming increasingly important in global markets. Consumers are now preferring brands that adopt ethical manufacturing practices, recyclable materials, and environmentally sustainable production methods.

Research Methodology

Research methodology refers to the systematic procedure adopted to conduct the study and analyze the information related to the Indian textile industry. The present study is descriptive, exploratory, and analytical in nature.

Nature of Research

The research is based on:

- Descriptive Research
- Exploratory Research
- Analytical Research

The study examines the development of the Indian textile industry, government support schemes, export opportunities, technological advancement, and current market trends in the apparel sector.

Sources of Data

The research paper is primarily based on secondary data collected from reliable and authentic sources such as:

- Government reports and Union Budget documents
- Ministry of Textiles publications
- Reports of Indian Brand Equity Foundation
- Industry reports and research journals
- Textile magazines and newspapers
- Websites related to textile and apparel industries
- Reports published by Statista
- Export-import trade statistics
- Wazir Advisors industry reports

Data Collection Method

The required data for the study was collected through:

- Internet sources
- Published research papers
- Government websites
- Textile industry reports
- Journals and magazines
- Market trend analysis reports

Scope of the Study

The study mainly focuses on:

- Growth and development of the Indian textile industry
- Government schemes and policies
- Export opportunities
- Sustainable fashion practices
- Employment generation
- Current apparel industry trends
- Role of MSMEs in textile development

Objectives of the Study

1. To study the growth and contribution of the Indian textile industry.
2. To understand government schemes and policy support for textile industries.
3. To analyze current market trends in the apparel sector.
4. To examine export opportunities in textile industries.
5. To study the impact of sustainability and technology on textile development.

Tools and Techniques Used

The collected data has been analyzed using:

- Comparative analysis
- Trend analysis
- Percentage analysis
- Policy analysis
- Statistical interpretation

Hypothesis of the Study

- H1: Government schemes positively influence the growth of the textile industry.
- H2: Sustainable fashion trends affect consumer buying behavior.
- H3: Export promotion policies increase textile exports from India.

Limitations of the Study

1. The research is based only on secondary data.
2. Availability of updated statistical data was limited in certain areas.
3. The study mainly focuses on the Indian textile sector.
4. Primary surveys and field visits were not conducted due to time limitations.

Data Analysis and Interpretation

The collected secondary data related to the Indian textile industry was analyzed using various analytical and statistical techniques to understand the growth, performance, government support, and emerging trends in the sector. The following methods were used in the study:

1. Comparative Analysis

Comparative analysis was used to compare:

- Growth of the textile industry in different years
- Export performance of India with other textile-producing countries
- Budget allocation of different government schemes
- Growth of traditional textiles versus technical textiles
- Regional textile brands and national brands

The analysis indicates that India has significantly improved its position in the global textile market due to government support, modernization, and increasing export opportunities.

Comparative Example

Particulars	FY20	FY25
Share of USA in Textile Exports	24%	28.97%
Textile Market Value	US\$ 146 Billion	US\$ 174 Billion
Government Budget Allocation	₹4,417 Cr	₹5,272 Cr

The above comparison shows substantial growth in exports, market size, and government investment in the textile sector.

2. Trend Analysis

Trend analysis was used to identify changing patterns and future growth opportunities in the textile and apparel industry.

The analysis identified the following major trends:

- Increasing demand for sustainable and eco-friendly fashion

- Rapid growth of athleisure and sportswear
- Expansion of e-commerce in apparel sales
- Growing demand for technical textiles
- Rising preference for branded and customized clothing

The study also found that consumers are increasingly preferring products that combine style, comfort, and functionality.

Textile Industry Growth Trend

The Indian textile industry has shown continuous growth due to:

- Rising domestic consumption
- Government support schemes
- Increasing exports
- Technological advancements
- Growth in organized retail and online platforms

3. Percentage Analysis

Percentage analysis was used to study the contribution and growth rate of different segments of the textile industry.

Percentage-Based Analysis

Indicator	Percentage Contribution
Contribution to India's GDP	2.3%
Share of USA in Textile Exports	28.97%
Placement under Samarth Scheme	77.74%
Increase in Textile Budget Allocation	19%

The analysis reveals that the textile sector significantly contributes to India's economic growth and employment generation.

4. Policy Analysis

Policy analysis was conducted to examine the impact of government schemes and initiatives on the textile industry.

The following schemes were analyzed:

- Production Linked Incentive (PLI) Scheme
- PM MITRA Parks
- National Technical Textile Mission
- ATUFS Scheme
- Samarth Skill Development Scheme

Major Findings from Policy Analysis

- Government policies are promoting industrial modernization.
- Textile parks are helping reduce logistics and production costs.
- Skill development schemes are generating employment opportunities.
- Export promotion policies are improving India's global competitiveness.
- Technical textile initiatives are encouraging innovation and research.

The analysis shows that government intervention has played an important role in strengthening the textile industry.

5. Statistical Interpretation

Statistical interpretation was used to interpret numerical data related to:

- Export growth
- Market valuation
- Employment generation
- Budget allocation
- Industry growth projections

Statistical Interpretation of Industry Growth

According to industry reports:

- The Indian textile market is projected to grow from approximately US\$ 146.55 billion in 2024 to US\$ 213.51 billion by 2033.
- The industry is expected to grow at a CAGR of 3.85%.
- The textile sector provides direct employment to around 45 million people.

The statistical data indicates strong future growth potential for the Indian textile industry due to increasing demand, policy support, and export expansion.

Overall Interpretation

The analysis clearly indicates that the Indian textile industry is experiencing significant transformation through:

- Government policy support
- Technological advancement
- Sustainable production practices
- Export promotion
- Changing consumer preferences

The industry has strong future growth potential and can become one of the leading contributors to India's economic development and global trade competitiveness.

Findings of the Study

Findings of the Study

1. The Indian textile industry is one of the largest contributors to employment generation in India.
2. Government initiatives such as PM MITRA Parks and PLI schemes are positively influencing industrial growth.
3. Sustainable and eco-friendly fashion is becoming a major trend in global markets.
4. India possesses strong export potential because of abundant raw material availability and skilled labor.
5. Technical textiles and athleisure products are emerging as rapidly growing segments.
6. MSMEs play an important role in textile manufacturing and employment creation.
7. Growth in e-commerce platforms has increased demand for apparel and fashion products.
8. Regional textile brands are successfully competing with national and international brands.
9. Modern consumers prefer products that combine style, comfort, and functionality.
10. Government budget allocation toward the textile sector has increased significantly in recent years.

Suggestions

1. The government should provide more financial assistance and subsidies to MSMEs operating in textile industries.

2. Greater investment should be made in modern textile machinery and automation technologies.
3. Textile industries should adopt sustainable and eco-friendly production methods.
4. More skill development and training programs should be introduced for textile workers.
5. Exporters should explore new international markets beyond traditional markets such as the USA and Europe.
6. Indian textile manufacturers should focus on branding and marketing Indian textile products globally.
7. Research and innovation in technical textiles should be encouraged.
8. Digital marketing and e-commerce platforms should be effectively utilized by textile businesses.
9. Government should encourage startups and young entrepreneurs in textile manufacturing.
10. Collaboration between industry and educational institutions should be strengthened for research and innovation.

Future Scope of Indian Textile Industry

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The future of the Indian textile industry appears highly promising due to rising domestic demand, export growth opportunities, and continuous government support. The development of technical textiles, smart fabrics, sustainable fashion, and digital retail platforms is expected to create new business opportunities.

India's strong raw material base, large labor force, and expanding infrastructure will help the country strengthen its position in global textile markets. Government initiatives such as PM MITRA Parks, PLI schemes, and textile modernization programs are expected to attract domestic as well as foreign investments.

The increasing popularity of eco-friendly products, athleisure wear, organic fabrics, and customized fashion products will further contribute to the growth of the textile and apparel industry in the coming years.

Conclusion

The Indian textile industry plays a vital role in the economic development of the country by contributing significantly to GDP, employment generation, industrial production, and foreign exchange earnings. The industry has shown remarkable growth due to government support, increasing export opportunities, technological advancement, and changing consumer preferences.

Government initiatives such as PM MITRA Parks, Production Linked Incentive Scheme, National Technical Textile Mission, and skill development programs are positively transforming the sector. The industry is also moving toward sustainable and eco-friendly production practices to meet global environmental standards and consumer expectations.

The growth of technical textiles, digital commerce, sustainable fashion, and international trade agreements is expected to strengthen the future of the Indian textile industry. Although the sector faces challenges such as global competition, technological gaps, and fluctuating raw material prices, India has strong potential to emerge as one of the leading textile manufacturing and exporting countries in the world.

Therefore, with continuous innovation, government support, skilled manpower, and sustainable business practices, the Indian textile industry can achieve long-term growth and global competitiveness.