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TAG 2026

Nurturing the Next-Gen Indian Textile Ecosystem

Modern Facilities ◇ Stronger Value Chains ◇ Wider Global Reach

September 2026



Foreword



MR. SHIRISH BARWALE
Chairman

FICCI Maharashtra State Council

It is a privilege to present the TAG 2026 White Paper, “Nurturing the Next-Gen Indian Textile Ecosystem”. The Indian textile and apparel industry remains central to the country’s economy, supporting employment, domestic consumption and exports, and is now entering an important phase of transformation.

The 17th edition of TAG brings together industry leaders, policymakers and global experts to examine the next phase of the sector’s growth. The discussions this year focus on three priorities that will shape India’s competitiveness: modern manufacturing facilities, stronger and more sustainable value chains, and wider access to global markets.

India’s domestic market continues to expand, while evolving trade agreements and changing global sourcing patterns are creating new opportunities. Realising this potential will require sustained collaboration between industry and government, supported by investment in scale, technology, automation and compliance capabilities.

FICCI remains committed to supporting these efforts and to strengthening India’s textile and apparel ecosystem. I hope this White Paper serves as a useful reference for stakeholders and contributes to building a globally competitive, sustainable and future-ready industry.



MR. PRASHANT AGARWAL
Joint Managing Director

Wazir Advisors

It gives me great pleasure to present the TAG 2026 White Paper, “Nurturing the Next-Gen Indian Textile Ecosystem”. India’s textile and apparel industry is entering a significant phase of transformation, supported by rising domestic demand, changing global sourcing patterns and emerging opportunities across international markets.

The next phase of growth will depend on developing modern, technology-enabled manufacturing facilities, building stronger and more sustainable value chains, and expanding India’s presence in global markets. Scale, automation, digitalisation, innovation and market diversification will play an increasingly important role in strengthening the sector’s competitiveness.

This White Paper brings together key industry trends, opportunities and priorities to provide a clear perspective on the road ahead. It highlights the need for continued investment, collaboration and capability building to create a resilient and future-ready textile ecosystem.

I hope this publication serves as a useful reference for stakeholders and encourages collective action towards translating India’s opportunities into sustained growth and global competitiveness.

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1 Introduction

India's textile and apparel (T&A) industry stands at a critical inflection point. The sector has moved beyond post-pandemic recovery and is entering a phase of structural transformation, requiring a sharper focus on how India manufactures, strengthens its value chains, and competes in global markets. The 17th edition of TAG brings together industry leaders, policymakers and global experts to deliberate on this next phase under the theme **"Nurturing the Next-Gen Indian Textile Ecosystem: Modern Facilities, Stronger Value Chains, Wider Global Reach."**

INDIA'S T&A INDUSTRY, FY 2026 **US$ 194 billion**

Domestic market	Exports	Domestic market projected by FY 2031
US$ 157 billion	**US$ 37 billion**	**US$ 250 billion**

The industry approaches this moment from a large but unevenly distributed base. India's T&A industry is estimated at US$ 194 billion in FY 2026, of which the domestic market accounts for US$ 157 billion and exports for US$ 37 billion. Domestic demand has compounded at 7% since FY 2020 and is projected to reach US$ 250 billion by FY 2031, while exports have grown at barely 1% a year over the same period. That asymmetry defines the opportunity: India's consumption story is intact, but its share of global trade remains well below its manufacturing capability. Closing that gap is what modern facilities, stronger value chains, and wider market access are ultimately meant to achieve.

The theme reflects three interlinked imperatives facing the industry. First, Indian manufacturing must modernise, building large, automated, data-driven factories that compete with global peers on scale, consistency, and cost. Second, the value chain from fibre to finished product must become stronger and more sustainable, integrating circularity, compliance, and collaboration across tiers. Third, India must widen its global footprint, moving beyond a narrow set of buyer markets to capture opportunities opened by new trade agreements and emerging demand centres.

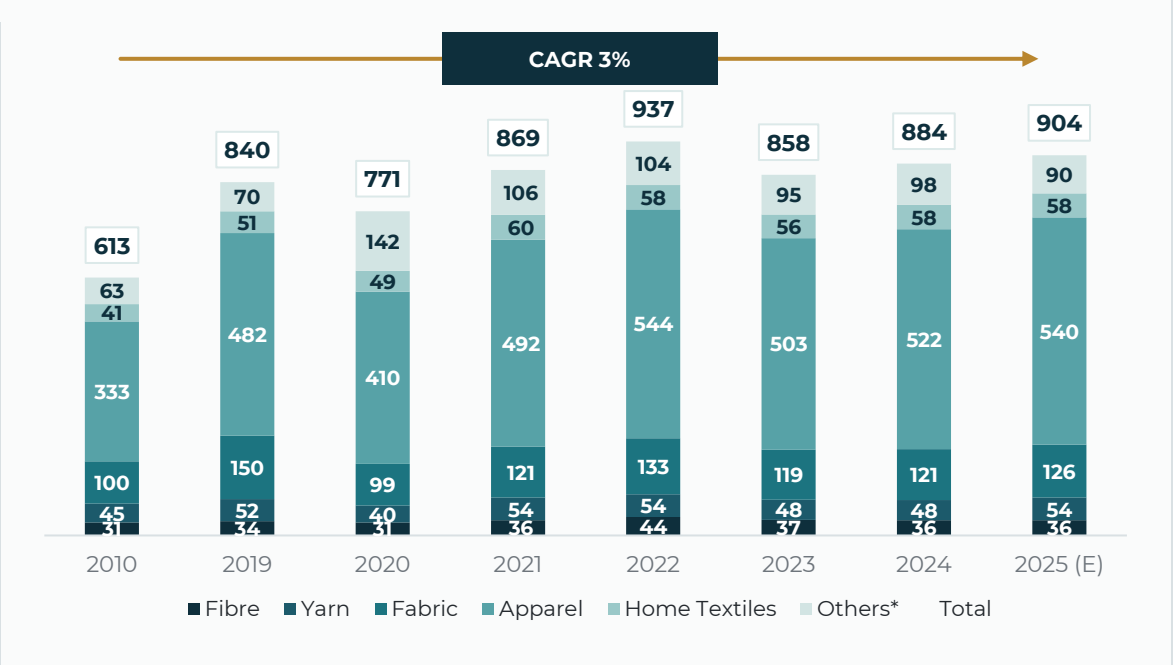
This report sets out where the Indian T&A industry should concentrate its energy, investment, and policy advocacy over the coming years.

2 Global T&A Market Overview

Global T&A Trade

Global Textile and Apparel (T&A) trade is estimated to increase to US$ 904 billion in 2025 from US$ 884 billion in 2024, registering a modest 2% year-on-year growth. While global trade has shown signs of recovery following the post-pandemic slowdown, the overall growth trajectory has remained subdued, with the market recording a CAGR of 3% during 2010–2025. The industry continues to face structural challenges, including persistent geopolitical uncertainties, inflationary pressures, evolving sourcing strategies, and weak consumer demand across key markets such as the US and Europe. Despite these headwinds, global T&A trade has demonstrated resilience, supported by gradual demand stabilisation, easing inflation, and improving inventory levels. Looking ahead, trade activity is expected to strengthen further as consumer spending recovers, retail inventories normalise, and sourcing diversification continues to reshape global supply chains.

Figure 1: Global T&A trade (Values in US$ billion)



**Others include technical textiles and accessories; (E): Estimated*
Source: UN Comtrade & Wazir Analysis.

China remains the dominant T&A exporter at US$291 billion, accounting for 32% of global trade, followed by the EU at US$69 billion and Vietnam at US$46 billion. Bangladesh and India follow with US$40 billion and US$37 billion, respectively. As global buyers diversify sourcing away from China, India has an opportunity to further strengthen its share of global trade.

Figure 2: Top exporters of T&A (Values in US$ billion)



** Includes T&A exports to countries excluding EU-27*
Source: Customs Statistics, Eurostat, GSO, EPB, DGCI&S, TUIK, OTEXA and Wazir Analysis

Global Apparel Market Overview

The global apparel market is estimated at US$1.9 trillion in 2025, growing around 5% over 2024 despite economic uncertainty and inflation. The EU-27 leads at US$371 billion, followed by the US at US$299 billion and China at US$200 billion.

India is emerging as one of the fastest-growing apparel markets, valued at around US$ 115 billion in 2025. Supported by rising incomes, economic growth, and changing consumer preferences, the market is expected to grow at a 9% CAGR to reach US$ 175 billion by 2030. Globally, the apparel market is projected to expand to US$ 2.3 trillion by 2030.

Table 1: Global Apparel Market Size (Value: US$ Bn)

Region	2022	2023	2024	2025 (E)	CAGR 2022-25	CAGR 2025-30 (P)	2030 (P)
EU-27	304	315	317	371*	7%	1%	390
United States	274	279	284	299	3%	3%	345
China	173	190	194	200	5%	5%	250
India	92	102	108	115	8%	9%	175
Japan	66	61	58	60	-3%	1%	63
Brazil	39	49	51	51	9%*	2%	57
UK	43	46	46	49	5%	5%	62
Canada	19	27	25	28	14%*	2%	31
RoW	645	635	734	736	5%	5%	927
World	**1,655**	**1,703**	**1,817**	**1,910**	**5%**	**4%**	**2,300**

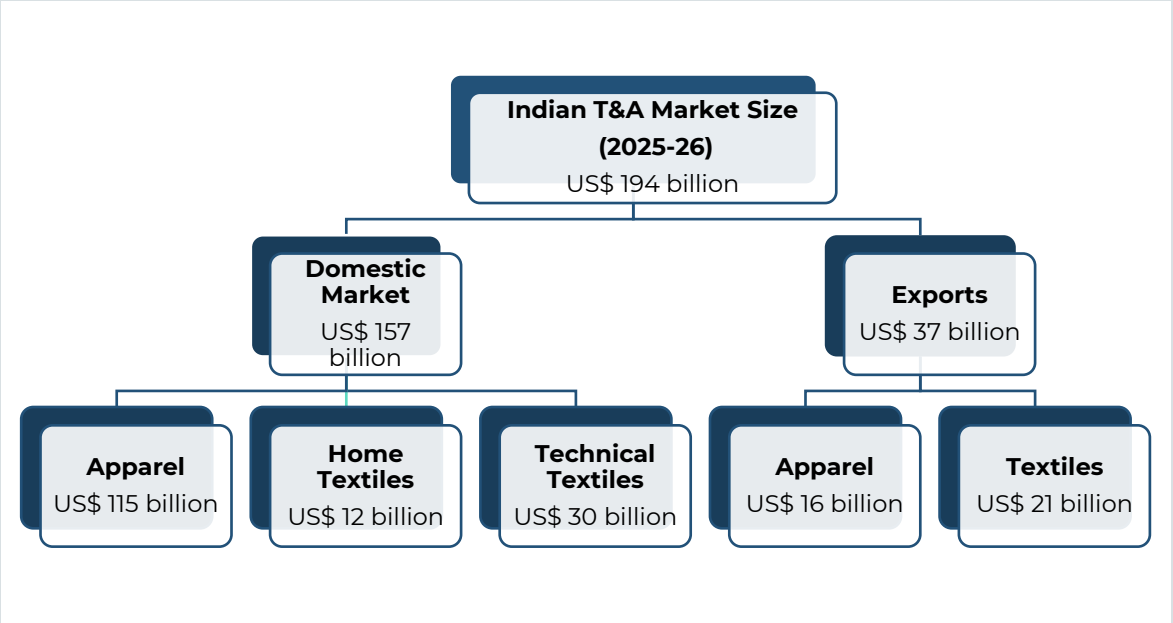
**High growth is mainly due to high inflation & currency appreciation against US$*
Source: Wazir Analysis

3 Indian T&A Industry Overview

India's Overall T&A Market

India's T&A industry is one of the largest in the world, playing a crucial role in the country's economy through employment generation, domestic consumption, and exports. The Indian T&A industry size for FY 2026 is estimated at US$ 194 billion, comprising a domestic market of US$ 157 billion and exports worth US$ 37 billion. The domestic market is dominated by apparel, contributing US$ 115 billion, followed by technical textiles at US$ 30 billion, and home textiles at US$ 12 billion. On the export front, textiles account for the larger share at US$ 21 billion, while apparel exports stand at US$ 16 billion. This structure reflects India's strong domestic consumption, driven by a large and growing middle class, rising urbanisation, and shifting fashion preferences, while the relatively lower share of exports points to significant untapped global potential. With targeted initiatives from both private industry and government to deepen the manufacturing ecosystem, India is well-positioned to enhance its competitiveness and expand both its domestic and international T&A footprint in the coming years.

Figure 3: Indian T&A Market Size (Values in US$ billion)



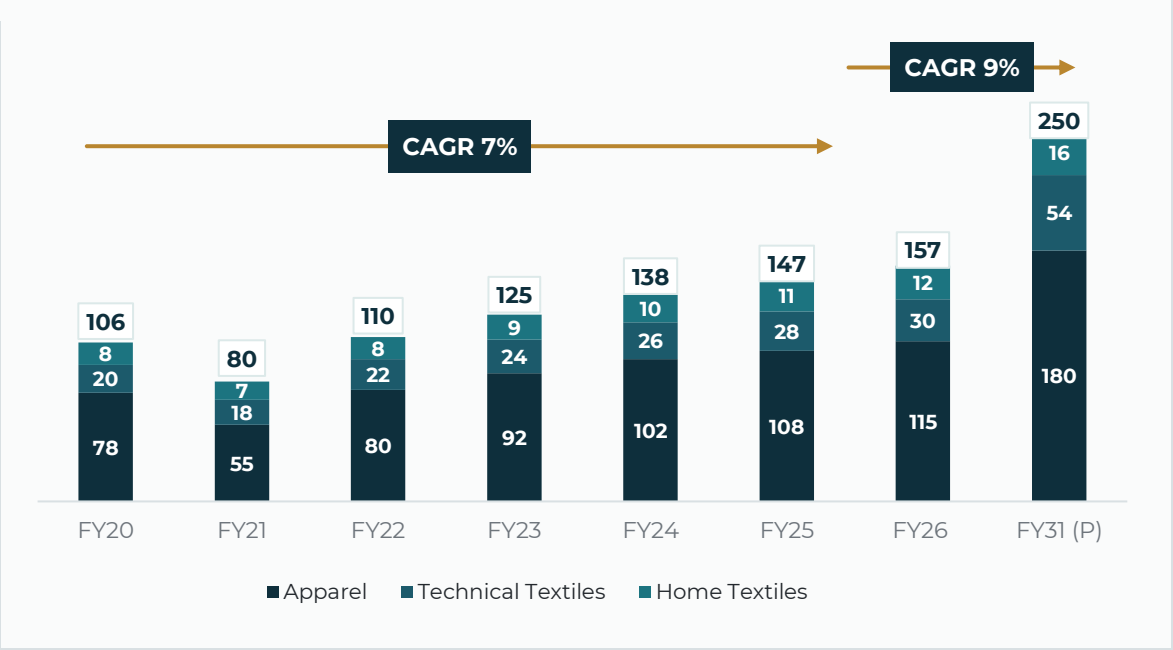
Source: DGCI&S & Wazir Analysis

India's Domestic Market

India's domestic T&A market has grown from US$ 106 billion in FY 2020 to US$ 157 billion in FY 2026, registering a CAGR of 7%. Apparel continues to dominate the domestic market, increasing from US$ 78 billion in FY 2020 to US$ 115 billion in FY 2026. Technical textiles and home textiles have also witnessed steady growth, reaching US$ 30 billion and US$ 12 billion, respectively, in FY 2026.

Although growth moderated in the recent period due to a subdued consumption environment, India's domestic T&A market continues to demonstrate strong long-term potential. Supported by rising disposable incomes, urbanisation, favourable demographics, and increasing consumer spending, the market is projected to reach US$ 250 billion by FY 2031, reflecting a CAGR of 9% over FY 2026-31. Within this apparel-led market, technical textiles are expected to be the fastest-growing segment, expanding at a CAGR of 12.5% to reach US$ 54 billion by FY 2031. Home textiles are also projected to maintain healthy growth at a CAGR of 6%, reaching US$ 16 billion, while the apparel segment is expected to remain the largest contributor with a market size of US$ 180 billion by FY 2031.

Figure 4: India's Domestic T&A Market (Values in US$ billion)

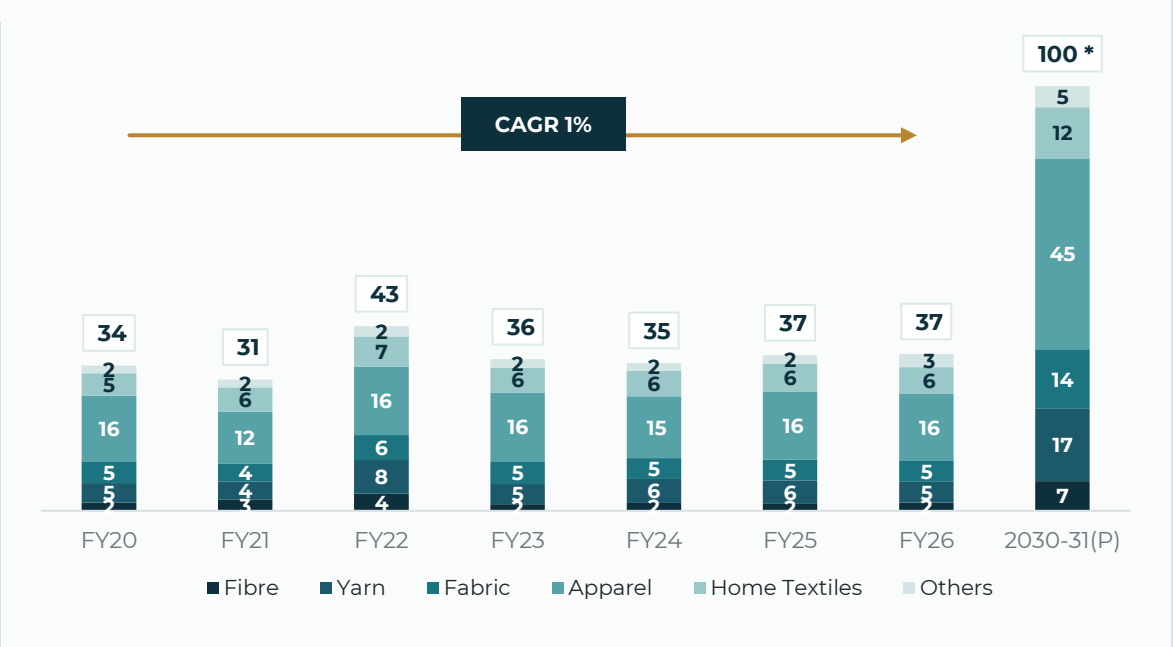


Source: Wazir Analysis

India's T&A exports

India's T&A exports have been largely flat in recent years, edging up from US$34 billion in FY 2020 to US$37 billion in FY 2026, a CAGR of just 1%. After 6% growth in FY 2025, exports rose only 1% in FY 2026, suggesting the recovery remains fragile. Apparel remains the largest segment at over 43% of total exports, while most other segments have seen little movement. Looking ahead, trade agreements could provide fresh momentum: FTAs with the UAE, Australia and the UK, the India–EU agreement now concluded the negotiations, but entry into force(EIF) is still awaited, and ongoing negotiations with the US. Meanwhile, as global buyers pursue China+1 sourcing strategies, India is well placed to emerge as a key alternative supplier.

Figure 5: India's T&A exports (Values in US$ billion)

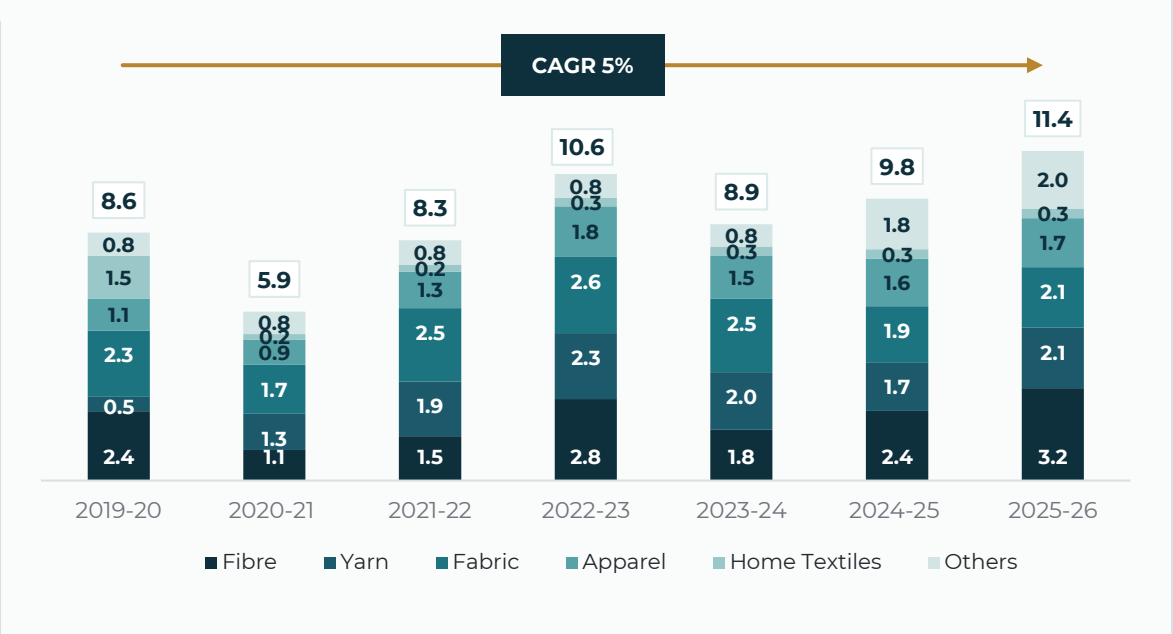


*Source: DGCI&S, * Export Target of Ministry of Textiles*

India's Imports

India's T&A imports grew 17% in FY 2026 to US$11.4 billion, up from US$9.8 billion and above the six-year CAGR of 5%. Fibre and fabric accounted for 46% of imports, while yarn imports rose sharply to US$2.1 billion from US$0.5 billion in FY 2020. China remains the dominant supplier with 37% of total imports, followed by Bangladesh and the EU at 11% each, and the US and Vietnam at 5% each. Rising domestic demand and a growing manufacturing ecosystem are expected to support further import growth.

Figure 6: India's T&A Imports (Values in US$ billion)



Source: DGCI&S

4 Trends Impacting the Global and Indian T&A Industry

The global textile and apparel (T&A) industry is being reshaped by a set of structural shifts that are altering how brands source, how manufacturers compete, and where value accrues across the chain. Six trends stand out, each carrying direct implications for Indian manufacturers and exporters.

01 Multi-Country Sourcing

Global brands are diversifying their sourcing beyond single-country dependence to build resilient and agile supply chains. Concentration risk, exposed during recent disruptions and sharpened by shifting tariff regimes, has pushed buyers to spread volumes across multiple origins. For India, this rebalancing is the single largest opening in the current cycle, provided capacity, lead times, and reliability can be scaled to match buyer expectations.

02 Vertically Integrated Manufacturers

Buyers are reducing their supplier base and forming long-term partnerships with manufacturers that can deliver scale, quality and compliance together. Transactional, order-by-order relationships are giving way to fewer, deeper engagements in which the supplier takes on greater responsibility for development, planning and consistency. Brand preferences are increasingly shifting toward large, vertically integrated manufacturers, positioning Indian manufacturers with end-to-end value chain capabilities to capture a disproportionate share of consolidated buyer portfolios.

03 Market Access Arrangements

New and evolving free trade agreements are reducing tariff barriers and improving market access. Duty differentials have become a decisive factor in sourcing decisions, and preferential access can offset cost gaps against lower-wage competitors. For India, the recently concluded agreements with the UK, the UAE and Australia, along with the agreement with the EU concluded the negotiations but entry into force(EIF) is still awaited, materially alter the competitive arithmetic in its two largest export markets.

04 Sustainability & Green Transition

Regulatory traceability requirements and brand sustainability commitments are together making ESG compliance a prerequisite for market access rather than a differentiator. Buyers now expect verifiable data on water and energy use, chemical management, waste handling and labour practices across tiers. Indian manufacturers will need credible certification and chain-of-custody systems in place to remain eligible for orders in regulated markets, particularly the EU.

05 Digitalisation & Smart Manufacturing

Digital technologies are transforming manufacturing by improving efficiency, real-time visibility and supply chain traceability. Production monitoring, predictive maintenance, digital product development and integrated planning systems are compressing lead times while lifting quality consistency. For India, digitalisation offers a route to close the productivity gap with larger competitors without a proportionate increase in capital or labour.

06 Evolving Brand, Retail & Labour Models

Demand-driven manufacturing is shifting competitive advantage from low cost to speed, agility and workforce productivity. Shorter fashion cycles, smaller order quantities and closer-to-season buying reward suppliers who can respond quickly and reliably. As labour costs rise and skill requirements change, competitiveness will increasingly rest on output per worker and flexibility of the production system rather than wage arbitrage alone.

5 Nurturing the Next-Gen Indian Textile Ecosystem

The opportunity in the textile and apparel industry now lies in strengthening the export side of the sector. Global buyers are diversifying sourcing under China+1, while evolving trade agreements and tightening sustainability requirements are creating new opportunities for suppliers that can demonstrate scale, consistency, compliance and traceability.

Realising this opportunity will require progress across three areas: building larger, more automated and data-driven factories; strengthening a sustainable and traceable Farm-to-Fashion value chain; and expanding India's presence across both existing and emerging export markets. Each of these is discussed in the sections that follow.

5.1 Designing the Future Factories: Scale, Automation & Data-Driven Operations

Global textile and apparel manufacturing is entering a phase where buyers increasingly expect consistent quality, tight cost control, and rapid responsiveness, attributes that come not just from the size of a factory but also from how intelligently it is run. For Indian manufacturers, this marks a shift in competitiveness: the next wave of growth will be won not only by adding capacity, but by building factories that are automated, data-driven, and designed for flexibility from the ground up.

Building Large, Globally Competitive Factories

India's textile manufacturing base has historically been fragmented, with many small and mid-sized units operating below global scale benchmarks. Competing effectively with vertically integrated giants in Bangladesh, Vietnam, and China requires Indian players to consolidate capacity into larger, more efficient units that can absorb bulk orders, maintain consistent quality across large volumes, and spread fixed costs over a bigger base. Scale also improves a factory's ability to invest in automation, compliance systems, and workforce training, investments that are harder to justify at a smaller scale.

Figure 7: Peer Benchmarks – Scale and Integration Among Leading Global Manufacturers

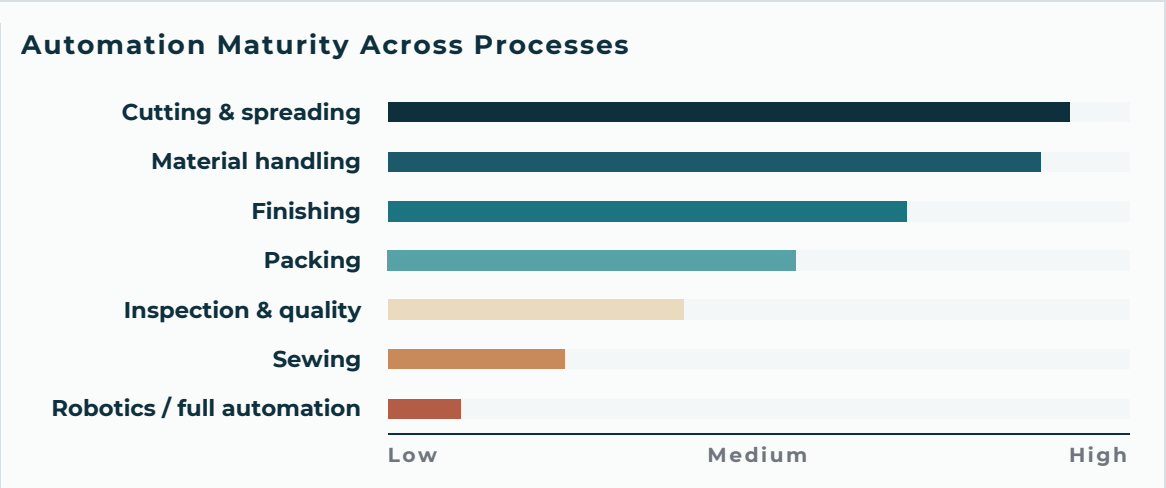
	COMPANY	COUNTRY	VALUE
	Shenzhou International	China	**US$ 4.4 Bn.**
TEXHONG	**Texhong International**	China	**US$ 3.2 Bn.**
YOUNGONE	**Youngone Corporation**	South Korea	**US$ 2.7 Bn.**
	Crystal International	China	**US$ 2.6 Bn.**
	Ramatex Group	Malaysia	**US$ 2.5 Bn.**
MAS	**MAS Holdings**	Sri Lanka	**US$ 2.5 Bn.**
	Far Eastern New Century	Taiwan	**US$ 1.3 Bn.**
SHAHI	**Shahi Exports**	India	**US$ 1.2 Bn.**
Arvind	**Arvind**	India	**US$ 1.1 Bn.**
	Vardhman Textiles	India	**US$ 1.1 Bn.**

Source: Company Annual Reports; Values for (2025 / FY 2026)

Automation and Digitisation Across Spinning, Weaving, and Garmenting

Automation is expanding across India's textile value chain, with significant mechanisation already established in spinning and weaving and growing adoption in garmenting. Automated cutting, sewing assistance and material handling, supported by digital production tracking and predictive maintenance, are helping factories improve productivity, line efficiency and operational visibility while meeting increasingly demanding buyer timelines.

Figure 8: Automation Maturity Varies Significantly Across Processes



Source: Wazir Analysis

Key Automation Trends

01 Workflow Automation Is Replacing Machine-Level Automation

Manufacturers are increasingly connecting planning, production, material flow and quality systems for end-to-end workflow integration, rather than automating individual machines in isolation.

02 AI Adoption Is Concentrated in Optimisation and Inspection

Where AI is being used today, it is concentrated in scheduling, defect detection, quality monitoring and production optimisation, enhancing operational decision-making rather than replacing operators outright.

03 Material Handling Is Becoming the Next Automation Frontier

Hanger systems, AGVs, RFID and automated transport are gaining traction as manufacturers target the removal of non-value-added movement between processes.

04 Sewing Automation Is Progressing Through Modular Solutions

Adoption is being driven by pocket setters, template machines and other operation-specific automation, rather than fully autonomous sewing lines, which remain commercially unproven at scale.

05 Digitalisation Is Becoming the Foundation for Automation

Machine connectivity, production data and digital workflows are emerging as foundational requirements that any further automation investment now depends on.

5.2 Farm to Fashion: Building Stronger & Sustainable Value Chains

The world is moving decisively towards sustainable products, and as India ranks among the largest supplier countries to global apparel brands, sustainability is no longer a peripheral concern for its textile and apparel value chain; it is fast becoming the basis on which sourcing decisions are made. Global regulations are converting this shift into a compliance mandate rather than a voluntary commitment: the EU's Digital Product Passport will require QR-linked fibre and recycled-content data on every garment from 2028, its Forced Labour Regulation bars goods without verified farm-to-spinning traceability from 2027, and its Corporate Sustainability Due Diligence Directive will cascade human-rights and environmental due diligence onto suppliers from 2028-29; in the US, California's SB 253 and its PFAS restrictions already require verified supplier-level emissions data and chemical-safety certificates from apparel sellers. For a supplier base as export oriented as India's, meeting these requirements is fast becoming a condition of market access rather than a differentiator. A resilient Farm-to-Fashion value chain, spanning fibre, yarn, fabric and apparel, is what allows India to meet these requirements credibly and at scale.

ReHubs Europe demonstrates that building a circular textile ecosystem requires more than recycling capacity alone. It depends on coordination across the entire value chain, from collection and sorting to recycling, manufacturing and market demand. This approach offers a relevant reference point for India, where the scale and diversity of the textile and apparel industry create both a significant opportunity and a pressing need to strengthen value-chain integration. As global markets move decisively towards sustainable products, India must increasingly demonstrate not only its ability to manufacture at scale, but also its ability to trace materials, manage environmental and social impacts, and deliver greater transparency across the supply chain.

Sustainability is increasingly shaping global sourcing. A resilient Farm-to-Fashion value chain can help India meet rising traceability and compliance requirements while strengthening its global position.

Figure 9: ReHubs Europe



Source: ReHubs Europe / EURATEX

India has also taken several initiatives for building a stronger and more sustainable value chain. Beyond individual company efforts, the value chain's resilience increasingly depends on collective action, common infrastructure that smaller manufacturers could not build alone, financing that rewards greener practices, and reference models from other markets that show what an industrial-scale circular system can look like.

The Government of India and the financial regulators have put in place or proposed a set of schemes aimed at lowering the cost of sustainability investment across the textile value chain. These cover certification and effluent treatment support, green and sustainability-linked finance for export-oriented units, market-based revenue for verified emission reductions, and a framework for banks to mobilise dedicated green deposits. Effective use of these instruments by industry, combined with continued clarity and consistency in their implementation, will be an important lever for value chain strengthening.

Table 2: Illustrative Central Schemes Supporting Green and Value-Chain Investment

Scheme	Implementing Agency	Key Support
Tex-Eco Initiative (proposed)	Ministry of Textiles	Certification cost reimbursement (GOTS, OEKO-TEX, GRS); capital support for CETPs; subsidy for energy-efficient technologies
EXIM Bank Sustainable Finance Programme	Export-Import Bank of India	Green, transition and sustainability-linked financing for export-oriented units
Carbon Credit Trading Scheme (CCTS)	Bureau of Energy Efficiency	Market-based revenue via tradable Carbon Credit Certificates for verified emission reductions
RBI Green Deposit Framework	Reserve Bank of India	Enables banks to mobilise dedicated green deposits for eligible green projects

Source: Ministry of Textiles; Reserve Bank of India; Wazir Advisors

Table 3: Illustrative State-Level Green Manufacturing Incentives (Selected States)

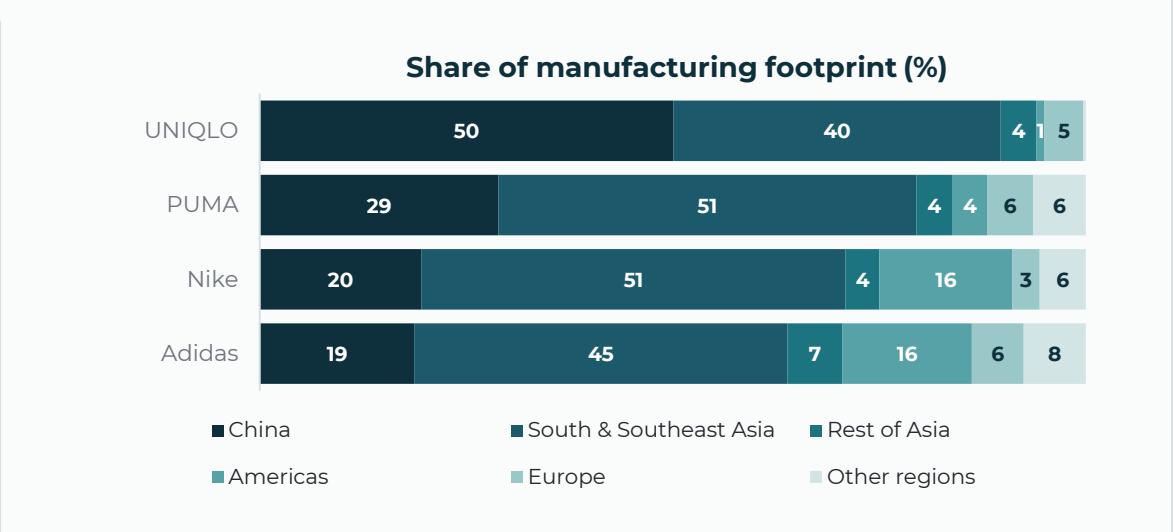
State	Illustrative Incentive
Tamil Nadu	10% capital subsidy (up to ₹3 Cr) for circular economy/recycling projects; ₹10,000/person skilling subsidy for ESG training
Maharashtra	Solar power capital subsidy for captive plants up to 4 MW; 50% ETP/ZLD subsidy up to ₹5–10 Cr
Gujarat	40% capital subsidy on energy/water conservation equipment, up to ₹50 Lakh per equipment category
Odisha	25% capital subsidy on green infrastructure (up to ₹10 Cr); 100% electricity duty exemption for 7 years on captive renewable energy

Source: Wazir Advisors

5.3 Diversifying Market Access: Leveraging FTAs & Exploring New Markets

Global brands are steadily shifting sourcing towards South and South-East Asia, moving beyond the single-country concentration that defined the last decade of apparel manufacturing. Among four of the world's largest sportswear and fashion brands, South and South-East Asia already account for the largest regional share of sourcing for three, Nike (51%), PUMA (51%) and Adidas (45%), while even Uniqlo, still the most China-concentrated of the four at 50%, now sources close to 40% from the region. India's own textile and apparel exports, however, remain concentrated in a relatively small number of markets, leaving the sector exposed to shifts in demand, trade policy, and tariff conditions in those geographies. Reducing this concentration, by deepening presence in existing high-potential markets and actively developing new ones, is fast becoming a strategic imperative rather than a discretionary growth initiative.

Figure 10: Regional Sourcing Footprint of Leading Global Apparel Brands (%)



Source: Annual reports published articles and supplier disclosures

Leveraging FTAs to Open New Markets

India has been actively expanding its network of Free Trade Agreements, with the India-UK CETA now in force and the India-EU trade agreement progressing. These agreements have the potential to meaningfully improve the competitiveness of Indian exports in two of the world's largest apparel-consuming markets by narrowing the tariff gap with competing sourcing origins. Beyond the UK and EU, regions such as Africa, Latin America, West Asia, and South-East Asia offer meaningful, still under-tapped growth potential for Indian exporters willing to invest in building relationships and understanding local market dynamics.

Table 4: Scope for India to Increase Market Share Under the UK and EU FTAs (Apparel Exports in US$ Billion and Share)

Market	Current	Base Case	Most Likely	Optimistic
UK	US$1.3 Bn / 6%	US$1.5 Bn / 7%	US$2.2 Bn / 10%	US$3.2 Bn / 15%
EU	US$5.3 Bn / 5%	US$7.7 Bn / 7%	US$10.6 Bn / 10%	US$16.0 Bn / 15%

Source: UN Comtrade, DGCI&S, Eurostat

Table 5: India's Position Across the Nine FTA Partner Markets

Market	Market Size	India Rank / Share
EU	US$93.8 Bn	#5 / 5.2%
Japan	US$23.3 Bn	#9 / 1.2%
UK	US$21.6 Bn	#4 / 6.1%
South Korea	US$12.1 Bn	#11 / 0.9%
EFTA*	US$10.9 Bn	#6 / 4.1%
Australia	US$8.1 Bn	#4 / 4.9%
UAE*	US$5.4 Bn	#2 / 22.0%
New Zealand	US$1.1 Bn	#4 / 4.1%
Oman*	US$0.4 Bn	#3 / 15.4%

** EFTA and Oman figures are based on 2023 data; UAE as of 2024.*

Source: UN Comtrade; Wazir Analysis

6 Way Forward for the Indian T&A Industry

India's textile and apparel industry has a strong domestic base but remains underrepresented in global trade. At US$194 billion in FY 2026, the industry is driven largely by its US$157 billion domestic market, while exports stand at US$37 billion. With India's exports accounting for only around 4% of global T&A trade, the opportunity lies in converting existing capabilities into greater export volumes. Six priorities emerge from the evidence in this report.

01 Leverage FTAs and Diversify Export Markets

With the India-UK CETA now in force and the India-EU agreement progressing, exporters have an opportunity to translate improved market access into higher export volumes through certificate-of-origin readiness, technical compliance and stronger buyer outreach. At the same time, continued dependence on a few markets exposes exporters to tariffs, regulatory shifts and geopolitical disruptions. A broader market strategy combining FTA-led growth with diversification across destinations will help India build a more resilient and sustainable export base.

02 Build a Multi-Country, Partnership-Led Supply Chain

Leading global manufacturers are increasingly adopting multi-country supply chains to balance tariffs, labour costs and market access, while global brands are consolidating their vendor base around large, vertically integrated partners that can deliver scale, compliance and speed. Indian manufacturers can respond by treating overseas manufacturing as an extension of their domestic operations and pursuing joint ventures and technology partnerships with established international players to access new markets, strengthen capabilities and build stronger relationships with global buyers.

03 Scale Manufacturing Through Policy and Infrastructure

PM MITRA, BHAVYA, PLI and RoSCTL address many of the structural cost and infrastructure challenges faced by Indian manufacturers, but their impact will depend on continuity, timely execution and the development of integrated, large-scale facilities. Faster park allotments, predictable disbursement timelines and clarity on future policy support are essential for long-term investment, while power, water, effluent treatment and logistics must be built into industrial parks from the outset. Manufacturers also need to leverage these facilities to build automation-ready capacity at scale rather than replicate fragmented, sub-scale operations.

04 Accelerate Automation, R&D and Innovation

Global leaders are combining in-house R&D with partnerships with research institutions and technology providers to advance fibre technologies, new materials and efficient production processes, while automation is progressing unevenly across manufacturing stages. Indian manufacturers and academic institutions can strengthen competitiveness by building sustained R&D partnerships and adopting commercially proven automation in areas such as cutting, spreading, inspection, software integration and finishing, while focusing on product development and process efficiency rather than competing on price alone.

05 Make Sustainability and Traceability a Competitive Advantage

With the EU's Digital Product Passport, Forced Labour Regulation and due-diligence directive all taking effect over the next three years, sustainability compliance has moved from a reputational consideration to a hard condition of market access. Manufacturers that build traceability and certification capability now, rather than when the deadlines arrive, will be the ones still shipping to the EU without disruption from 2028 onward.

06 Build Common Facilities and Industry Collaboration

Many of the efficiency gains available to the industry lie not within individual companies but across them. Shared testing and certification labs, common effluent treatment infrastructure, and collaborative platforms for raw material sourcing can reduce costs and improve compliance for manufacturers who might struggle to make such investments individually. Greater industry collaboration, often catalysed by clusters and parks, will be central to building a more resilient and cost-efficient ecosystem.

7 Conclusion

The Indian textile and apparel industry is entering a defining phase of growth, built on an industry base of US$ 194 billion in FY 2026, a US$ 157 billion domestic market, and strong prospects for continued domestic expansion. However, with exports at US$ 37 billion and only around 4% of global textile and apparel trade, India's global presence remains below its underlying potential.

The global sourcing landscape is creating a timely opportunity. Buyer diversification away from China, expanding trade agreements, and preferential market access across key destinations such as the UK and EU are opening new avenues for Indian exporters. Yet, converting these opportunities into sustained export growth will require greater scale, stronger competitiveness, and the ability to meet evolving global requirements.

India's key challenges are increasingly centred on fragmented manufacturing, upstream import dependence, and sustainability and traceability requirements. Addressing these gaps through modern manufacturing facilities, integrated value chains, automation, and targeted investments, supported by initiatives such as PM MITRA and PLI, can significantly strengthen India's position in global markets.

Scaling manufacturing, building resilient and traceable value chains, and effectively leveraging new market access can enable India to capture a larger share of global trade. While the domestic market is on track to reach US$ 250 billion by FY 2031, the next three to five years will be critical in determining whether India can translate its capabilities and favourable external environment into accelerated export growth and emerge as a leading global textile and apparel sourcing destination.

About FICCI

The Federation of Indian Chambers of Commerce and Industry (FICCI) is an association of business organisations in India established in 1927. FICCI draws its membership from the corporate sector, both private and public, including SMEs and MNCs. The chamber has an indirect membership of over 2,50,000 companies from various regional chambers of commerce. It is headquartered in the national capital New Delhi and has a presence in 12 states in India and 8 countries across the world.

FICCI is a non-government, not-for-profit organisation involved in sector specific business policy consensus building, and business promotion and networking. It provides a platform for networking and consensus building within and across sectors and is the first port of call for Indian industry, policy makers and the international business community. It organises conferences, forums, exhibitions and trade fairs that bring industry insight forward.

About Wazir

Wazir Advisors is a management consulting firm assisting its clients in strategy formulation and implementation, forming alliances and joint ventures, investments and market understanding, sector analysis and due diligence, thereby providing end-to-end solutions spanning the complete business cycle in the textile value chain.

Having worked with leading Indian and International companies, public sector organisations, Government departments, development agencies, trade bodies etc., Wazir has a deep understanding of global textile sector dynamics and the right connections with the people who matter.

Wazir Textile & Apparel Sector Intelligence Package

Wazir offers a suite of 17 industry intelligence reports offering year-round insights into global and the Indian textile value chain. The subscription covers 12 monthly Global Apparel Trade & Consumption Updates, 4 quarterly Wazir Indian Textile & Apparel Index reports and the annual Indian Textile Industry Report, together with complimentary access to quarterly sector webinars.

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