# Indian Textile Sector Projected To Experience Significant Growth in Next 5-10 Years

**Mr. H. V. Bennur,**
Managing Director,
Clartech Engineers Pvt. Ltd.,Ahmedabad

The Indian textile sector is projected to experience significant growth in the next 5-10 years, with potential to become a global leader due to factors like increasing domestic demand, government initiatives like PM MITRA parks, a focus on technical textiles, digital transformation, and growing exports of high-value finished products aiming for a market size of around $350 billion by 2030; however, challenges like upgrading technology, skilled labour needs, and addressing environmental concerns remain crucial for sustained growth.

Today, India positioned itself as the world's second largest textile producer, with significant share in the global market. This sector is contributing significantly to the country's GDP and employment. Cotton remains the primary fibre used in Indian textile production, enabling India to become a major global cotton producer.

The industry landscape covers both traditional handloom production and modern, large scale mills. India is a leading exporter of textiles and apparel, with a significant share in the global market, particularly in cotton-based products. Considering future outlook, India will maintain its global position in various sub-sectors of textiles. The ecosystem, infrastructure, market access and government policies will provide further boost.

The major challenges faced by Indian textile industry include; competition from other countries like China, Bangladesh and Vietnam. Technology gap is also one of the major challenges as some of the segments of the textile industry lack advanced technology which impacts efficiency and productivity. Another challenge is that various small-scale units can hinder economies of scale and market competitiveness due to fragmented industry structure. Lastly, India exports mainly raw materials and basic textiles by limiting its share in the high value added segments.

2020 was one of the toughest years in history for every industry. The textile and apparel industry was also largely affected; marked by declining sales, changed customer behaviour and disrupted supply chains across the globe. The pandemic increased demand for digital access to everything, which in effect has enabled innovation, efficiency and new ways for businesses to scale up. It has also emphasized the need to move to more sustainable and responsible working ways.

Accordingly, change in consumer behavior drastically pushed the market to shift the goal post. Domestic demand has been affected largely due to insufficient ecommerce or digital platforms; commitment towards environmental sustainability; necessity of augmented reality and finally lack of AI tools, etc.

The textile and garment industry will certainly exit this crisis in a very different form from the way in which it had entered. Domestic brands will define clear, long-term objective, while demonstrating enough flexibility, speed and agility and at the same time navigate an uncertain short-term future, but will definitely lead the race amongst other international brands.

For this, they have to reshape their operating models so as to get adapted to the faster pace of change and also have to sustain those effective new working practices that have emerged from the disaster. Since adaptability will be the key to all of this, industry should identify the threats to their businesses and prepare strategic responses across multiple scenarios to counter uncertainty and facilitate fast decision-making. Indian brands have made significant

achievements to overcome the above barriers and accelerated the growth and striving to meet the customer demand to pre-covid level.

India remains a significant player in the global textile market, with its textile exports experiencing positive growth, currently ranking as among the world's top five exporters of textiles and apparel, and seeing a projected increase in exports to reach around $65 billion by FY26, with a CAGR of 10% since 2019. Currently, India holds a substantial share in the global textile and apparel market, contributing around 3.9% to the global trade.

The textile export sector is showing consistent growth, with projections indicating a significant increase in exports in the coming years. Readymade garments (RMG) remain the largest export category, followed by cotton textiles and man-made textiles. The United States is the primary destination for Indian textile exports, followed by countries like the EU, UK and UAE. Government policies and initiatives are actively supporting the growth of the textile industry, including promoting foreign direct investment.

Global trade policies and geopolitical factors have significantly impacted India's textile exports and imports by influencing market access, trade barriers, and supply chain disruptions, often leading to fluctuations in demand, price volatility, and competition from other textile producing nations, particularly when tensions arise between major trading partners; this can both benefit India by creating new export opportunities and pose challenges due to potential instability in various countries.

The major contributing factors like trade agreements and tariffs, geopolitical tensions, currency fluctuations and increased labour costs have impacted more to India's textile exports and imports, which require strategic adaptation to navigate changing market dynamics and maintain competitiveness in the international textile market.

Small and medium-sized textile enterprises in India can benefit from modern technologies like automation, AI, and IoT by improving production efficiency, optimizing quality control, reducing waste, enhancing design capabilities, and gaining better insights into market demands, allowing them to compete more effectively in the global market, especially by utilizing these technologies to streamline processes, monitor production in real-time, and make data-driven decisions to minimize costs and maximize output.

Automation and optimized production processes can significantly reduce labor costs and material waste. AI-powered quality control systems can ensure consistent product quality across batches and Automation can accelerate production cycles, allowing for quicker turnaround times.

The Indian textile sector is actively addressing sustainability by focusing on using eco-friendly materials like organic cotton, recycled fibres, and bio-based textiles, alongside implementing practices like water conservation, energy efficiency improvements, waste recycling, and adopting cleaner production processes, driven by consumer demand and government initiatives to promote sustainable manufacturing.

Key aspects of sustainability efforts in the Indian textile industry include; selection of raw materials like, organic cotton, recycled fibres and bio-based materials; adoption of production processes like, energy efficient, water conservation, waste management and chemical management; circular economy practices by integrating pre and post consumer recycling.

The Indian textile industry has many labour issues, including long working hours, low wages, and unsafe working conditions. Many workers lack awareness of their labour rights, while forced labour is an issue, and there are inadequate government regulations, so it is still a largely informal sector. Many workers are from rural areas and lack technical skill. In order to overcome these issues, the government should focus on skilling and training at every level.

To boost the growth of the Indian textile sector, the government can provide support for technology upgradation, infrastructure, and skill development. It is necessary to amend the present ATUFS and PLI schemes to make them more effective and supportive. More focus on infrastructure development and skill development could provide India a competitive edge over other global economies.

Key areas of innovation and improvement which will drive growth in the textile industry include; adopting sustainability practices like recycled materials and circular economy models; also adopting advanced technologies like 3D printing and nanotechnology, artificial intelligence (AI) for design and production optimization; producing smart textiles with functional properties; and increased focus on customization through digital platforms. All of this should be done while prioritizing eco-friendly production methods and consumer demand for ethical sourcing.