



# Analysing Indian Textile Exports: Trends, Policy Interventions, and Future Challenges

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**Abstract:** This study explores the dynamic landscape of India's textile export industry, delving into its current performance, government-backed initiatives, and emerging challenges. As the sixth-largest global exporter, India's textile sector is pivotal to its economy, driving employment and foreign exchange. The research highlights key export categories, including ready-made garments and cotton textiles, with major markets like the USA, UK, and the EU. It also examines transformative government policies such as the Production-Linked Incentive (PLI) Scheme, Rebate of State and Central Taxes and Levies (RoSCTL), and Free Trade Agreements (FTAs), which aim to enhance India's competitiveness. Despite growth opportunities, the industry faces pressing challenges, including fierce competition, supply chain vulnerabilities, and environmental sustainability concerns. The paper offers strategic recommendations to navigate these obstacles, emphasizing innovation, sustainable practices, and global market expansion, positioning India to strengthen its foothold as a leading textile exporter.

**Key words:** textile, export, economy, policy, handicraft

## 1. Introduction

The textile industry has long been a cornerstone of India's economy, contributing significantly to its industrial output, employment generation, and foreign exchange earnings. Over the years, the Indian textile sector has evolved, adapting to global trends and demands. As one of the largest producers and exporters of textiles and apparel, India plays a pivotal role in the global supply chain, serving as a major player in meeting the growing demand for clothing, home textiles, and other fabric-based products worldwide. The country's textile exports encompass a wide range of products, including ready-made garments, cotton textiles, man-made fibres, handlooms, and handicrafts, which have earned India recognition in global markets.

In recent years, the government of India has taken significant steps to boost the export potential of this sector through various initiatives and policy interventions. Numerous schemes and programs have been introduced to improve the sector's competitiveness, stimulate investment, and expand market access for Indian textile exports. The industry's alignment with key government initiatives, such as Make in India, Skill India, and Women Empowerment, further enhances its growth prospects.

However, despite these efforts, challenges persist that impact the growth trajectory of Indian textile exports. These include intense competition from other low-cost textile-producing nations, fluctuating global demand, environmental concerns, and issues related to labour skill development and technological advancements. Additionally, the reliance on traditional export markets and the need to diversify into newer regions adds to the complexity of the sector's future prospects.

This study aims to provide a comprehensive analysis of the current scenario of Indian textile exports, exploring the key factors influencing export performance, the role of government policies, and the challenges the sector faces. It will also examine the prospects for future growth, highlighting strategies to overcome existing obstacles and capitalize on emerging opportunities in the global market. Through this research, the study will contribute valuable insights into how the Indian textile industry can strengthen its position as a global leader in textile exports and ensure sustainable growth in the years to come.

## 2. Objectives of the study

This study aims to analyse the current trends in textile exports, assess the impact of government policies, and identify challenges hindering growth. It also evaluates India's global competitiveness and explores opportunities for enhancing exports. The key objectives include:

1. Examine the current export trends of India's textile industry.
2. Evaluate the impact of government initiatives on textile exports.
3. Identify challenges faced by the sector in global markets.
4. Assess future growth opportunities for textile exports.
5. Suggest strategies to improve export performance.

## 3. Research Methodology

This research paper adopts a descriptive and analytical approach to examine the current scenario of Indian textile exports, the role of government policy interventions, and the future challenges in enhancing global competitiveness. The study primarily relies on secondary data collected from various sources, including government reports, policy documents, industry publications, research papers, and trade data from organizations such as the Ministry of Textiles, Export Promotion Councils, RBI, and WTO. Additionally, relevant insights from industry experts, policymakers, and exporters may be considered to understand real-time challenges and the effectiveness of existing policies.

## 4. Scope of the Study

This study explores the evolving landscape of India's textile exports, focusing on current trends, government interventions, and future challenges. It examines the sector's performance in the global market, highlighting key export categories and major destinations such as the USA, UK, and the EU. A critical analysis of government initiatives is conducted to assess their effectiveness in enhancing export competitiveness. The study also delves into pressing challenges such as rising competition from low-cost manufacturing nations, trade barriers, supply chain disruptions, and the growing demand for sustainability. Furthermore, it identifies future growth opportunities, including technological advancements, market diversification, and eco-friendly textile production. The findings aim to provide valuable insights and strategic recommendations for policymakers and industry stakeholders to strengthen India's position in the global textile market.

## 5. Overview of Indian Textiles Industry

### 5.1 Historical Development

The history of the Indian textile industry dates back to ancient times, where textiles were intricately woven into the culture, economy, and daily life of Indian society. During the Indus Valley Civilization (2500-1500 BCE), India was already known for its advanced textile production, with cotton fabrics being produced in the region. The use of fine textiles like muslin in ancient times was highly regarded, and Indian textiles were exported to countries across Asia, the Middle East, and even Europe.

In the Medieval Period, during the Mughal Empire (1526–1857), India became a hub for textile production, especially in cities like Surat, Delhi, and Ahmedabad. The Mughal rulers promoted the weaving of luxury fabrics like silk, brocade, and cotton, which gained immense demand both domestically and internationally.

The colonial period (18<sup>th</sup> -19<sup>th</sup> centuries) saw a decline in India's textile industry due to British colonial policies that favoured the import of British manufactured goods and undermined local industries. The British established textile mills in India, especially in Bombay (now Mumbai), marking the beginning of the modern textile industry in the country.

In the post-independence era (1947 onwards), India focused on reviving its textile industry. The government implemented policies for the establishment of textile mills and promoted the growth of handloom weaving and cotton cultivation. By the 1980s and 1990s, the liberalization policies led to the opening of India's textile sector to global markets, boosting exports.

Today, the Indian textile industry is one of the largest in the world, known for its diverse range of products, including cotton, silk, wool, and synthetic fabrics. It plays a vital role in the economy, contributing significantly to employment, GDP, and foreign exchange earnings (Watson, 2021).

5.2 Contribution to the Indian Economy

The Indian textile industry is a major contributor to the country’s economy, providing significant employment and generating substantial export earnings. It is the second-largest employer in India, offering jobs to over 45 million people, particularly in rural areas. The sector contributes about 5% to India’s GDP and around 11% to total exports, making it one of the top export sectors. Additionally, the industry plays a key role in industrial growth by supporting related sectors like cotton farming, synthetic fibres, and machinery manufacturing. With a growing focus on sustainability, the textile sector also positions India for future growth in global markets (National Council of Applied Economic Research, 2022).

5.3 Current Trends in Export

India is the 6<sup>th</sup> largest exporter of textiles and apparel globally, contributing significantly to international trade. In 2023-24, the share of textiles and apparel (T&A), including handicrafts, in India’s total exports stands at 8.21%, highlighting its crucial role in the country’s export economy. India holds a 3.91% share of the global trade in textiles and apparel, making it a key player in the global market. The major export destinations for Indian textiles and apparel are the United States and the European Union, which together account for nearly 47% of total textile and apparel exports (Ministry of Textiles, 2023).

Table 1.1: Indian Textile Export

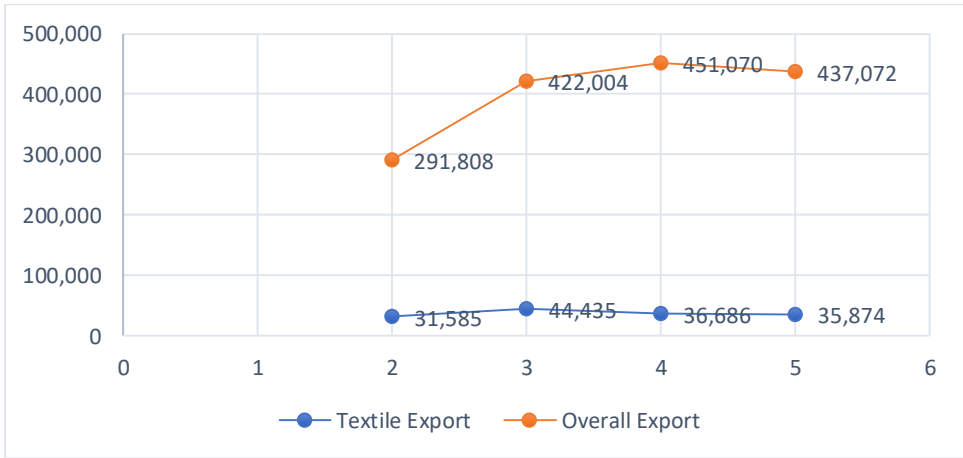
(Values in USD Million)

Year	Export of Textile and Apparel	Export of Handicrafts	Total Export	India’s overall Export	% share in export
2020-21	29,877	1,708	31,585	2,91,808	10.82%
2021-22	42,347	2,088	44,435	4,22,004	10.53%
2022-23	34,997	1,689	36,686	4,51,070	8.13%
2023-24	34,072	1,802	35,874	4,37,072	8.21%

Data Source: Ministry of Textiles, Annual Report 2023-24

India’s textile and apparel (T&A) sector, including handicrafts, continues to rely heavily on traditional markets such as the USA, UK, and EU, which together account for 53% of the total exports. Specifically, the USA holds a significant share of 28%, the UK contributes 6%, and the EU accounts for 19%. Within the EU, Germany, France, and the Netherlands are key contributors, with shares of 4%, 3%, and 3%, respectively, in India's textile and apparel exports globally in FY 2023-24.

Graph 1.1: Indian Textile Export



Data Source: Ministry of Textiles, Annual Report 2023-24

However, despite its strong export presence in these markets, India experienced a slight decline in the export value of textiles and apparel, with a 2% decrease from US\$ 36,686 million in FY 2022-23 to US\$ 35,874 million in FY 2023-24. This decline reflects the challenges faced by the industry, which could include global economic conditions, competition from other textile-exporting countries, and potential disruptions in the supply chain (Ministry of Textiles, 2023).

Table 1.2: Export of Textile & Apparel including Handicrafts

Value in USD Million						
Commodity	Oct-23	Oct-24	% Change	Apr-Oct 2023	Apr-Oct 2024	% Change
Readymade Garment	909	1227	35%	7,825	8,733	12%
Cotton Textiles	1005	1049	4%	7,014	7,082	1%
Man-made textiles	414	474	14%	2,958	3,105	5%
Wool & Woolen textiles	16	14	-11%	117	95	-19%
Silk Products	13	14	5%	70	98	40%
Handloom Products	12	13	4%	89	84	-6%
Carpets	126	147	17%	795	893	12%
Jute Products	25	36	44%	218	220	1%
Total Textile & Apparel	2,520	2,974	18%	19,087	20,309	6%
Handicrafts	129	171	33%	921	1,050	14%
Total T&A including Handicrafts	2,649	3,144	19%	20,007	21,358	7%

Data Source: Ministry of Textiles, Annual Report 2023-24

The export performance of India's textile and apparel sector, including handicrafts, has shown positive growth during the April-October period of FY 2024-25, with an overall increase of 7%, from US\$ 20,007 million in the same period of FY 2023-24 to US\$ 21,358 million. This growth is largely driven by the Ready-Made Garments (RMG) category, which accounted for the largest share (41%) of total exports, amounting to US\$ 8,733 million. Other major contributors include Cotton Textiles (33%, US\$ 7,082 million) and Man-Made Textiles (15%, US\$ 3,105 million).

The export performance of most principal commodities has been positive, with significant growth observed in categories such as Jute Products (44% increase), Silk Products (40% increase), and Carpets (12% increase). However, a decline in exports was recorded for Wool & Woolen Textiles (19% decrease) and Handloom Products (6% decrease), indicating sector-specific challenges. The overall Textiles & Apparel (T&A) including Handicrafts exports for October 2024 also saw an 18% increase compared to the previous month (October 2023), rising from US\$ 2,520 million to US\$ 2,974 million, signalling a positive trend in demand (Indian Council for Research on International Economic Relations, 2023).

This data highlights the growth trajectory of India’s textile export sector, underpinned by the strong performance of Ready-Made Garments and Cotton Textiles, though challenges remain in certain categories like wool and handloom products.

6. Prospects and Growth Opportunities

The Indian textile industry, particularly the export sector, holds significant growth potential due to several favourable factors, including global market demand, government initiatives, and emerging trends in sustainability and innovation. Below are the key prospects and growth opportunities for India’s textile and apparel exports (Das, 2023):

- i. **Growing Global Demand for Textiles:** The global textile and apparel market continues to grow, driven by increasing consumption in emerging markets, fashion trends, and demand for sustainable products. With its competitive advantage in terms of cost and quality, India can tap into these growing markets, particularly in the USA, EU, and other high-demand regions.
- ii. **Government Support and Policy Initiatives:** The Indian government has introduced several policy measures to boost the textile sector. These initiatives provide financial incentives, improve infrastructure, and enhance the competitiveness of Indian textiles in global markets.
- iii. **Shift Towards Sustainable and Eco-friendly Textiles:** Global consumers are becoming more conscious of environmental sustainability. India, with its strong base in natural fibres like cotton and wool, is well-positioned to capitalize on the growing demand for sustainable textiles. The adoption of eco-friendly



practices such as water and energy conservation, use of organic cotton, and innovative recycling technologies can help Indian exporters meet international sustainability standards.

- iv. **Technological Advancements and Innovation:** Technological advancements in textile manufacturing, such as automation, digital printing, and advanced fabric technologies, can improve the efficiency, quality, and scalability of production in India. The development of smart textiles and technical textiles (used in medical, automotive, and Défense industries) presents new growth avenues for India's textile exports.
- v. **Expansion into Emerging Markets:** While traditional markets like the USA and the EU remain vital, there is increasing opportunity for Indian textiles in emerging markets in Asia, Africa, and Latin America. These regions are experiencing rapid urbanization and a growing middle class, which could drive demand for textiles and apparel.
- vi. **Leveraging Free Trade Agreements (FTAs):** India's active participation in Free Trade Agreements (FTAs) with countries and trade blocs can help reduce trade barriers and improve access to new markets. Strategic partnerships with countries in the ASEAN region, UK post-Brexit, and Africa offer opportunities to expand textile exports by benefiting from reduced tariffs and improved market access.
- vii. **E-commerce and Online Retail:** The rise of e-commerce has created new channels for Indian textile exports. Online platforms allow small and medium-sized enterprises (SMEs) to reach global customers directly, reducing the need for intermediaries. With increasing digital penetration, India can leverage e-commerce to grow its textile and apparel exports.
- viii. **Domestic Raw Material Availability:** India is one of the largest producers of raw materials for textiles, including cotton, jute, and wool. The availability of high-quality raw materials ensures a competitive edge for India's textile sector, enabling it to meet global demand while reducing dependency on imports.

## 7. Government Policy Interventions

The Indian government has implemented several initiatives and policies aimed at boosting the growth of the textile and apparel export sector. These include financial incentives, trade facilitation measures, and industry-specific support schemes (Ministry of Textiles, 2023):

- i. **Rebate of State and Central Taxes and Levies (RoSCTL):** The RoSCTL scheme is designed to enhance the competitiveness of Indian textiles in global markets by providing a rebate on state and central taxes and levies incurred during the manufacturing process. This scheme helps exporters by reducing the cost burden, making Indian products more competitive in international markets.
- ii. **Production-Linked Incentive (PLI) Scheme:** The PLI scheme aims to boost the production of textiles and apparel in India, with a focus on high-value products. It provides financial incentives to manufacturers to promote investment in advanced technology, enhance production capacity, and improve the quality of textile products. The scheme targets key sectors like apparel, technical textiles, and man-made fibres.
- iii. **Free Trade Agreements (FTAs):** India's active engagement in Free Trade Agreements with countries and trade blocs provides preferential market access for its textile exports. FTAs reduce tariffs, eliminate trade barriers, and open up new markets for Indian textiles. Agreements with regions such as the ASEAN, UK (post-Brexit), and Africa can significantly benefit the sector by increasing export opportunities.
- iv. **Quality Control Orders (QCO):** To ensure that textile products meet global standards, the government has introduced Quality Control Orders. These orders regulate the quality and safety of textile products exported from India, helping enhance the reputation of Indian textiles in international markets. They aim to make Indian textiles more competitive by adhering to international standards.
- v. **Inputs for Sanitary and Phytosanitary (SPS) & Technical Barriers to Trade (TBT) Notifications:** The government provides guidance on the sanitary and phytosanitary (SPS) and technical barriers to trade (TBT) notifications, ensuring that Indian textile exports comply with international health, safety, and environmental standards. These notifications help prevent trade disruptions and promote smoother entry into foreign markets.
- vi. **Textile Advisory Group on Man-Made Fibers (MMF):** The Textile Advisory Group on MMF plays a critical role in advising the government on the promotion of man-made fibres, which are increasingly in demand in global markets. The group suggests policy measures to enhance the production, utilization,

and export of MMF products, ensuring that India capitalizes on the growing global demand for these fibres.

## 7. Future Challenges

While the Indian textile export sector holds significant growth potential, there are several challenges that may hinder its progress in the coming years. These challenges need to be addressed to ensure sustained growth and competitiveness in the global market (World Trade Organization, 2023):

- i. **Global Competition:** India faces stiff competition from other low-cost textile-exporting countries like Bangladesh, Vietnam, and China. These countries offer similar products at competitive prices, making it challenging for India to maintain its market share, especially in price-sensitive segments.
- ii. **Dependence on Traditional Markets:** A large portion of India's textile exports are concentrated in traditional markets such as the USA, UK, and EU. While these markets remain crucial, over-reliance on them exposes the industry to risks such as changing trade policies, tariff barriers, and economic downturns in these regions.
- iii. **Supply Chain Disruptions:** The textile sector is highly dependent on a global supply chain for raw materials and manufacturing inputs. Disruptions in supply chains due to geopolitical tensions, natural disasters, or pandemics can negatively impact production timelines and export delivery, leading to a loss of business.
- iv. **Technological Gaps:** Despite improvements in technology, there is still a gap in the adoption of advanced manufacturing techniques in some parts of the Indian textile industry. The lack of investment in automation, digitalization, and innovation can affect efficiency, quality, and the ability to meet changing global demands.
- v. **Environmental Concerns:** With increasing global focus on sustainability, the textile industry faces pressure to adopt eco-friendly practices. Issues like water consumption, chemical use, and textile waste pose significant challenges. India's textile industry needs to invest in sustainable technologies and processes to meet the rising demand for eco-friendly products.
- vi. **Skilled Labor Shortage:** While the textile industry is a major employer in India, there is a growing demand for skilled labour in specialized fields like technical textiles, digital printing, and sustainable manufacturing. The lack of a skilled workforce in these areas could hamper the industry's growth and innovation potential.
- vii. **Logistics and Infrastructure Challenges:** Inefficient logistics and inadequate infrastructure, particularly in rural areas, continue to be significant hurdles. Poor transportation networks, delays in customs clearance, and inadequate storage facilities can increase costs and reduce the competitiveness of Indian textile exports.
- viii. **Currency Fluctuations:** Exchange rate fluctuations between the Indian Rupee and other major currencies, especially the US Dollar, can impact the profitability of textile exporters. Volatility in currency markets could affect pricing and demand for Indian textile products in international markets.
- ix. **Regulatory Hurdles:** Complex and fragmented regulations related to taxation, labour laws, and export policies can increase compliance costs for textile exporters. Streamlining these regulations and simplifying the export process will be essential to foster growth in the sector.

## 8. Strategies to Overcome Challenges

To overcome the challenges facing the Indian textile export sector and harness its growth potential, several strategic measures can be implemented at both the industry and government levels. These strategies aim to enhance competitiveness, diversify markets, improve infrastructure, and ensure sustainability (Textile Committee, 2022):

- i. **Diversification of Export Markets:** To reduce dependency on traditional markets like the USA, UK, and EU, India should focus on expanding its reach to emerging markets in Asia, Africa, and Latin America. Establishing trade agreements and strengthening diplomatic ties with these regions can open new avenues for export growth, reducing the impact of risks from existing markets.
- ii. **Investment in Technology and Innovation:** The textile industry needs to invest heavily in modernizing manufacturing processes. Adoption of automation, digitalization, and the use of advanced textile

technologies such as 3D printing, smart fabrics, and technical textiles can improve production efficiency, quality, and innovation. Government incentives for technological upgrades through schemes like PLI can also encourage industry players to adopt new technologies.

- iii. **Promotion of Sustainable Practices:** With the increasing global demand for eco-friendly products, the Indian textile sector must focus on sustainable manufacturing practices. This includes using renewable resources, reducing water and energy consumption, adopting cleaner production technologies, and investing in textile recycling. Promoting the use of organic cotton, eco-friendly dyes, and biodegradable materials will help Indian exporters meet international sustainability standards.
- iv. **Skill Development and Training Programs:** The textile industry should invest in training and skill development programs to create a skilled workforce capable of working with new technologies and meeting international standards. Collaborations with educational institutions and vocational training centres can help bridge the skill gap, particularly in specialized areas such as technical textiles, digital printing, and sustainable manufacturing.
- v. **Improvement in Logistics and Infrastructure:** Enhancing infrastructure such as transportation networks, ports, warehousing facilities, and logistics hubs is essential for improving the efficiency of the supply chain. Investments in modern infrastructure and the use of logistics technologies like GPS tracking and automated warehouses can help reduce delays, lower transportation costs, and improve delivery times for exports.
- vi. **Strengthening Policy Support and Regulatory Reforms:** Simplifying and streamlining export procedures, reducing bureaucratic hurdles, and introducing favourable policies for export-oriented businesses can ease the compliance burden on textile exporters. Regulatory reforms in areas like taxation, labour laws, and customs processes will help create a more business-friendly environment, ensuring smoother operations.
- vii. **Leveraging Free Trade Agreements (FTAs):** India should actively pursue and negotiate new Free Trade Agreements (FTAs) with potential textile markets to reduce tariffs and improve market access. By capitalizing on these agreements, India can enhance its competitiveness in global markets, particularly in emerging economies with growing textile demand.
- viii. **Enhancing Branding and Marketing:** To establish a stronger global presence, India should focus on improving branding and marketing strategies for its textile products. Promoting India's rich textile heritage, sustainable practices, and high-quality products through international trade fairs, digital platforms, and partnerships with global retailers can boost visibility and attract more international buyers.
- ix. **Financial and Export Incentives:** Continued support from the government through financial incentives such as tax rebates, export subsidies, and schemes like RoSCTL will help ease the financial burden on exporters. Moreover, banks and financial institutions should offer affordable credit facilities to small and medium enterprises (SMEs) to ensure they can compete effectively in the global market.

## 9. Conclusion

The Indian textile export sector has immense growth potential, bolstered by a rich history, a diverse product base, and significant government support. India's position as the sixth-largest exporter of textiles and apparel in the world highlights the sector's importance to the Indian economy, both in terms of contribution to GDP and job creation. The government's initiatives have been instrumental in supporting the industry, making Indian textiles more competitive on the global stage.

Despite these positives, the sector faces several challenges, including global competition, supply chain disruptions, skill gaps, and environmental concerns. To maintain and enhance its position, India must focus on diversifying export markets, adopting sustainable practices, investing in technology, and improving infrastructure. The government's continued support, along with industry-driven efforts, will be crucial in overcoming these challenges.

Therefore, by addressing the current hurdles and capitalizing on emerging opportunities, India's textile export sector can achieve sustained growth, contributing significantly to the country's economic prosperity. The combination of strategic government policies, industry innovation, and global market diversification will ensure that India remains a competitive player in the global textile export market for years to come.

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