



# India Weaves Growth with Reforms

The strategic outlook is constructive. Duty relief has lowered the cost floor. Smart machinery is raising the performance ceiling. The corridor between the two is where competitiveness compounds, says **Mukundan Menon**.

India's textile story has always been one of resilience and reinvention. From the legacy of fine muslins and cottons to today's role as a global supplier of apparel and fabric, the sector has shaped livelihoods, exports, and regional economies. The current cycle is no different. With global trade dynamics shifting under the weight of tariff frictions, cost volatility, and constantly evolving buyer expectations, India is again

recalibrating its edge. Two forces are working in tandem: policy support in the form of duty relief on raw cotton, and a decisive shift to smart, Industry 4.0 ready machinery on the shop floor. Together, they are compressing input costs, raising operational predictability, and boosting confidence across spinning, fabric, and garmenting. The result is a credible path to an export upswing and market share gains in a diversified global order.

The policy signal is clear. The government has extended the exemption on raw cotton import duty and agriculture cess up to December 31, 2025, what began as a short notification window has been converted into a sustained relief arc. The timing is pragmatic. It aligns with India's festive and wedding season, when domestic demand runs strong and mills load their machines for peak throughput. Lower-cost cotton reduces immediate production friction, eases working capital strain, and keeps Indian quotes sharp in competitive bidding cycles. Equally important is the recognition that demand now runs on two engines, steady domestic consumption and rebuilding global order books. By dampening raw material volatility, the duty relief gives manufacturers and exporters room to plan, price, and deliver without the constant overhang of cost shocks.

## Timing and market impact

The real economy impact lands quickly. In spinning, raw cotton is the core cost line. Relief here stabilises yarn realisations, sustains consistent runs on ring and compact frames, and lifts utilisation. Predictable input pricing allows production managers to lock schedules, balance counts, and reduce idle time. Downstream, fabric producers benefit from softer yarn costs that improve loom economics and dyeing/finishing yields. Lead times become credible. Renegotiations reduce. Exporters in garmenting, who live and die by FOB discipline, regain the ability to price-to-win without trimming trims, finishing, or compliance. In a sector where margin per piece is often measured in rupees, the contribution of lower cotton costs to EBITDA is material. Just as crucial, confidence returns to commercial teams. When cost assumptions are stable, sales can commit to volumes; procurement can forward-book; finance can plan cash flows. Confidence is not a soft metric, it is a force multiplier.





## The smart machinery revolution

Policy relief, however, is only part of the story. The decisive step-change in competitiveness is coming from the adoption of smart machinery with servo-driven systems and built-in Industry 4.0 capabilities. Indian mills are moving beyond incremental upgrades to embrace a digital-first operating model. In spinning, automatic ring frames with compact technology are becoming the norm, not the exception. These units reduce waste, stabilise yarn parameters, and raise yields across counts. Uniform yarn quality de-risks weaving and knitting, cuts end-breakage and reduces shade variation in dyeing and finishing. Across weaving and knitting, high-speed looms and modern circular and flat knitting lines expand capacity without linear additions to labour and utilities. The difference now is the ecosystem, feeders, guiders, take-up systems, tension controls, and a robust supply of accessories and spares that keep uptime high and variability low.

Quality and maintenance are being reimagined. AI-powered inspection is moving QC from a reactive end-of-line gate to an in-process, predictive discipline. Defects are caught earlier. Second-quality rates drop. IoT sensors embedded in critical machines allow real-time monitoring of temperature, vibration, energy draw, and throughput. These data streams enable predictive maintenance, optimise scheduling, and reduce downtime. Energy, a material line item in spinning and processing, is being managed actively through servo drives, heat recovery, and smarter load balancing. In dyeing and finishing, precision controls over pick-up, temperature profiles, dwell times, and dosing are lifting reproducibility while trimming rework and chemical waste. The payoff is not only in quality and cost; it is in reliability. Global buyers prize consistency and on-time performance. Smart machinery, well integrated with disciplined SOPs, builds a delivery reputation, an asset that compounds over time.

## Export boom; capitalising on global opportunities

Exports are the logical beneficiary. The ambition to reach \$100 billion in textile and apparel exports by 2030 will not be met by pricing alone. It requires a synchronised play, policy that protects the cost base, technology that guarantees consistent output, and commercial discipline that meets lead-time and compliance requirements of demanding markets. The supply chain is diversifying. Global buyers are actively de-risking single-country exposure. India's value proposition, scale in yarns and fabrics, improving compliance and traceability, and a deep vendor ecosystem fits this moment. Duty relief narrows the price gap. Smart manufacturing secures the quality signal. The government's Production Linked Incentive (PLI) scheme adds a third leg: it rewards outcomes, nudging

manufacturers to commit capital to capability, not just capacity. For players ready to execute, PLI can finance the jump to next-gen machinery and integrated digital systems, accelerating the climb up the value chain.

## Challenges and adaptation strategies

The path ahead is promising, but it is not automatic. Risks must be managed with clear eyes. Trade policy remains volatile. US tariff actions underscore how quickly market access can shift. The counter is diversification both in geography and product mix. Indian exporters must consolidate share in traditional strongholds while building presence in Africa, Latin America, and Southeast Asia. Product portfolios should stretch into segments less exposed to pure price competition. Raw material swings will persist. Duty relief dampens the peaks, but it does not eliminate structural volatility driven by weather patterns, global stock positions, and speculative flows. The hedge lies in smarter procurement, balanced import and domestic sourcing, and a pivot to alternative fibres, regenerated cellulose, recycled cotton, and man-made fibre (MMF) blends that reduce over-dependence on cotton while aligning with sustainability expectations.

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Capabilities will decide winners. Smart machines deliver value only when operators can run, tune, and maintain them. The skills agenda is strategic, not optional. Structured upskilling, OEM certifications, and the institutionalisation of preventive and predictive maintenance must become standard practice. Plants that pair technicians with OEM experts for the first ninety days post-installation see faster stabilisation and better long-term performance. Data discipline matters. IoT dashboards are only as useful as the actions they trigger. Leaders must insist on closed-loop routines, deviation spotted, root cause identified, corrective action executed, and learning embedded into SOPs. This is how



digitisation becomes culture, not a project.

The industry's longer arc is moving toward value addition and specialisation. India's investments in high-end fashion fabrics, performance knits, and engineered weaves are rising. Technical textiles - medical, automotive, filtration, protective are expanding as plants develop process control, testing capabilities, and certification regimes that these categories demand. The reward is better margins, deeper customer stickiness, and reduced vulnerability to low-price aggression. Sustainability, often framed as compliance, should be owned as capability. Energy-efficient drives, water recycling, chemical optimisation, and heat recovery are not just badges for ESG reports; they are durable cost advantages that outlast cycles and secure access to premium programs with global brands.

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### Strategic positioning and future outlook

What should decision-makers do now? First, lock in the input advantage. Use the duty relief window to forward-book cotton judiciously, balancing imports with domestic procurement to smooth logistics and currency risk. Align purchasing tightly with production plans and order books to avoid inventory overhang. Second, digitise the core. Prioritise servo upgrades, compact spinning retrofits, and proven high-speed looms with strong service backbones. Stand up IoT dashboards for OEE, energy, and quality; move from end-of-line inspection to in-process, AI-assisted checks. Third, lean, then scale. Eliminate bottlenecks before adding capacity. Stabilise dyeing and finishing recipes; standardise SOPs across shifts; reduce rework and seconds. Fourth, sharpen commercial discipline. Quote with confidence using locked material assumptions. Where acceptable, embed surcharge clauses to protect EBITDA from extraordinary volatility. Offer traceability from fibre to fabric; it is a differentiator in audits and a trust signal to buyers.

Fifth, invest in people and process. Budget for training alongside machinery. Build predictive maintenance playbooks with clear MTBF targets and accountability. Treat data as an operating asset review, act, and learn in weekly cadences.

The strategic outlook is constructive. Duty relief has lowered the cost floor. Smart machinery is raising the performance ceiling. The corridor between the two is where competitiveness compounds. Indian manufacturers who convert this window into structural advantage by building digital operations, reskilling teams, and broadening their market map will take disproportionate share as supply chains rebalance. The north star remains unchanged: move up the value chain and compete on capability, not just cost. In practice, that means tighter control over variation, credible lead times, cleaner energy footprints, and products that solve for function, not only fashion.

This edition of the *Indian Textile Journal* marks a milestone, 135 years of chronicling the sector's evolution. It is an apt moment to take stock. Policy agility has shown it can steady the ship when seas get rough. Technology has shown it can transform the ship itself. The task now is leadership at plant level, at portfolio level, and across the ecosystem. OEMs, mills, processors, garmenters, and exporters must collaborate to compress learning curves and standardise best practices. Industry bodies can accelerate capability-building through shared training platforms and data benchmarks. Financial institutions can link capital costs to measurable improvements in energy efficiency and quality yields, aligning incentives with outcomes.

Confidence is back, and rightly so. But confidence must translate into execution. The opportunity is to enter the next fiscal not just with fuller order books, but with smarter factories, steadier costs, and a stronger reputation for reliability. That is how India will power the export boom in textiles by combining a policy-enabled cost base with technology-led consistency and an unwavering focus on outcomes. The window is open. It is time to use it fully.

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#### About the author:

Mukundan Menon is the Managing Director - Voltas and Chairman - VoltasBeko and President of Refrigeration and Air Conditioning Manufacturing Association (RAMA). Menon joined Voltas in July 2023 and brings with him a rich experience of over three decades leading organisations in India and overseas. He is known for his experience and expertise covering the entire spectrum of HVAC products namely - Room Air conditioners, Commercial Air Conditioners and Commercial Refrigeration Products. Prior

to joining Voltas, Menon has been instrumental in turning around Blue Star's product business and held the position of the President & Chief Operating Officer of Blue Star and Director of Blue Star Climatech, a wholly owned subsidiary of Blue Star.

