Why India remains a key piece in the global textile value chain

WEAVING SUCCESS. The country contributes 12-13% of global textile export earnings, ranking 3rd worldwide

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India is an important puzzle in the global textile scenario, going beyond tariffs in shaping sourcing decisions. Despite the US imposing a steep 50 per cent duty on Indian exports, textile players argue that India's role in the global value chain extends far beyond tariff math.

A Vijay Anand, CEO of Knit Gallery, pointed out that India's raw material base gives it a distinct edge. "India is the second-largest producer of cotton after China, which provides a major advantage compared to competitors like Bangladesh, Vietnam or Sri Lanka," he said.

RAW MATERIAL EDGE

This raw material depth feeds into India's global position. The country contributes about 12-13 per cent of global textile export earnings, ranking third worldwide. "India holds nearly 11 per cent market share, shipping $6.5 billion annually. While the US leads in volumes and Australia in premium long-staple cotton, India's strength lies in its cultivation base, competitive pricing and ability to supply a wide range of cotton types to markets such as Bangladesh, Vietnam and China," explained Sanjay Jain, Group CEO, PDS Ltd.

Khiroda Jena, CFO, Bombay Dyeing, said that for many premium and value-conscious buyers, these strengths outweigh just tariff benefits. For categories like premium cotton home textiles, India's capabilities are not easily substitutable.

Tariffs may impact price-sensitive segments, but long-term sourcing relationships and India's strengths in sustainable, traceable production will keep it a preferred destination, he added.

On the trade policy front, Ankit Jaipuria, Co-founder of ZYOD, clarified that tariff advantages for rivals are often overstated. "The US does not have free-trade agreements with Bangladesh or Vietnam. Vietnam only has a Trade and Investment Framework Agreement, which is a dialogue platform, not an FTA."

Jain acknowledged that tariff differentials over Bangladesh and Vietnam will influence buying patterns. Bangladesh and Vietnam could benefit from significantly lower tariff rates — around 20 per cent; however, these shifts are expected to be gradual.

DISTINCT EDGE. If cotton is India's foundation, integration is its moat. Few countries combine raw material, spinning, weaving, processing and garmenting at the scale India does

INTEGRATION AS MOAT

If cotton is India's foundation, integration is its moat. Few countries combine raw material, spinning, weaving, processing and garmenting at the scale India does.

"India offers buyers cost efficiency, flexibility in order sizes and the ability to move from raw fibre to fully packaged apparel within the same ecosystem," Jain pointed out.

Anand added that most are in a bind. "It's very difficult to immediately switch to new suppliers in new countries. Initially, there were talks of overcoming the 25 per cent tariff by sharing costs or using LDP shipment modes but with the full 50 per cent duty, much of the business has come to a standstill," he said.

Shiraz Askari, President of Apollo Fashion International Ltd, noted that the challenges extend beyond textiles. "In leather, much like in textiles, the 50 per cent US tariffs presents a severe short-term challenge, and some contraction in orders is likely as buyers explore alternative sourcing in FTA markets. However, these shifts take time." He added that while FTAs with the UAE and Australia provide limited cushion, the UK agreement, though signed, may take up to nine months for parliamentary approval.