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EXECUTIVE INTELLIGENCE BRIEF

India in the Global Fashion & Textile Value Chain

*A Strategic Assessment for Brands, Sourcing
Buyers, and Manufacturers — Structure,
Capability, and Partnership Pathways*

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Preface and Scope

This paper is a strategic assessment of India's position in the global fashion and textile value chain — fibre, yarn, fabric, apparel, home and technical textiles, and craft — written for the firms on both sides of that chain: international brands and sourcing buyers evaluating India as a sourcing and manufacturing base, and Indian manufacturers and their investors assessing where the value chain is heading and how to position within it.

It is intended to be read as a single, self-contained document. It moves from the structure of the industry and the economics of its sub-segments, through the cluster and supplier landscape that frames counterpart selection, to capacity and investment dynamics, the China+1 reallocation of sourcing, and the sourcing and partnership pathways through which engagement proceeds. It closes with the principal risks and the strategic implications for each audience.

Historical and reported figures are drawn from official and public sources, which are cited. Forward estimates, projections, and growth rates represent Prologue Research estimates, developed from public data and the firm's own analysis. Company references are drawn from public disclosures and are illustrative of structure — not exhaustive, evaluative, or endorsements. Monetary figures are reported in the source currency.

A note on method. Quantitative reported figures are stated as published by the cited source. Where the paper presents an estimate, projection, or qualitative positioning, this reflects the firm's analysis and is indicative; such figures are identified as estimates.

Contents

1. Executive Summary	3
2. The Structure of the Industry	4
3. Sub-Segment Economics	5
4. The Cluster and Supplier Landscape	6
5. The Supplier Map and Counterpart Selection	7
6. Capacity, Compliance, and Investment Dynamics	9
7. The China+1 Reallocation	10
8. Sourcing and Partnership Pathways	10
9. Qualifying a Supplier or Partner	12
10. Risks and Sensitivities	12
11. Strategic Implications and Outlook	13

1. Executive Summary

1.1 India occupies one of the largest and most complete positions in the global fashion and textile value chain. It is among the world's leading textile and apparel exporters, with an integrated value chain spanning fibre, yarn, fabric, apparel, home, technical, and craft textiles, an abundant raw-material base in cotton and man-made fibre, and a large and growing domestic market. For international brands and buyers it is increasingly a sourcing and manufacturing base; for Indian manufacturers and their investors it is a platform from which to move up the value chain into higher-value, design- and compliance-led work.

1.2 The industry is in structural transition on three reinforcing fronts. Indian manufacturers are migrating from commodity yarn and basic garments toward value-added apparel, technical textiles, and sustainable, compliant production. Capacity and capital are flowing into scale, modernisation, and man-made-fibre and technical segments, supported by policy. And supply-chain diversification is redirecting brand sourcing toward India, as global retailers diversify out of single-country concentration.

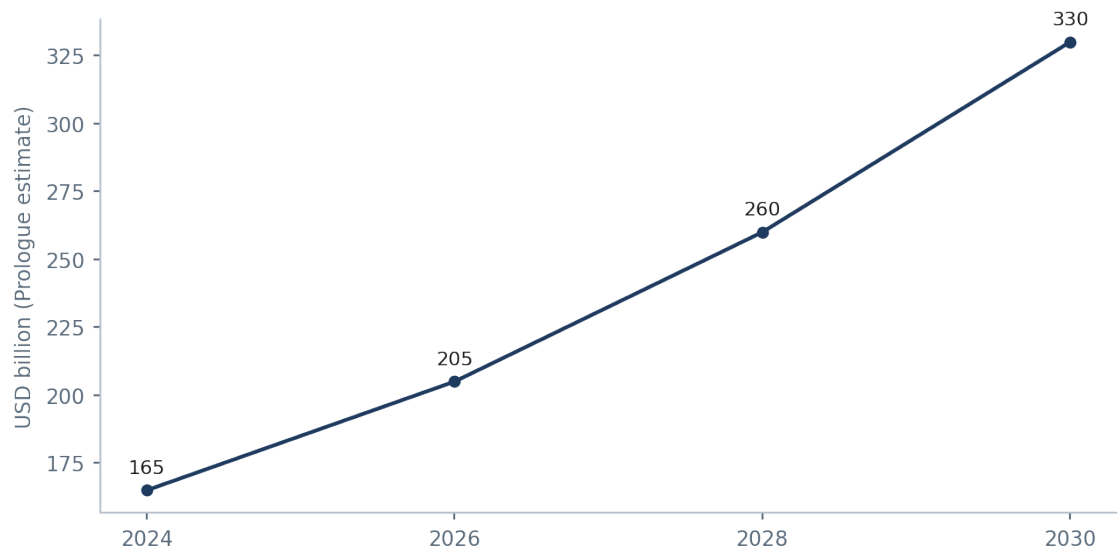
1.3 For both audiences, the strategic question is how to position — which sub-segments, which clusters and suppliers, and which structure: sourcing, build-to-spec manufacture, joint venture, design or technology partnership, or acquisition. The industry is highly fragmented, with a large MSME base of widely varying capability and compliance, which makes supplier identification, tiering, and qualification the decisive disciplines. This paper sets out the structure, the economics, the cluster and supplier map, and the pathways to inform that decision, and concludes that the binding determinant of success is not cost — which India offers broadly — but positioning, supplier selection, and qualification, particularly on compliance.

2. The Structure of the Industry

2.1 Textiles and apparel are among the cornerstones of India's economy: the sector contributes roughly 2.3 per cent of national GDP and a large share of manufacturing value-added, employs an estimated 45 million people — the second-largest employer after agriculture — and accounts for a significant share of merchandise exports.¹ India is among the world's leading exporters of textiles and apparel and holds an established position in global trade.

2.2 Prologue Research estimates the Indian textile and apparel market at approximately USD 165 billion in the mid-2020s, and notes the official ambition for the sector to approach USD 350 billion by 2030, with exports targeted to rise from approximately USD 36 to 37 billion toward USD 100 billion over the same horizon. The domestic-market estimate is a Prologue Research estimate; the export and sector targets are official policy targets, cited as such. Figure 1 sets out the trajectory on Prologue's estimate.

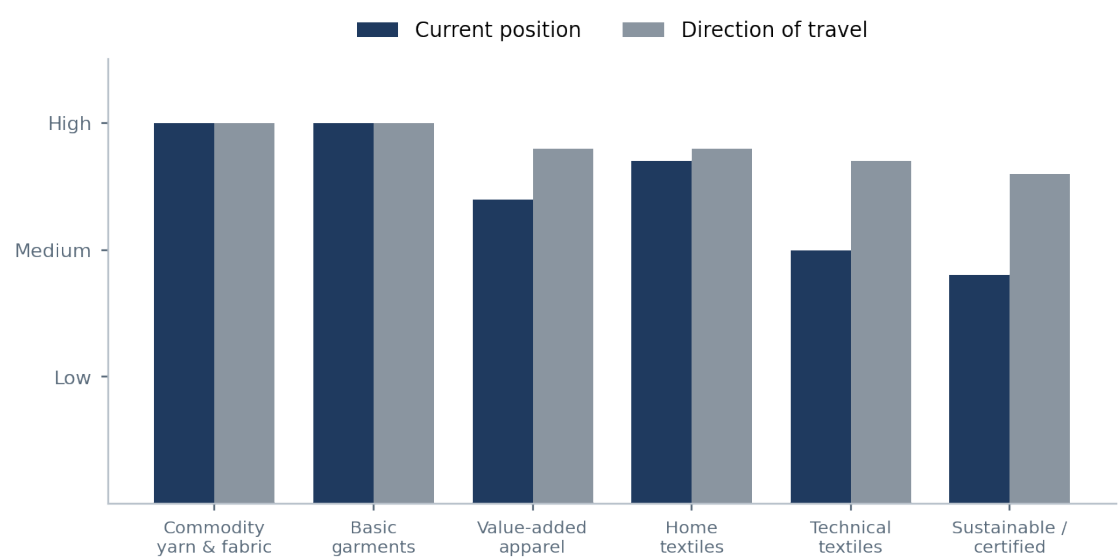
Figure 1. Indian textile and apparel market, Prologue Research estimate and projection (USD billion)



Note: Prologue Research estimates and projection, informed by official sector targets. Figures for 2026 onward are projections and are indicative.

2.3 The industry is structured in tiers of value. At the base are commodity yarn, greige fabric, and basic garments, where competition is on cost and the supplier base is vast. Above them sit value-added apparel, processed and finished fabric, and home textiles, where quality, design, and finishing command premium. At the apex are technical textiles, sustainable and certified production, and design-led and craft-differentiated product, where capability, compliance, and design create durable position. The structural story is Indian manufacturers climbing these tiers, and the technical-textiles segment — valued at approximately USD 29 billion and growing fast on official data — exemplifies the direction. Figure 2 sets out the firm's assessment.

Figure 2. Indian capability by value-chain tier: current position and direction



Note: Prologue Research assessment. Bars indicate current relative position (left) and assessed direction of travel (right); qualitative and indicative.

3. Sub-Segment Economics

3.1 Fashion and textiles are not a single market but a set of sub-segments with materially different economics. The strategic distinction for a brand or manufacturer is between segments competing on cost — where the Indian base is vast and margins thin — and segments where design, finishing, compliance, or technical content sustain margin and narrow the field. Table 1 sets out an indicative view.

Table 1. Sub-segments: indicative economics and India's position

Sub-segment	Margin character	India's position and direction
Technical & specialty textiles	High; capability-led	Emerging; fast-growing, policy-backed
Craft & artisanal product	High; differentiation-led	Distinctive; globally unmatched depth
Value-added & design apparel	Moderate-high; design-led	Rising; brand and finishing capability growing
Home textiles	Moderate; quality-led	Strong; established global exporter
Man-made-fibre textiles	Moderate; scale- and policy-led	Scaling; PLI-supported
Commodity yarn & basic garments	Low; cost-competed	Large, fragmented, margin-pressured

Source: Prologue Research assessment; public data and disclosures. Indicative.

3.2 Two patterns follow, one for each audience. For international brands, value is greatest where India offers capability and differentiation rather than only cost — craft, design-led apparel, technical and sustainable textiles — where the relationship is durable and the qualified supplier set manageable. For Indian manufacturers, the strategic imperative is to migrate from cost-competed commodity work toward these segments, where defensible margin and brand stickiness are found. The two movements meet in the same value-added and differentiated segments.

3.3 A caution applies to both. The advantage in cost-led segments is contestable as other low-cost geographies expand capacity; durable advantage rests on craft, design, technical capability, and — increasingly decisively — compliance and sustainability, which global brands now treat as a precondition rather than a premium.

4. The Cluster and Supplier Landscape

4.1 India's textile industry is organised into long-established clusters, each with a characteristic specialisation. For a brand or buyer, the cluster a supplier sits in is an informative first signal of its capability and orientation. Table 2 sets out the principal clusters.

Table 2. Principal Indian textile and apparel clusters

Cluster	Specialisation	Best-fit sourcing
Tiruppur (Tamil Nadu)	Knitwear	Cotton knits, casualwear
Ludhiana (Punjab)	Woollens, knitwear	Winterwear, hosiery

Delhi NCR / Noida	Fashion apparel, embellished	Womenswear, embroidered, premium
Surat (Gujarat)	Man-made fibre, processing	Synthetic and blended fabric
Panipat / Karur	Home textiles	Home and made-up textiles
Varanasi / Bhadohi	Silk, carpets, craft	Differentiated craft and silk

Source: Prologue Research; industry cluster data. Indicative.

4.2 Two structural features matter for brands and investors. First, the supplier base is highly fragmented, with roughly four-fifths of capacity in micro, small, and medium enterprises operating through cluster-based shared services and supply chains. This fragmentation is the central sourcing challenge — and the central reason supplier identification, tiering, and compliance qualification create value. Second, a tier of large organised manufacturers is increasingly capable, vertically integrated, certified, and globally engaged, and is the natural counterpart for durable, compliant, at-scale programmes.

5. The Supplier Map and Counterpart Selection

5.1 Counterpart selection is the most consequential decision in any India engagement, and in this fragmented, compliance-sensitive industry it is decisive. The landscape can be read along two axes: by segment and cluster, and by supplier type and capability tier. A counterpart's position on both determines its fit. The right counterpart depends on the objective — spot sourcing, build-to-spec supply, dedicated manufacture, joint venture, or acquisition — and on the segment, quality and compliance tier, design content, and volume required.

5.2 Read by supplier type, the landscape sorts into categories that suit different engagement structures, set out in Table 3. The match between supplier type and engagement structure is the core of counterpart selection.

Table 3. Supplier types and engagement fit

Supplier type	Character	Best-fit engagement
Integrated organised manufacturer	Vertical, certified, brand-experienced	Build-to-spec, JV, long-term supply
Design / craft specialist	Differentiated capability; small-batch	Design collaboration, premium supply
Mid-tier processor / unit	Capable, scaling compliance	Dedicated manufacture, build-to-spec
MSME / cluster supplier	Cost-competitive; variable compliance	Cost-led sourcing, with oversight

Source: Prologue Research assessment. Indicative.

5.3 Combining the two axes gives the practical method. An integrated organised manufacturer suits a brand seeking certified, durable, at-scale supply; a design or craft specialist suits differentiated and premium product; a mid-tier unit offers cost-competitive dedicated manufacture with capability and compliance that are rising but must be verified; the MSME base offers the lowest cost but the widest compliance variance, suiting cost-led

sourcing only with active oversight. The discipline is to begin from the segment, tier, and objective, identify the qualified supplier set within the relevant cluster, then verify against fit and compliance — rather than starting from an agent's list.

5.4 This is the point at which fashion differs most from less compliance-sensitive industries. Global brands now treat social, environmental, and traceability compliance as a precondition; the gap between the best Indian suppliers and the median on these dimensions is wide, and getting to the compliant, qualified tier — and avoiding reputational exposure — is the core of a successful India sourcing strategy.

6. Capacity, Compliance, and Investment Dynamics

6.1 The clearest evidence of the structural shift is in capacity, modernisation, and compliance investment. Policy is a primary driver: the PM Mega Integrated Textile Region and Apparel (PM MITRA) parks, the Production-Linked Incentive scheme for man-made-fibre and technical textiles, and technology-upgradation support are channelling substantial investment into scale, modern plant, and higher-value segments.² Cumulative foreign direct investment into the textiles sector runs into billions of dollars.

6.2 Demand and compliance reinforce the direction. Global brands diversifying sourcing require not only capacity but certified, traceable, sustainable production, pulling the organised tier toward modernisation and compliance. Trade liberalisation, including recent and prospective free trade agreements with major markets, improves India's access and competitiveness, lowering the duty disadvantage Indian exporters have carried.

6.3 For a brand or investor, the signal is twofold. The direction of capital confirms the segment-economics view: investment is flowing into value-added, technical, and compliant production. And the rising organised, compliant tier means the qualified supplier set is widening over time — but unevenly, which keeps identification and compliance qualification central.

7. The China+1 Reallocation

7.1 The external force accelerating the shift is the diversification of global apparel and textile sourcing away from single-country concentration. International brands and retailers are building India-based sourcing as an alternative and complement to existing arrangements, drawn by India's scale, integrated value chain, raw-material base, craft depth, and rising compliance. The reallocation is visible in growing orders from global retailers diversifying their supply base.

7.2 India's appeal rests on a complete value chain, an abundant cotton and man-made-fibre base, competitive labour cost, craft and design depth, and improving compliance and logistics, reinforced by trade liberalisation. The dynamic is not automatic: it depends on suppliers meeting quality, compliance, and delivery standards, and on brands identifying and qualifying the right counterparts in a fragmented base. It is a structural tailwind that rewards deliberate sourcing strategy over opportunistic purchase.

8. Sourcing and Partnership Pathways

8.1 For both audiences, the operative question is structure. Engagement across the India-global fashion value chain proceeds through a spectrum of arrangements, each with a distinct risk, control, and commitment profile. Table 4 sets them out.

Table 4. Sourcing and partnership pathways

Pathway	What it offers	Best suited to
Spot / order sourcing	Lowest-cost, low-commitment supply	Commodity product; testing the base
Build-to-spec supply	Manufacture to brand design and standard	Qualified, repeatable, compliant supply
Dedicated / programme manufacture	Capacity and capability under specification	Volume programmes without capital
Design-craft collaboration	Co-created differentiated product	Premium and distinctive ranges
Joint venture	Shared manufacture, market, and risk	Durable local capacity; market access
Acquisition / minority stake	Control or position in capacity	Consolidators and investors on either side

Note: Prologue Research assessment.

8.2 The choice turns on what each side seeks. A brand wanting repeatable, compliant supply is served by build-to-spec or dedicated manufacture with a qualified organised supplier rather than spot purchase; one seeking differentiation, by design-craft collaboration; one seeking secure capacity or market access, by joint venture or acquisition. An Indian manufacturer seeking brand relationships, design capability, and scale may prefer a JV or dedicated-programme relationship; one seeking growth, an acquisition or investment. The pathways are not mutually exclusive, and relationships frequently deepen along the spectrum over time.

8.3 The common determinant of success across all pathways is counterpart selection and qualification: matching capability, compliance, capacity, and intent on both sides, and constructing an arrangement that aligns incentives and assures standards across two operating environments. In a fragmented, compliance-sensitive industry, this is where most value — and most reputational risk — is created or managed.

9. Qualifying a Supplier or Partner

9.1 Selection narrows the field; qualification confirms fit. Across any pathway, qualification spans capability and capacity verification; quality and finishing standards; social, environmental, and traceability compliance (increasingly a precondition for global brands); certification; on-time-delivery and logistics reliability; financial and governance standing; and, for partnership or acquisition, cultural, governance, and integration alignment. Plant- and worker-level verification matters more here than in many industries, because compliance variance is wide and reputational exposure high.

9.2 The most common errors are to source by price or agent introduction rather than by qualified, compliant capability, and to under-weight social and environmental compliance,

which determines both whether a programme runs and whether it exposes the brand. Rigorous, on-site qualification is where value and reputation are protected.

10. Risks and Sensitivities

10.1 Several factors qualify the assessment. The market and export projections are sensitive to global demand, the pace of supply-chain reallocation, and competition from other low-cost textile geographies. Cotton and fibre price and availability, input-cost movements, and currency movement between the rupee, the dollar, and the euro affect cost position and trade value. Compliance and quality variance across a fragmented base is a persistent execution and reputational risk that qualification mitigates but does not eliminate.

10.2 On execution, sourcing and partnership outcomes depend on suppliers meeting and sustaining quality, compliance, and delivery standards, and on governance and integration alignment in partnerships and acquisitions. None of these alters the structural reallocation under way, but each shapes the rate, the distribution, and the durability of the gains — and each is a reason for deliberate supplier selection and compliance qualification rather than speed alone.

11. Strategic Implications and Outlook

11.1 India's place in the global fashion and textile value chain is being redefined from low-cost supplier toward qualified, compliant, value-added manufacturing partner. The migration up the value chain, the capital flowing into scale, technical, and compliant production, and the supply-chain reallocation toward India are mutually reinforcing. The value chain is integrating across borders rather than simply trading across them, and the pace is set by capability and compliance, not by cost alone.

11.2 For international brands and buyers, the implication is to engage deliberately in the segments where India offers capability and differentiation, through the structure that matches their intent, and to invest in supplier identification and compliance qualification — the decisive discipline in a fragmented base. For Indian manufacturers, the implication is to continue the migration toward value-added, technical, and compliant work, to build the certification, design, and traceability that brand relationships require, and to weigh organic, partnership, and acquisitive routes to scale. For investors, the implication is that the opportunity and the risk lie in the same place — the organised tier climbing into value-added, compliant production — and that segment and supplier selection determine which is realised.

11.3 For all three, the binding determinant is not cost, which India offers broadly, but positioning and qualification: choosing the right segment, the right supplier or partner, and the right structure, and qualifying rigorously — particularly on compliance — before committing. That is a question of strategy and diligence, and it is the question this paper is intended to inform. Prologue's role is to bring the segment-level intelligence, supplier identification and qualification, and structuring support that turn this assessment into a decision.

¹ India Brand Equity Foundation (IBEF); Ministry of Textiles; DGCIS — textile and apparel sector aggregates and export data, FY2025–26.

² Ministry of Textiles — PM MITRA, PLI, and technology-upgradation scheme documentation; DPIIT — FDI data.

This paper has been prepared by Prologue Research for a brand, buyer, manufacturer, and investor audience. Quantitative figures represent Prologue Research estimates, developed with reference to a range of public, official, and industry sources and to the firm's own analysis; sector and export targets are official policy targets, cited as such. Company references are drawn from public disclosures and are illustrative of structure, not evaluative. This paper does not constitute investment advice. Correspondence: business@prologuet.com.