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CITI Study: India's Textile & Apparel Industry begins AI & Digitalisation journey, but Readiness remains a work in progress

India's textile and apparel industry has begun its AI, digitalisation and automation journey, with enterprises increasingly exploring and adopting new technologies. However, the industry's overall readiness for artificial intelligence (AI) remains a work in progress, according to a new study by the Confederation of Indian Textile Industry (CITI), supported by the Northern India Textile Research Association (NITRA).

The study, "AI, Automation & Digitalisation Readiness in the Indian Textile & Apparel Industry," was released by Uttar Pradesh Chief Minister Shri Yogi Adityanath at UP TEX 2026 in Lucknow on September 8.

The study covered the wider textile value chain, from spinning through garmenting, and included home/technical textiles and allied services. Respondents represented enterprises across a range of turnover categories, with strong participation from small and mid-sized businesses. Approximately 70% of respondents cater to export markets, with export dependence ranging from firms with no exports to those deriving more than 75% of their business from exports.

Explaining the rationale behind the study, CITI Chairman Shri Ashwin Chandran said: "AI, automation and digitalisation are no longer technologies relevant only to large or highly sophisticated enterprises; they are becoming important enablers of productivity, quality, resilience and competitiveness across the textile value chain. The findings show that the industry has begun this journey, but there is a significant scope to strengthen the digital foundations, skills and capabilities needed to realise the full benefits of these technologies."

The survey highlights both progress and significant gaps in digital adoption:

- 35% of firms have not yet started adopting AI.

- 38% operate without a digital system, while around 14% report fully integrated digital systems.
- Automation is concentrated mainly in routine applications such as machine monitoring and setting, with functions such as production scheduling seeing lower adoption.

The findings indicate that while technology adoption is underway, it remains uneven across the industry. High investment costs and shortages of skilled talent emerge as the leading barriers to wider technology adoption. The study also finds that technology is having a mixed impact on employment, while training remains largely informal and enterprise-led.

Globally, India is positioned in the “early-to-emerging” stage of AI and digital adoption in textiles and apparel. India continues to trail China, underlining the need to accelerate technology adoption and strengthen digital capabilities to enhance global competitiveness.

The study highlights a clear requirement for practical, financial and institutional support to help enterprises, particularly MSMEs, progress along the technology adoption curve. Demonstration factories, capital subsidies and common digital platforms emerge as the most important areas of support, followed by industry-specific AI tools, Centres of Excellence, training programmes, pilot projects and financing mechanisms. Such interventions can reduce investment risks, enable enterprises to test technologies before adoption and improve access to digital capabilities.

Overall, the study finds that AI, automation and digitalisation can become powerful enablers of the next phase of India’s textile and apparel competitiveness. The immediate priority is to strengthen the digital foundations, skills and ecosystem required for wider adoption, while creating pathways for enterprises, especially MSMEs, to move from individual technology applications towards connected and increasingly intelligent operations.

The study concludes that a coordinated effort involving Government, industry, technology providers, research institutions and training organisations will be essential to support this transition and strengthen India’s position as a globally competitive textile and apparel manufacturing hub.

New Delhi summit boosts India-EAEU FTA negotiations

The negotiations for a **free trade agreement** (FTA) between the Russia-led **Eurasian Economic Union** (EAEU) and India picked up momentum last week on the margins of the **BRICS summit** and the India-Russia Innoprom (joint industrial exposition) held here.

The next round of negotiations is expected to be held in November, ahead of Prime Minister Narendra Modi's Moscow trip for the annual summit. The November round of negotiations will focus on market access for both sides. Specific tariff decisions will be taken up in future rounds of talks, ET has learnt. This FTA will give India access to the huge natural resources of Eurasia.

India and the EAEU, comprising Armenia, Belarus, Kazakhstan, the Kyrgyz Republic and the Russian Federation, signed the terms of reference (ToR) to launch negotiations on an FTA in 2025. With a combined GDP of \$6.5 trillion, the proposed FTA is expected to expand market access for Indian exporters, support diversification into new sectors and geographies, enhance competitiveness against non-market economies and deliver significant benefits to micro, small and medium enterprises (MSMEs).

ToR provides the framework for the negotiations and is expected to unlock untapped trade potential, increase investments and establish a stronger and more durable India-EAEU partnership.

EAEU was established by the Treaty on the Eurasian Economic Union. EAEU provides for free movement of goods, services, capital and labour, and pursues coordinated, harmonised and unified policies in the sectors determined by the treaty and international agreements within the union.

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India, Canada begin next round of talks on proposed trade pact: Official

India and Canada on Monday started fourth round of negotiations for the proposed **Comprehensive Economic Partnership Agreement (CEPA)**, as the two sides look to conclude the talks this year, an official said.

The issues that would figure in the five-day (September 14-18) talks include trade in goods, services, rules of origin, and technical trade barriers, among others.

The third round was held in July in Ottawa, the official said.

The negotiations are important as the two sides have targeted to increase bilateral trade to USD 50 billion by 2030.

In 2025-26, two-way trade dipped 8.22 per cent to USD 7.95 billion (USD 4.67 billion exports and USD 3.28 billion imports) from USD 8.66 billion in 2024-25 (USD 4.22 billion exports and USD 4.44 billion imports).

Key exports from India to Canada include pharmaceuticals, iron and steel, seafood, cotton garments, electronic goods and chemicals, among others.

The main imports include pulses, pearls and semi-precious stones, coal, fertiliser, paper and petroleum crude. India's main services sector exports include telecommunications, computer and information services, and other business services.

Canada is also home to over 4,25,000 Indian students and a strong Indian community.

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India's WPI rises to 9.92%, textile inflation at 12.63%

India's all-commodity Wholesale Price Index (WPI) inflation edged up to 9.92 per cent year on year (YoY) in August 2026 from 9.78 per cent in July 2026, while the all-commodities index rose to 110.8 from 110.0, according to provisional government estimates.

For textile and apparel supply chains, the manufacture of textiles index increased to 104.3 in August from 104.0 in July, with YoY inflation at 12.63 per cent against 12.80 per cent. The manufacture of wearing apparel index moved to 112.4 from 111.6, while YoY inflation eased to 3.12 per cent from 3.33 per cent, the data showed.

YoY inflation in the three major WPI groups stood at 7.76 per cent for Primary Articles, 22.93 per cent for Fuel and Power, and 8.37 per cent for Manufactured Products in August. Their respective July rates were 8.52 per cent, 20.05 per cent and 8.29 per cent. The August indices were 118.1 for Primary Articles, 108.3 for Fuel and Power and 108.8 for Manufactured Products, compared with 117.2, 105.4 and 108.4 in July, the Ministry of Commerce & Industry said in a press release.

Across groups, the release identified mineral oils, containing petroleum products, food articles, manufacture of food products, manufacture of basic metals, non-food articles and manufacture of chemicals and chemical products as the major drivers of WPI inflation in August 2026.

Among cost heads relevant to apparel and textile manufacturing, non-food articles recorded an August index of 113.3, up from 112.6 in July, while YoY inflation eased to 14.79 per cent from 17.66 per cent, the data showed. Leather and related products rose to an index of 109.7 from 109.4, with inflation at 4.48 per cent against 4.59 per cent. Chemicals and chemical products rose to 103.9 from 102.6, while rubber and plastic products rose to 107.4 from 106.3.

Manufacture of basic metals, one of the identified inflation drivers, had a WPI weight of 8.41133 and an August index of 100.9, down from 102.2 in July, according to annexure data in the release. Manufacture of chemicals and chemical products had a weight of 6.12567, manufacture of textiles carried a weight of 4.08993, manufacture of wearing apparel had a weight of 1.32948, and leather and related products had a weight of 0.54137.

The Fuel and Power increase was led by mineral oils, whose index climbed to 118.4 from 113.2 and whose YoY inflation increased to 38.48 per cent from 32.40 per cent, the release said. Crude petroleum and natural gas inflation rose to 34.41 per cent from 26.99 per cent, with the index at 120.3 against 114.8. Coal and lignite inflation turned positive at 1.57 per cent from minus 0.56 per cent, while electricity inflation moved to minus 1.73 per cent from 1.09 per cent.

The WPI Food Index, with a weight of 24.99 per cent, recorded YoY inflation of 7.05 per cent in August, compared with 6.65 per cent in July, according to the release. Its index was 118.5 in August against 117.1 in July. Food articles inflation stood at 5.67 per cent against 5.44 per cent, and manufacture of food products inflation rose to 9.65 per cent from 8.89 per cent.

The final WPI index for June 2026 was revised to 110.3 from the provisional estimate of 110.2, and June WPI inflation was revised to 9.97 per cent from 9.87 per cent, the release

said. The final estimate for June was compiled with a weighted response rate of 99.3 per cent, while the August provisional estimate used an 84.4 per cent weighted response rate.

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India's apparel retail revenue to grow 12-13% in FY27: Crisil Ratings

India's organised apparel retail sector is projected to record revenue growth of 12-13 per cent in the current fiscal, supported by value-fashion demand, expansion into smaller cities and consumers' continued preference for branded apparel.

Growth, however, is expected to moderate from around 15 per cent last fiscal as consumers allocate more discretionary spending to categories beyond apparel. Rising cotton prices and elevated operating costs are also likely to weigh on profitability, with retailers expected to pass on only part of the increase to customers amid intense competition.

Consequently, operating margins could decline by around 100 basis points to approximately 14 per cent this fiscal, according to the Crisil Ratings.

The assessment is based on an analysis of 41 organised apparel retailers accounting for nearly 28 per cent of India's organised apparel market.

Value fashion is emerging as the sector's main growth engine. Along with fast fashion and mid-premium apparel, largely priced below ₹2,500 (~\$26), these segments contribute about two-thirds of sector revenue.

Anuj Sethi, senior director at Crisil Ratings, said, "Value fashion has emerged as the key growth driver for organised retailers, growing more than twice as fast as the other segments over the past three fiscals and increasing its share of revenue to 46 per cent from 39 per cent. The shift reflects increasing share of aspirational consumption by price-conscious consumers, wider choice at lower price points and increasing penetration into smaller cities. While value fashion will continue to support volume growth, the rising share of lower-priced apparel is expected to moderate organised apparel retail revenue growth to 12-13 per cent this fiscal."

Between April and August 2026, sector revenue growth remained broadly in the high single digits, with value fashion accounting for much of the momentum.

The festive season will be an important determinant of the full-year performance, as festive spending typically accounts for nearly 35 per cent of annual apparel sales. Sustaining

momentum in value fashion and movements in cotton prices will also be key factors to watch.

Physical retail remains central to expansion despite the growing importance of omnichannel shopping. Online sales account for only around 10 per cent of total retail sales, while stores continue to generate the majority of apparel revenue.

Value-fashion retailers are leading store additions in underpenetrated tier-II and tier-III cities, where relatively lower set-up and operating costs are allowing companies to expand without significantly increasing leverage.

Capital expenditure is expected to remain at around ₹2,500 crore (~\$261 million) this fiscal, broadly unchanged from the previous fiscal. The report said retailers are pursuing calibrated expansion in larger cities while requiring comparatively lower capital outlay for stores in smaller markets.

Credit profiles are therefore expected to remain stable. Among rated apparel retailers covered by the note, average gearing is projected to remain at around 1.3 times by the end of the fiscal, while interest cover is expected to stay healthy at approximately eight times.

However, the productivity of newly added stores will remain important. **Poonam Upadhyay, director at Crisil Ratings**, said, "Revenue per square foot has remained largely flat at around Rs 11,000 over the past three fiscals and is unlikely to improve meaningfully this fiscal because same-store sales growth remains subdued. Growth continues to be driven primarily by new store additions and the increasing share of the value-fashion segment. With rising cotton prices and elevated operating costs likely to lower operating margins somewhat to around 14% this fiscal, maintaining the balance between growth and profitability will remain critical."

As retail networks expand and fashion cycles become shorter, inventory management is also gaining importance. Retailers are increasingly focusing on faster replenishment and responsive sourcing to reduce stock obsolescence and write-offs.

Such measures are expected to support expansion without materially increasing working-capital requirements, while helping retailers respond more quickly to changing consumer demand.

China is now ready to address trade concerns with India

China said Monday it stands ready to work with India to "properly" address each other's economic and trade concerns in a balanced manner and better benefit enterprises and people of both countries.

The statement came a day after Chinese commerce minister Wang Wentao met commerce and industry minister Piyush Goyal to discuss India-China trade and economic ties.

"Met with Mr. Wang Wentao, Minister of Commerce of the People's Republic of China, and discussed India-China trade and economic ties," Goyal said in a social media post Sunday.

The spokesperson of the Chinese embassy in India said China was ready to work with India to implement the consensus reached by the leaders of the two countries.

Prime Minister Narendra Modi and Chinese President Xi Jinping met on September 2 during the **BRICS summit**, when Xi said India and China should view each other as partners rather than rivals, and development opportunities rather than threats, as the two countries seek to place bilateral ties on a steadier footing.

He called for an "objective and rational strategic perception" of the relationship, saying both sides should draw on each other's strengths, support each other and pursue common development.

"India is an important neighbour of China. China stands ready to work with India to implement the important consensus reached by the leaders of the two countries, expand mutually beneficial cooperation in the economic and trade fields, properly address each other's economic and trade concerns in a balanced manner, and better benefit enterprises and people of both countries," Yu Jing, spokesperson of the Chinese embassy in India, said in a social media post Monday.

India's goods exports to China in April-July FY27 were \$7.8 billion, while imports were \$52.7 billion. India imported around \$131.6 billion worth of goods from China in FY26, compared with exports of \$19.5 billion, leaving a trade deficit of over \$112 billion.

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Tiruppur: How a small cluster turned into a textile export powerhouse

Read more at : https://www.business-standard.com/amp/economy/news/tiruppur-how-a-small-cluster-turned-into-a-textile-export-powerhouse-126091400658_1.html

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CETA to give Haryana's textiles, gems, engineering exports a UK push: Saini

The India-UK Comprehensive Economic and Trade Agreement (CETA) will open fresh access to the UK market for Haryana's textiles, footwear, gems and jewellery and engineering sectors, chief minister Nayab Singh Saini said on Monday, pitching the pact as a gateway for the state's MSMEs, startups, farmers and youth to global investment and technology.

Addressing the 'Haryana-UK CETA Trade Bridge: Unlocking Global Opportunities for Haryana' programme in Gurgaon, organised in collaboration with the UK High Commission, Saini said the state would use the agreement to convert its industrial strengths into export orders, investments and jobs.

The CM said Haryana had set an ambitious target of contributing \$1 trillion to India's economy, as the state prepares to mark 60 years of its formation on Nov 1.

Saini announced that the Happening Haryana Global Investors Summit – 2027 would be held from April 5 to 7 next year. He said the 2016 summit had attracted investment proposals worth Rs 6.41 lakh crore, while the state's latest international outreach campaign had secured MoUs worth over Rs 66,000 crore with 17 companies in Mumbai on August 23-24.

He said govt would hold roadshows in seven Indian cities and nine global economic centres, including the UK, Japan, South Korea, Germany, Brazil, Chile and Dubai, ahead

of the summit.

Saini said Haryana had introduced 10 sector-specific policies covering emerging sectors such as semiconductors, electronics, artificial intelligence, data centres, medical devices, automobiles, EVs, agribusiness and global capability centres.

The state aims to attract Rs 5 lakh crore in fresh investment and create over 10 lakh jobs by 2030-31. He said 110 MoUs worth Rs 1.10 lakh crore, including Rs 24,350 crore of foreign investment, were signed on the first day of launching the policies.

The CM said the newly introduced Haryana Progressive MSME and Export Promotion Policy – 2026 targets more than Rs 55,000 crore investments, five lakh new jobs and a doubling of exports.

Pawan Choudhary, the adviser to the CM in the foreign cooperation department, said Haryana's exports had risen from about \$12 billion in 2019-20 to \$19 billion in 2025-26.

He said the state now had 12,271 registered startups, including over 11,500 recognised under the DPIIT and Startup India.

Choudhary said CETA, which came into effect on July 15, had already started creating opportunities for export orders, investment and employment. Haryana's economy, he said, was around \$154 billion and growing at nearly 11%.

British deputy high commissioner Alba Smeriglio said Haryana's manufacturing, agriculture, technology and services capabilities complemented the UK's strengths in advanced manufacturing, innovation, financial services, education and research. She said CETA could drive new business partnerships, investment and employment.

Industries and commerce minister Rao Narbir Singh said govt wanted the agreement to go beyond trade and generate technology partnerships, investment and employment. Inviting British companies, he said, "Come to Haryana, invest in Haryana, partner with Haryana."

Saini also invited UK investors and delegates to the International Gita Jayanti Mahotsav – 2026, saying Haryana's global partnerships should encompass both economic cooperation and its cultural heritage.

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China tightens cost rules to curb low-price industrial competition

China has issued a notice clarifying cost accounting rules for key industrial products, aimed at addressing disorderly low-price competition as part of wider efforts to curb irrational price wars and ensure fair competition.

The notice sets out the form and requirements of cost accounting, giving guidance to both industry participants and regulators. It says cost accounting should, in principle, be based on a business operator's individual cost for producing a specific product. Where individual cost cannot be calculated, the industry average cost should be used as a reference, with a certain downward margin allowed.

The notice was jointly issued by the National Development and Reform Commission (NDRC) and the State Administration for Market Regulation, said Chinese media reports. An NDRC official said China's efforts to curb "involution-style" competition are showing results, but irrational competition remains prominent in some industrial product manufacturing fields.

The official said: "These behaviors are disrupting normal production and business order, potentially allowing 'bad money to drive out good', and harming healthy economic development."

Current laws and rules prohibit low-price dumping and require accounting for individual and industry average costs, but they lack detailed provisions on how such accounting should be carried out, according to the NDRC official cited by media reports. The notice is intended to close that gap and strengthen the institutional foundation for governing disorderly low-price competition.

The NDRC official said the move is designed to encourage companies to compete on quality and innovation instead of price, promote rational market pricing, and support a market environment in which high-quality products command premium prices.

The notice comes as industrial prices show signs of improvement. China's producer price index, which measures factory-gate costs for goods, rose 0.4 per cent in August after a 0.7 per cent decline in July. The rebound was partly attributed to elevated demand driven by industrial upgrading, the National Bureau of Statistics said.

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