



Short Review Paper

Policy Reforms for Inclusivity and Sustainability in the Textile Sector

Basavaraj Bilagi

Department of Studies in English, JSS STC Arts and Commerce College, Banahatti, Affiliated to Bagalkot University, Karnataka, India
basavarajbilagi@gmail.com

Available online at: www.isca.in, www.isca.me

Received 5th April 2026, revised 20th April 2026, accepted 4th June 2026

Abstract

The textile sector is one of the most significant contributors to employment generation and economic development, particularly in developing countries like India. It plays a vital role in supporting rural livelihoods, promoting traditional crafts, and enhancing export earnings. However, despite its economic importance, the sector faces several persistent challenges that hinder its inclusive and sustainable growth. These challenges include environmental degradation caused by excessive water use and chemical discharge, technological backwardness in small-scale and rural units, and structural inequalities between the organized and unorganized segments of the industry. This research paper examines the need for comprehensive policy reforms to address these issues and promote balanced development in the textile sector. The study adopts a qualitative research methodology based on the analysis of secondary data, including government reports, academic literature, and policy documents. It highlights the critical role of institutional support, technological modernization, and sustainable production practices in improving the overall efficiency and competitiveness of the sector. Furthermore, the paper emphasizes the importance of inclusive policies that ensure equitable access to resources, finance, and market opportunities for marginalized groups such as rural artisans, women workers, and small-scale producers. The findings of the study suggest that well-designed and effectively implemented policy reforms can bridge existing disparities, enhance environmental sustainability, and strengthen the sector's contribution to long-term economic growth. Ultimately, the paper argues that a holistic and integrated policy approach is essential to achieve inclusive and sustainable development in the textile industry.

Keywords: Textile sector, sustainability, inclusivity, policy reforms, rural development.

Introduction

The textile sector has long been a cornerstone of economic development, providing employment to millions, especially in rural areas¹. It includes diverse segments such as handloom, power loom, and garment manufacturing². However, the sector faces structural issues that hinder its growth³. Inclusivity and sustainability have emerged as key concerns, as economic growth alone is insufficient without social equity and environmental protection⁴. Policy reforms are essential to address these issues and to ensure that the benefits of development reach all sections of society⁵. This paper explores the role of such reforms in shaping a balanced and progressive textile industry⁶.

Literature Review: Existing literature highlights various aspects of the textile sector. Studies by the Ministry of Textiles indicate the need for modernization and infrastructure development⁷. Scholars like Singh emphasize technological innovation⁸, while Sharma and Gupta focus on environmental sustainability⁹. Research also points to the marginalization of rural artisans and the need for inclusive policies¹⁰.

Aims and Objectives: The study aims to analyse challenges in the textile sector, evaluate the need for inclusive and sustainable

policies, examine the role of government interventions, and suggest reforms for balanced development.

Methodology

This study adopts a qualitative approach, using secondary data from government reports, academic journals, and policy documents¹¹. Analytical and descriptive methods are used to interpret the data.

Hypothesis: The study is based on the assumptions that policy reforms can enhance inclusivity in the textile sector, sustainable practices improve long-term growth, and institutional support is crucial for sectoral development.

Analysis of the Main Problem

The textile sector, while being a vital contributor to economic growth and employment generation, faces a range of deep-rooted structural problems that significantly limit its potential for inclusive and sustainable development¹². These challenges are not isolated; rather, they are interconnected and reinforce one another, creating a complex web of constraints that require a comprehensive and well-coordinated policy response. At the core of the problem lies the structural dualism between the

organized and unorganized sectors. Large-scale textile industries operate with advanced technology, efficient infrastructure, and better access to both domestic and international markets. They benefit from economies of scale, institutional support, and integration into global supply chains. In contrast, the unorganized sector, which includes handloom weavers, artisans, and small-scale producers, continues to struggle with outdated production methods, limited financial resources, and inadequate market access. This divide not only results in disparities in productivity and income but also leads to the marginalization of rural workers, many of whom depend on traditional textile activities for their livelihood. Bridging this gap is essential for inclusive development, and policy reforms must focus on integrating these two sectors through targeted financial assistance, technological interventions, and improved access to markets.

Another major issue affecting the textile sector is technological backwardness, particularly in rural and small-scale units. Despite the rapid advancement of technology in global textile production, many Indian textile enterprises continue to rely on traditional and labour-intensive methods. While these methods preserve cultural heritage and craftsmanship, they often lack efficiency and competitiveness in modern markets. The absence of advanced machinery leads to lower productivity, inconsistent quality, and higher production costs, making it difficult for small producers to compete with large industries and international players. Moreover, the lack of awareness and training further prevents the adoption of new technologies. Therefore, there is an urgent need for policy measures that promote technological modernization through subsidies, skill development programs, and public-private partnerships. Such initiatives can help small-scale producers enhance their productivity while maintaining the uniqueness of their traditional products.

Environmental degradation is another critical concern associated with the textile industry. The sector is known to be one of the largest polluters, particularly due to its extensive use of water and chemicals in processes such as dyeing and finishing. The discharge of untreated wastewater containing harmful chemicals into rivers and other water bodies has severe consequences for both the environment and human health. In many cases, small-scale units lack the resources and infrastructure to implement proper waste management systems, further exacerbating the problem. Although environmental regulations exist, their enforcement is often weak due to lack of monitoring and accountability. Sustainable development in the textile sector requires a shift towards eco-friendly practices, including the use of organic materials, recycling processes, and efficient wastewater treatment systems. Policies should not only enforce environmental standards but also provide incentives for adopting green technologies, thereby encouraging producers to move towards more sustainable practices.

Financial exclusion is another significant barrier to the development of the textile sector, particularly for rural and

small-scale enterprises. Access to affordable and reliable credit is essential for investment in technology, expansion of operations, and overall business growth. However, many small producers are unable to access institutional finance due to lack of collateral, formal documentation, and awareness of financial services. As a result, they often depend on informal sources of credit, which are expensive and exploitative. This limits their capacity to innovate and compete in the market. Policy reforms must address this issue by promoting financial inclusion through simplified loan procedures, microfinance schemes, and targeted subsidies. Additionally, the promotion of digital banking and financial literacy can empower rural entrepreneurs and enable them to participate more effectively in the formal economy.

The issue of skill gap and labour conditions also plays a crucial role in shaping the challenges of the textile sector. Although the industry employs a large workforce, a significant proportion of workers lack formal training and technical expertise. This affects not only productivity but also the quality of products, which is critical in competitive markets. Furthermore, labour-related issues such as low wages, poor working conditions, and lack of job security continue to persist, particularly in the unorganized sector. These conditions not only reduce worker motivation but also raise ethical concerns regarding labour rights. Addressing these issues requires a comprehensive approach that includes skill development programs, vocational training, and the implementation of labour welfare measures. Ensuring fair wages, safe working conditions, and social security benefits can significantly improve the well-being of workers and contribute to the overall efficiency of the sector.

Market accessibility and global competition present additional challenges for the textile industry. With the advent of globalization, competition in the textile market has intensified, requiring producers to meet international standards in terms of quality, cost, and delivery. While large industries are well-equipped to handle these demands, small-scale producers often face difficulties due to lack of branding, marketing skills, and access to export channels. This limits their ability to reach wider markets and realize better returns for their products. Policy interventions should focus on enhancing market access through the promotion of e-commerce platforms, export incentives, and branding initiatives for traditional and handmade products. By leveraging digital technologies and global networks, rural artisans can expand their market reach and improve their economic prospects.

Despite the existence of various policies aimed at supporting the textile sector, gaps in implementation remain a major concern. Bureaucratic inefficiencies, lack of coordination among government agencies, and instances of corruption often hinder the effective execution of policies. As a result, the intended benefits do not reach the target beneficiaries, particularly those in the unorganized sector. Effective governance is essential to address these issues, and it requires transparency, accountability, and efficient monitoring mechanisms.

Decentralized implementation, involving local institutions and community participation, can enhance the effectiveness of policies and ensure that they are responsive to the needs of different stakeholders.

Gender inequality is another important dimension of the challenges faced by the textile sector. Women constitute a significant portion of the workforce, especially in rural areas, where they are engaged in activities such as spinning, weaving, and embroidery. However, they often face discrimination in terms of wages, access to resources, and working conditions. Their contributions are frequently undervalued, and they have limited opportunities for skill development and advancement. Promoting gender equality is essential for achieving inclusive development, and policies must address these disparities by ensuring equal pay, safe working environments, and access to training and financial resources for women workers.

Finally, the interconnected nature of these challenges highlights the need for an integrated policy approach. Isolated solutions are unlikely to be effective in addressing the complex issues faced by the textile sector. A holistic strategy that combines economic, social, and environmental considerations is essential for achieving sustainable and inclusive development. Policy reforms should aim to integrate traditional and modern sectors, promote sustainability through eco-friendly practices, ensure equitable distribution of benefits, and strengthen institutional support systems. Only through such comprehensive and coordinated efforts can the textile sector realize its full potential and contribute to long-term economic and social development¹³.

Findings: The study reveals that structural inequalities hinder inclusive growth¹⁴. Sustainable practices are essential for environmental protection. Technological advancement and financial inclusion are key to development. Effective policy implementation is crucial.

Scope of the Study: The study focuses on the Indian textile sector, particularly rural and small-scale industries, and is limited to secondary data analysis.

Conclusion

The textile sector holds immense potential as a driver of economic growth, employment generation, and rural development, particularly in a country like India. However, despite its strengths, the sector continues to face several structural challenges such as technological backwardness, environmental concerns, inequality between organized and unorganized sectors, and limited access to finance and markets. These issues hinder its ability to achieve balanced and sustainable growth. Therefore, there is a pressing need for well-

designed and effectively implemented policy reforms that can address these limitations in a comprehensive manner. Inclusive development can be ensured by supporting small-scale producers, rural artisans, and marginalized groups, thereby enabling equitable distribution of opportunities and resources. At the same time, sustainability must be prioritized through the adoption of eco-friendly technologies, responsible production practices, and strict environmental regulations. Technological innovation, skill development, and institutional support are key factors that can strengthen the sector's competitiveness. In conclusion, a holistic and integrated policy approach is essential to transform the textile sector into a more inclusive, resilient, and sustainable contributor to the economy¹⁵.

References

1. Government of India, Ministry of Textiles (2024). *Annual Report 2023-24*.
2. International Labour Organization (2025). *Employment trends in textile sector*.
3. Singh, R. (2019). Development of textile industry in India. *Journal of Industrial Studies*, 12(2), 45-60.
4. Sharma, P., & Gupta, R. (2020). Environmental issues in textile sector. *Journal of Environmental Studies*, 18(3), 120-135.
5. World Bank (2023). *Textile industry and economic growth*.
6. Ramaswamy, K. (2018). Handloom and rural employment. *Indian Economic Review*, 10(1), 78-90.
7. ISCA. (2024). Sustainable textile production in India. *Research Journal of Family, Community and Consumer Sciences*, 12(1), 15-22.
8. Patel, S. (2025). Technological innovation in textile industries. *International Journal of Research in Commerce*, 9(2), 55-67.
9. Kumar, A. (2026). Green practices in textile sector. *Journal of Sustainable Development*, 14(1), 33-48.
10. Das, M. (2022). Rural artisans and inclusivity. *Journal of Social Sciences*, 8(4), 101-115.
11. Reserve Bank of India. (2024). *Financial inclusion report*.
12. ISCA. (2025). Challenges in Indian textile sector. *Research Journal of Recent Sciences*, 14(2), 40-52.
13. NITI Aayog (2023). *Policy framework for textile sector*.
14. Verma, L. (2024). Labour conditions in textile industry. *Indian Journal of Labour Economics*, 67(2), 210-225.
15. Mehta, P. (2026). Policy reforms for sustainable textile growth. *Journal of Economic Policy Studies*, 5(1), 1-18.