

Quote by Kanishk Maheshwari, Co-Founder & Managing Director, Primus Partners

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Over 95% of textile growth in the last 15 years has come from the MMF segment: Filatex's Bhageria



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Synopsis

The CMD of the textile firm highlights the saturation being felt in the natural fibre segment in India over the past few years.

The textiles sector in the country has seen significant upheaval in recent years due to intense competition from nations such as Vietnam and Bangladesh, geopolitical uncertainties, and more recently, the ongoing turmoil caused by tariffs imposed by US President Donald Trump. Moreover, the share of natural fibres, such as cotton, jute, wool, and silk, has also been seeing sluggish growth.

A recent report from the United Nations Conference on Trade and Development (UNCTAD) confirms these trends in the trade of natural and man-made fibres (MMF). One of the notable trends has been the dominance of MMF, whose share in global fibre production increased from 45% in 1996 to nearly 73% in 2023, the report indicates. Historically, cotton has dominated the fibre trade; however, the report indicates that 2023 marks a pivotal moment, as man-made fibres have surpassed cotton in traded value.

According to industry estimates, more than 70% of the people worldwide currently wear garments made from MMF.

Affirming such findings, Madhu Sudhan Bhageria, Chairman & Managing Director of Filatex India, a manufacturer of polyester filament yarn, says that the textile sector worldwide is growing primarily on the strength of polyester. "In India, as well, there is saturation. The Indian production of cotton has gone down, and raw cotton is expensive. India had excess cotton until a few years back, and the capacity of yarn making was also lower. So, one could get raw cotton cheaper than international prices, and that is how one made money."

He notes that the reverse is happening now, and India is currently facing a shortage of cotton due to increased demand. "The capacity of the cotton yarn producers has increased. Now they import, and it is costing them extra, as there is also 10% import duty to pay," he tells *ET Digital* in an interaction in the capital.

In the past 15 years, over 95% of the growth in the textile sector has come only from the MMF segment, Bhageria says. "Natural fibres have contributed only 5%."

According to textile industry estimates, India's exports of MMF textiles will rise by 75%, reaching \$11.4 billion in 2030, up from around \$6.5 billion in 2021-22.

The trend is also visible in Filatex's figures, a major MMF player in the country. Over the past three decades, Filatex has grown to achieve revenue of Rs 4,285.9 crore in FY24, with production facilities located in Dadra & Nagar Haveli and Dahej, and an export reach extending to more than 40 countries.

The company currently has a stronger presence in the domestic market. While there is immense potential for growth in MMF, Bhageria asserts that competing with China, who leads in global MMF exports with 44% market share, is no easy feat. "At one time, exports were 13-14% of our turnover, but now it is hardly 1-2% because one can't compete with China in the MMF segment," he states, candid in his admission.

This is not because India's cost of production is higher; rather, it is the unavailability of the raw material—Purified Terephthalic Acid (PTA)—in India, which is key for MMF production, he says. "So, our cost of buying is higher—that is why we cannot compete with them. We import from Taiwan, Korea and Thailand. So, our cost of raw material is higher," he highlights.

But there are three plants set to be established in the next two or three years, Bhageria notes. "By mid-2027, India should be in surplus. So automatically the price disparity between China and India will go down. Then we will again be competitive."

Three major producers of PTA are Reliance Industries Ltd (RIL), Indian Oil Corporation Ltd (IOCL), and GAIL India.

However, there are additional factors that must be addressed for India to stay ahead of the curve. Bhageria says that the raw material is not available at competitive prices at present. "Paraxylene, used as a basic raw material in the manufacture of PTA, is at 0% duty; PTA is at 5%; yarn is at 5%; while fabric is at 20%. We are rooting for PTA to be at 2.5% so that we can compete with the imported yarns to some extent," he says.

There are other technical issues as well. Bhageria draws attention to how it is important to have one consolidated ministry for the MMF sector. "We don't come under textiles. It is considered chemical fertiliser till it reaches the yarn stage. After that, it is under textiles. It does not give a holistic view, and this should be addressed. We have presented our proposals to the ministry, and it is under deliberation."

India has lofty ambitions of reaching \$100 billion in textile exports by 2030. Tapping into the MMF sector can be one way to achieve scale and significance while also catering to the global demand, which is leaning towards synthetics across varied apparel categories.

Kanishk Maheshwari, Co-Founder and Managing Director, Primus Partners says that China continues to dominate global MMF production and exports, while India lags behind due to limited integration of raw material supply chains, higher input costs, less advanced manufacturing technologies, and a relatively smaller and less-diversified export portfolio. "Bridging this gap necessitates comprehensive upgradation of MMF manufacturing capacities—particularly in polyester, viscose, and other functional fibres—combined with robust cluster-level collaborations to enhance technological capabilities and market access. Expanding the export basket towards high-value MMF textiles and addressing structural issues such as the inverted GST structure on MMF inputs through targeted policy support will be critical to success," he states.