DRESSING TO KILL? POLLUTER PAYS AND INDIA'S NEW TEXTILE EPR RULES (2025–26)

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ABSTRACT

As the second-largest producer and exporter of textiles in the world, India's textile industry is often cited as an example of the "fast fashion paradox." While it is economically vibrant, contributing to GDP growth, industrial output and employment, it is also responsible for the generation of millions of tonnes of waste each year, contributing to significant national emissions of greenhouses gases (GHG). The textile sector around the world uses 93 billion cubic meters of water each year, produces 10% of global carbon emissions and generates 92 million tons of waste (85% of which is landfilled or incinerated). The high level of pollution caused by textiles in India, including low recycling rates and water pollution from the Noyyal River (Tiruppur) and the Dravyavati River (Jaipur/Sanganer), as well as growing post-consumer waste crises, necessitate urgent reform. This article traces the historic development of the Polluter Pays Principle (PPP) in Indian law through significant cases and with enforcement by the National Green Tribunal (NGT) to the emergent legal framework of Extended Producer Responsibility (EPR) for textiles. NGT has taken several proactive steps to reduce factory pollution, such as initiating suo motu proceedings in the 2025 Bengaluru textile waste case and ordering interim compensation of ₹100 crore in the Dravyavati case against manufacturers. In the future, as illustrated by signals from the Ministry of Environment, Forest, and Climate Change (MoEFCC) regarding EPR in 2025 and 2026, manufacturers will bear responsibility for managing post-consumer waste through credit trading, eco-modulation and digital traceability products. While drawing from the EU's Waste Framework Directive of 2025–2026, this article highlights circular economy opportunities and challenges created by the integration of the informal sector and small and medium enterprise compliance. India's PPP-NGT-EPR mix offers a pathway to sustainable accountability, shifting rapid fashion from planetary peril to cyclical potential.

Keywords: Fast Fashion, Polluter Pays Principle, National Green Tribunal, Extended Producer Responsibility, Textile Waste, Circular Economy, Environmental Compensation.

1. Introduction: The Global Reckoning of "Dressing to Kill"

Once known as the most creative sector in the world, the global fashion industry is now associated with environmental degradation; as of early 2025, sustainability will no longer be discussed in terms of polite advocacy and has been transformed into a dramatic, existential warning. During his speech on the International Day of Zero Waste in March 2025, UN Secretary-General António Guterres said that unless we speed up our actions, "to dress to kill may also be to kill our planet."[1] This change in the way we refer to clothing reflects how the International Day of Zero Waste is transforming our view of fashion; we are no longer viewing fashion as just another item we can buy for ourselves. Rather, we now see fashion as a 'dangerous iceberg' that threatens many of the planet's boundaries, including; the climate, water, and biodiversity.

The Secretary-General's warning has a duality that is troubling to India because of its dual role (as a major global production centre and rapidly growing consumer mercado) as well as its dual ability ("the fast fashion paradox") that sides with the rest of the world to become the world's dumping ground for used clothing in 2030. India's status as 2nd largest textile manufacturer and exporter makes it contribute 2.3% of its GDP, which is roughly 13% of all of its foregone industrial output, while providing jobs to 45 million+ people throughout the entire value chain, all of which contributes to the overall economy and provides for the stability of this important sector. Yet it is a major environmental destroyer, generating ~7.8 million tonnes of textile waste annually (8.5% of global totals), accounting for ~2% of national GHG emissions (49–65 million tonnes CO_2), contributing to 20% of global industrial water pollution from dyeing, and causing severe river contamination in clusters like Tiruppur (Noyyal River) and Jaipur/Sanganer (Dravyavati River).

Unlike Western nations exporting waste to the Global South, India is the world's largest importer of used clothing (roughly twice Malaysia's volume), supporting a massive informal recycling industry in Panipat, Haryana (~100,000+ tonnes processed annually). However, ultra-fast fashion (e.g., Shein's 10,000+ daily designs)[2] overwhelms this capacity with low-durability synthetic blends that resist mechanical recycling. Tightening EU and US regulations

[1] 'Client Challenge' (*United Nations*) <https://press.un.org/en/2025/sgsm22607.doc.htm> accessed 5 February 2026

[2] 'The Broken Apparel Industry – and How to Fix It' (*Arksen*, 28 January 2026) <https://www.arksen.com/blogs/apparel/the-broken-apparel-industry-and-how-to-fix-it> accessed 5 February 2026

(Waste Framework Directive, state-level EPR) endangers export markets and risks transforming India into a dumping ground for non-compliant, low-quality waste.

1.1 The "Polluter Pays" Evolution in Textiles

The Polluter Pays Principle (PPP) is a basic part of environmental law that has its origins in Principle 16 of the 1992 Rio Declaration. The principle states that those who pollute the environment should bear the costs of preventing and cleaning up pollution. The PPP has been included in Indian law through various Supreme Court decisions that emphasize the need to include the cost of environmental clean-up in the sustainable development agenda. For example, the concept of absolute liability for hazardous industries was introduced by the Supreme Court in a landmark case, M.C. Mehta v. Union of India (Oleum Gas Leak, 1986)[3]. The PPP was also solidified by the Supreme Court's decision in Vellore Citizens Welfare Forum v. Union of India (1996)[4], when it was declared that the PPP was part of Indian law, and that polluters must compensate for the harm caused by their pollution and restore the environment. The Supreme Court's ruling in Indian Council for Enviro-Legal Action v. Union of India (1996)[5], also confirmed that the PPP was supported by strict liability. Additionally, the Polluter Pays Principle is statutorily incorporated into Section 20 of the National Green Tribunal Act (2010) and Sections 3 and 5 of the Environment (Protection) Act, 1986, which also grant authorities the authority to require payment of costs of remediation.

The historical application of producer responsibility (PR) was initially focused on point-source pollution generated by factories (e.g., discharges of effluents or gases from smokestacks, and disposals into sewers) associated with the manufacture of consumer goods. The extension of PR to post-consumer textile waste provides an unprecedented extension of liability beyond the point of sale, since the environmental cost of a garment continues to increase substantially throughout its life cycle after it is disposed of at end-of-life (i.e., landfilling, leachate, microplastics from washing, etc.). Through the narrative of "Dressing to Kill," we can see the failure (both physically and chemically) of the linear "take, make, waste" model and thereby move away from municipal subsidization of waste management towards a producer-based system of internalized externalities, where waste is recognized as an improperly allocated

[3] *M C Mehta v Union of India* (Oleum Gas Leak Case) (1987) 1 SCC 395 (SC).
[4] *Vellore Citizens Welfare Forum v Union of India* (1996) 5 SCC 647 (SC).
[5] *Indian Council for Enviro-Legal Action v Union of India* (1996) 3 SCC 212 (SC).

resource that requires recovery from the corporate sector."

For the first time, fiscal year 2025-26 is a critical turning point for environmental policy in India. The government has taken on a proactive, as opposed to reactive, role in this area. The Union Budget for 2026-27 introduces the Tex-Eco Initiative to support Indian manufacturers in meeting international sustainability standards and to capitalize on growing global green markets[6]. At the same time, the Ministry of Environment, Forests and Climate Change (MoEFCC) is finalizing Extended Producer Responsibility (EPR) rules that will implement recycling targets, digital tracking systems, and eco-modulated fees (recycling fees) for producers who are not in compliance with regulations. This paper will outline the scale of the crisis caused by lack of regulation, review NGT interventions, explore the emerging frameworks being developed, and identify socio-economic challenges associated with formalizing the informal waste sector and moving it into a digital circular economy[7].

2. The Anatomy of the Crisis: Scale, Scope, and Impact

Globally and in India, there is significant pressure on the environment from the textile and fast fashion industries. As it is produced, textile production uses an estimated 93 billion cubic meters of water per year. For context, this represents the annual water usage of approximately five million people. Globally, the textile and fast fashion industries account for approximately 10% of carbon emissions including and exceeding those generated by international aviation and shipping combined. Dyeing and finishing processes account for almost 20% of the water pollution from industrial processes, releasing many toxic chemicals and microplastics. Waste totals 92 million tonnes yearly, with 85% landfilled or incinerated, releasing 500,000 tonnes of ocean-bound microfibre s annually. GHG emissions are projected to rise over 50% by 2030 without intervention.

In India, the sector generates ~7.8 million tonnes of textile waste annually (8.5% of global totals), ranking third in dry municipal solid waste. The waste stream divides into categories with varying management challenges:

[6] (*Union budget 2026–27: Major push to employment-intensive textile sector through integrated programmes, Mega Parks and export facilitation*)
<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2221486&reg=3&lang=2> accessed 6 February 2026
[7] Pinfold P, 'India EPR Regulations: Compliance for UK Exporters' (*Valpak*, 12 August 2025)
<https://www.valpak.co.uk/india-epr-regulations-compliance/> accessed 6 February 2026

Table 1: Textile Waste Composition in India (2025 Estimates)[8]

Waste Category	Volume (Approx.)	Percentage	Primary Source	Characteristics	Management Status
Pre-Consumer	~3.98 Million Tonnes	51%	Spinning, weaving, garmenting scraps	Homogeneous, clean, high value	Highly organized, often recycled mechanically into yarn
Post-Consumer	~3.28 Million Tonnes	42%	Household discards, institutional waste	Heterogeneous, soiled, mixed materials	Chaotic, mixed with MSW, largely landfilled or incinerated
Imported Waste	~0.54 Million Tonnes	7%	Global used clothing trade	Sorted wool/synthetics, "mutilated" rags	Concentrated in Panipat/Kandla, mechanically recycled

Recycling rates remain low (1–15% overall; 34% reused, 25% recycled), with ~17% landfilled and significant open burning. Water use reaches billions of cubic meters annually, synthetics (30% of waste) drive microplastic pollution, and GHG emissions total 49–65 million tonnes CO_2 (2% nationally). Pre-consumer waste benefits from high-value B2B channels, but post-consumer waste (~3.3 million tonnes annually) forms the crisis epi-center. In urban areas, 55–70% ends up landfilled or incinerated due to absent separate collection[9]. Natural fibre s release methane in landfills; synthetics fragment into microplastics over centuries, leaching toxins into soil and groundwater.

2.2 The Panipat Paradox: The World's "Cast-Off" Capital

Panipat, Haryana known as the "cast-off capital" recycles ~1 million tonnes of global textile waste annually, processing 90% of discarded woollen wear. Over 900 units shred garments into "shoddy" yarn for low-cost blankets (70% of India's relief market and disaster exports). Yet the "Panipat Paradox" persists: razor-thin margins lead to regulatory bypasses. ~40% of incoming material (buttons, zippers, short fibres) is lost and often openly burned, releasing dioxins, furans, and microplastics. The workforce (over 300,000 including indirect jobs) faces

[8] Team Rawshot ai, 'India Textile Waste' (*Rawshot.ai*, 19 April 2026) <https://rawshot.ai/statistic/india-textile-waste> accessed 7 May 2026

[9] (*1 exploring India's textile waste landscape a* Program *by jan, 2025*) <https://enviu.org/wp-content/uploads/Reweave_Report_Enviu_2025.pdf> accessed 6 February 2026

hazardous conditions respiratory diseases are 30% more prevalent due to high SPM and microfibre inhalation. Unauthorised dyeing introduces untreated effluents containing azo and bleach discharges leading to contamination of the Yamuna River and groundwater. High material recovery is achieved by this unregulated model, however, it does not account for the health and environmental costs associated with pollution. Under the Extended Producer Responsibility (EPR) concept efforts have been made to formalise operations in the dyeing sector but the low profit margins are expected to hinder any shift in operations.

2.3 The Bengaluru Case Study: A City Drowning in Fabric

Approximately 5,000 tonnes worth of fabric waste are produced every year by Bengaluru, India's "garment capital," based on exports[10]. According to a 2025 Indian Statistical Institute (ISEC) study, the huge export-oriented units systematically dispose of their waste, while there is minimal regulation for thousands of small-scale tailoring units and workshops, which often dispose of fabric scraps improperly. About 75% incinerated (typically with household rubbish) produces extremely toxic fumes from synthetic dyes and fibres. Without a consolidated database on the amount of waste created or how it is disposed of, regulatory authorities such as the Karnataka State Pollution Control Board (KSPCB) do not know how much waste is created or where it is discarded. Informal workers, primarily women, handle mixed waste to sort and separate themselves from protection, which exposes them to considerable health risks. About 40% of discarded clothing enters recycling facilities located in Tiruppur and Panipat, while approximately 20% is downcycled locally (e.g., into mattresses), and the remainder enters the environment as leakage or contamination. In light of this situation, the National Green Tribunal took notice of the case on its own accord to intervene judicially in late 2025.

2.4 Water Impact: The Silent Crisis of Processing

6% of India's freshwater supply is used for cotton farming, as it is the second greatest user of water globally[11]. In a situation where there is a lack of water, making cotton textile in India is a major misallocation of resources. Furthermore, wet processing (which includes dyeing,

[10] News-Desk AR and News-Desk AR, 'Bengaluru's Garment Sector Faces Rising Textile Waste Crisis, Study Finds: Sustainability News India' (*Apparel Resources*, 25 August 2025) <https://apparelresources.com/business-news/sustainability/bengalurus-garment-sector-faces-rising-textile-waste-crisis-study-finds/> accessed 7 February 2026

[11] Rahman AP, 'Textile Waste a Growing Environmental Concern' (*Indiaspend*, 23 November 2024) <https://www.indiaspend.com/industry/textile-waste-a-growing-environmental-concern-932145> accessed 20 March 2026

bleaching and finishing) represents 20% of industrial wastewater pollution produced worldwide. The Noyyal River (in Tamil Nadu) and Dravyavati River (in Rajasthan) have been turned ecologically dead by decades of untreated discharge from dyeing units, killing agricultural land and degrading potable drinking water for millions of people. Furthermore, while Zero Liquid Discharge (ZLD) regulations are supposed to be enforced, they continue to be poorly enforced, leading to cumulative loss of aquifers. The failure of ZLD regulations demonstrates the limitations of command and control regulation and the need for a more market-based approach with Extended Producer Responsibility (EPR).

3. The Judicial Hammer: NGT and the "Polluter Pays" Mandate

3.1 The Rise of *Suo Motu* Cognizance

The NGT has typically responded to petitions submitted by either affected persons or environmental activists. However, from 2024 to 2026, the NGT increased use of its powers to initiate investigations on its own, by relying on media reports, studies and examples of what it considered to be serious problems. For example, the case of textile waste in Bengaluru: the NGT obtained knowledge of this issue from a media report that documented an explosion of waste being produced from the garment industry in Bengaluru and a "toxic trail" left behind by this growth. As a result, the NGT has registered the matter on its own accord and also joined in the action KSPCB, BBMP and CPCB[12]. The NGT has highlighted that approximately 5000 tonnes of fabric waste are produced annually, with an estimated 40% recycled (primarily sent to Tiruppur or Panipat) and only about 20% used for downcycling. The remainder of this fabric waste will be mixed with household waste and disposed of in violation of the regulatory standards. The proactive position taken by the NGT allows for less litigation by the civil society and places a burden on the regulatory and polluting parties to establish proof of compliance. Additionally, it creates an opportunity for immediate response to violations or issues of concern; in particular, the NGT transferred this case to its Southern Zone bench to allow for more localized supervision and to direct that a comprehensive solid waste management plan for generating, disposing and regulating the waste from the garment industry be created without the typical bureaucratic delays.

[12] Digital N, 'NGT Takes Suo Motu Cognisance of Textile Waste Crisis in Bengaluru' (*National Herald*, 5 September 2025) <https://www.nationalheraldindia.com/environment/national-green-tribunal-takes-suo-motu-cognisance-of-textile-waste-crisis-in-bengaluru> accessed 20 March 2026

3.2 The Dravyavati River Precedent: A ₹100 Crore Lesson

The NGT's judgement on the Dravyavati River in Jaipur is an historic case of a PPP application in textiles, and it reflects the disastrous impact of unregulated textile printing effluents being discharged into Sanganer, as well as other areas, resulting in the Tribunal assessing ₹100 crore as interim environmental compensation against the State of Rajasthan[13]. Among the key features are:

- Responsibility of the State — there is a clear responsibility to hold the government liable for its failure to enforce regulations on textile effluent discharge; thereby piercing the sovereign immunity and confirming that the state is acting as a trustee of the natural resources of the country.

- Focus on Restoring the River — the funds for the interim compensation amount have been directed to a separate account to be used solely for the restoration of the river ecosystem and for soil remediation, rather than for ordinary fine payment.

- Governance Mechanism — there will be a 10-member joint committee (CPCB, MoEFCC, state experts) created to prepare an action plan and to oversee actions taken in relation to the river.

The PPP application in textiles, as demonstrated by the Dravyavati River case, shows that non-compliance with the discharge of textile wastes will incur a magnitude of massive, proactive interim penalties before a final adjudication and will substantially increase the likelihood of non-compliance. Similar types of applications in Odisha and Punjab dyeing cases have confirmed the deterrent effect of PPP for textile manufacturers.

3.3 The Arithmetic of Accountability: Compensation Methodologies

The NGT has transitioned from arbitrary fines to scientific calculations for Environmental Compensation (EC), providing a model for future EPR penalties.

For hazardous waste and industrial violations (including dyeing sludge), the CPCB/NGT

[13] Chaturvedi S, 'Textile Printing Industries' Pollution Case: NGT Directs Rajasthan to Pay ₹100 Crore Interim Compensation within Two Months' (*Verdictum*, 20 April 2023) <https://www.verdictum.in/news/rajasthan-pay-compensation-100-crores-textile-industries-pollution-ngt-1472732> accessed 25 March 2026

standard formula is: **EC = Q × ERF × R** where Q = non-compliant quantity (tonnes), ERF = Environmental Risk Factor (toxicity/risk multiplier), R = compensation rate per tonne (remediation + deterrent).

In recent hazardous waste cases, EC used ERF = 0.1 and R = ₹30,000, yielding substantial penalties.[14]

For sewage/untreated effluent discharge, a more complex formula applies: ***EC = [CCF × (MACC_{treatment} × Gap)] + Externality/Duration[15] Components*** where CCF = Capital Cost Factor, MACC = Marginal Average Capital Cost of treatment, Gap = untreated volume, plus terms for violation days and broader damages.

These methods ensure EPR penalties for missed recycling targets are mathematically determined (e.g., based on saved recycling costs + environmental damage), making non-compliance far costlier than compliance and aligning incentives with environmental goals.

3.4 The Legacy of the Noyyal River Case

The NGT's current enforcement builds on the foundational *Tirupur Dyeing Factory Owners Association v. Noyyal River Ayacutdars Protection Association*[16] case. The courts have issued a Zero Liquid Discharge (ZLD) order and required compliance from dyeing units prior to being allowed to operate. A remediation fund was set up and monitoring of the Noyyal basin is ongoing. In 2025, pipeline leaks and the continuing issue of effluent discharges within Tiruppur demonstrate that the use of the PPP method will require long term liability and vigilance[17].

4. The Global Regulatory Tsunami: External Drivers of Indian Policy

The NGT offers an element of pressure within India; however, the Indian regulatory influence

[14] (*Before the hon'ble National Green Tribunal Principal Bench at New Delhi*) <https://www.greentribunal.gov.in/sites/default/files/news_updates/ADDITIONAL%20REPLY%20BY%20MC,%20JALANDHAR%20IN%20OA%20NO.%20479%20of%202023%20Ramesh%20Mahendru%20VS%20State%20of%20Punjab.pdf> accessed 25 March 2026

[15] (*Joint Committee report for Assessment Environmental ...*) <https://greentribunal.gov.in/sites/default/files/news_updates/Final%20Report%20on%20EC%20calculation%20O.A.%20No.%2061-2020%20%20Maj.%20Gen.%20Harpreet%20Singh%20Bedi%20(Retd.)%20&%20ors.%20VS.%20Vijay%20Singh,%20Dwarkadheesh%20Haveli%20Builders%20&%20ors..pdf> accessed 11 April 2026

[16] *Tirupur Dyeing Factory Owners Association v. Noyyal River Ayacutdars Protection Association* (2009) 9 SCC 737(SC).

[17] Srinivasan P, 'Pipeline Leak near Tiruppur Releases Dye Effluents into Noyyal River' (*The New Indian Express*) <https://www.newindianexpress.com/states/tamil-nadu/2025/Mar/10/pipeline-leak-near-tiruppur-releases-dye-effluents-into-noyyal-river> accessed 11 April 2026

upon their reforms of 2025-2026 is predominantly dictated by Global North regulations. Since India is an important exporter to the EU and US, trade influences the way India operates. For instance, the EU's "Brussels Effect" (whereby EU rules act as the de facto global standard) also dictates how goods are produced, traced, and disposed of.

4.1 The EU Waste Framework Directive (2025)

Starting in October 2025, the EU has passed an update to the Waste Framework Directive that requires each member nation to collect used textiles separately from all other waste streams. It also establishes mandatory Extended Producer Responsibility (EPR) schemes[18] for textiles within the EU. The EPR system will apply to anyone who puts goods into the EU market; therefore, Indian exporters of textiles that will be sold in the EU must register as 'producers' with a European Producer Responsibility Organisation (EPRO) and pay the requisite EPR fees[19].

Fees are eco-modulated: higher for hard-to-recycle blends (e.g., polyester-cotton) and lower for mono-materials (e.g., 100% cotton or polyester), incentivizing Indian manufacturers to redesign materials and processes[20]. The EU is also tightening waste export rules; by 2026–27, unsorted textile waste shipments to non-OECD countries like India may be restricted unless sustainable management is proven, threatening Panipat's recycling feedstock and pushing a shift to higher-quality, sorted imports[21].

4.2 The Digital Product Passport (DPP)

To enforce traceability, the EU introduced the Digital Product Passport (DPP). By 2027 (with 2026 pilots), textiles entering the EU must carry a digital record (e.g., via QR code) detailing material composition, recycled content, supply chain, and carbon footprint.[22]

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[18] 'Revised Waste Framework Directive Enters into Force' (*Environment*, 16 October 2025) <https://environment.ec.europa.eu/news/revised-waste-framework-directive-enters-force-2025-10-16_en> accessed 15 April 2026

[19] Zhu DrM, 'Eu Parliament Adopts New Textile Waste Regulations' (*SGSCorp*, 23 September 2025) <https://www.sgs.com/en-in/news/2025/09/safeguards-14225-eu-parliament-adopts-new-textile-waste-regulations> accessed 16 April 2026

[20] (*EU's new EPR Law for textiles: What Indian Brands must know*) <https://recircle.in/eus-new-epr-legislation-for-textiles-what-brands-need-to-know/> accessed 16 April 2026

[21] Loughlin B, 'EPR for Textiles Explained: What Apparel Companies Need To Know' (*Institute of Sustainability Studies*, 27 August 2025) <https://instituteofsustainabilitystudies.com/insights/guides/epr-for-textiles-explained-what-apparel-companies-need-to-know/> accessed 17 April 2026

[22] (*Digital Product Passport Solutions | avery dennison apparel | Avery Dennison*)

This forces Indian suppliers to map full supply chains from fibre to factory ending opaque practices. Brands must offer detailed details about production. In response, India's NGT and MoEFCC are aligning the CPCB site with EU standards to ensure seamless compliance and data interchange.[23]

4.3 The "Ultra-Fast" Fashion Crackdown and US Tariffs

The rapid growth of ultra-fast fashion platforms like Shein and Temu exploiting de minimis customs exemptions to ship low-value, duty-free packages—has flooded markets with cheap, disposable garments, undercutting traditional retailers.[24]

In response, the EU and US are tightening or eliminating these exemptions in 2026, leveling the playing field for brands like Zara, H&M, and GAP[25]. This creates opportunities for Indian manufacturers who can meet rising sustainability standards to regain market share.

France has led with eco-contributions and malus taxes on fast fashion to penalize disposability, reflecting broader global pressure against low-quality, high-waste production[26]. This sentiment is pushing Indian policymakers to adopt similar measures to avoid becoming a dumping ground for rejected Western waste.

New tariffs imposed by the U.S.[27] on textile imports are placing increased pressure for protectionism upon Indian textile exporters and providing them with a need to find the right balance between escalating their environmental compliance and trouble free access to world markets. Therefore, with this double challenge facing them, there has been greater request for government assistance to modernize and improve competitiveness as seen from current budget

<https://apparelsolutions.averydennison.com/en/solutions/brand-solutions/digital-product-passport> accessed 17 April 2026

[23] (*The digital product passport revolution: Preparing US apparel and Footwear Brands for EU Traceability Mandates*) <https://www.intertek.com/blog/2026/01-19-the-digital-product-passport-revolution/> accessed 17 April 2026

[24] 16 J and others, 'How Fast Fashion Stays Fresh - and Adapts to U.S. Tariffs' (*Stanford Graduate School of Business*, 27 June 2024) <https://www.gsb.stanford.edu/insights/how-fast-fashion-stays-fresh-adapts-us-tariffs> accessed 18 April 2026

[25] (*EU to tighten checks on cheap products from sites like Temu and Shein | Reuters*) <https://www.reuters.com/business/retail-consumer/eu-tighten-checks-cheap-products-sites-like-temu-shein-2025-02-03/> accessed 18 April 2026

[26] Fitzpatrick KR, 'Has the World Had Enough of Shein and Temu? Possibly, given Recent Legislation' (*Good On You*, 18 September 2025) <https://goodonyou.eco/anti-fast-fashion-laws-in-2025/> accessed 1 May 2026

[27] www.fibre2fashion.com, 'US Tariffs Pose Challenge and Opportunity for Indian Textile Sector' (*Fibre2Fashion*) <https://www.fibre2fashion.com/news/textile-news/us-tariffs-pose-challenge-and-opportunity-for-indian-textile-sector-301828-newsdetails.htm> accessed 1 May 2026

initiatives.

5. India's Policy Response: The 2025–26 Framework

5.1 The Union Budget 2026–27: The "Tex-Eco" Initiative

The Ministry of Finance has announced that FY 2026-27 will be referred to as a year of importance for the textile industry because of the dual perception held by both parties about the sector's status as both an essential component for job creation and a key industry in which jobs will be lost in the event of a downturn; therefore; it is the expectation that the Integrated Programme For The Textile Sector, with the Tex Eco Initiative being at its centre, will create a positive impact on the overall performance of this industry. The Finance Minister announced the Integrated Programme for the Textile Sector, with the "Tex-Eco Initiative" as its cornerstone.[28]

National Fibre Scheme focuses on self-reliance across fibres, prioritizing "new-age fibres" such as recyclable man-made cellulosic fibres (MMCF) and high-quality recycled polyester to reduce dependence on imported virgin petrochemicals and cotton, thereby stabilizing raw material costs.

The Textile Expansion and Employment Scheme provides capital support for machinery and technology upgrades, essential for adopting clean technologies like chemical recycling and Zero Liquid Discharge (ZLD) systems capital-intensive but necessary for regulatory compliance.

The budget also introduced a GST overhaul reducing the rate to 5% on garments priced below ₹2,500, while raising it to 18% for higher-priced items. This affects global brands (e.g., Zara, Levi's) by forcing pricing strategy revisions, while strengthening the "affordable premium" segment for domestic manufacturers.[29]

5.2 The Draft Textile EPR Rules (2025–26)

Building on the Plastic Waste Management Rules, the MoEFCC is finalizing the Extended

[28] 'DD News' (हिन्दी) <https://ddnews.gov.in/en/union-budget-2026-27-major-push-for-employment-intensive-textile-sector/> accessed 2 May 2026

[29] Sharma A, 'GST Reset and Festive Boost Drive New Growth Path for India's Apparel Market' (*ETRetail.com*, 27 October 2025) <https://retail.economictimes.indiatimes.com/news/apparel-fashion/apparel/gst-reforms-impact-on-indias-apparel-market/124799109> accessed 2 May 2026

Producer Responsibility (EPR) framework for textiles. Full notification is expected in 2026, but key contours are clear. The rules will initially focus on post-consumer waste, with progressive collection targets (e.g., 50% by 2027, 80% by 2030).[30]

Compliance will use a market-based credit trading system, similar to plastics and batteries. Producers, Importers, and Brand Owners (PIBOs) exceeding recycling targets generate EPR credits, which can be sold to those falling short—creating strong incentives for over-compliance.[31] Based on market analysis, textile producers may be able to recycle textiles in an economically viable manner using price discovery with textile EPR credits trading between ₹2 and ₹5 per kg. [32]

All CEHAT-represented producers are required to register and file returns annually, using a central online portal run by the CPCB linked to ICEGATE (the customs architecture) to track every single credit trade that occurs on the platform in a manner that provides adequate transparency and checks to prevent double counting or importers' evasion of credit purchases.[33]

5.3 Eco-Modulation: The Financial Lever

Eco-modulation is an important advanced aspect of the draft textile EPR standards. It differentiates fees based on environmental impact rather than applying flat rates.

Fees will be "eco-modulated," meaning they will be lower for mono-materials (e.g., 100% cotton or 100% polyester) which are easier to recycle and higher for multi-material blends (e.g., poly-cotton), garments with hazardous dyes, or complex attachments that hinder recycling. This fee structure is designed to influence the design stage itself. By making "Frankenstein fabrics" (complex blends) more expensive to manage, the policy pushes brands toward circular

[30] (*Future EPR trends 2025 – textiles, glass, oil packaging | sort consultancy | sort consultancy | waste management and resource recovery | engineering solutions | Sustainability Services | Renewable Energy Expertise*) <https://sortconsultancy.com/blogs/Future-EPR-Trends-2025-Textiles-Glass-Oil-Packaging> accessed 3 May 2026

[31] (*Extended producer responsibility in India: Notes for investors*) <https://www.india-briefing.com/news/extended-producer-responsibility-in-india-notes-for-foreign-manufacturers-40094.html/> accessed 3 May 2026

[32] (*EPR certificates and credit trading 2025: India's circular economy | sort consultancy | sort consultancy | waste management and resource recovery | engineering solutions | Sustainability Services | Renewable Energy Expertise*) <https://sortconsultancy.com/blogs/epr-certificates-credit-trading-guide-2025> accessed 4 May 2026

[33] (*2025 amendments in India's plastic waste management rules*) <https://recircle.in/understanding-the-2025-amendments-in-indias-plastic-waste-management-rules-transparency-traceability/> accessed 4 May 2026

design principles, favoring durability and recyclability over disposability.[34]

6. Socio-Economic Dimensions: The Human Cost of Circularity

Transitioning to a formal circular economy threatens millions of informal workers managing India's textile waste, including the Waghri community and waste pickers, who operate in an efficient but exploitative shadow economy.

6.1 The Informal Sector Dilemma

The Waghri community has been engaged in a unique barter exchange system for generations, collecting and exchanging used clothing in exchange for kitchenware[35]. This community well embodies India's reuse economy even though their work happens outside the new digital and legal systems.

- Displacement Risk: The government will create formal Extended Producer Responsibility (EPR) programs that include mechanised systems and large Production Responsibility Organizations (PROs) and will develop digital tracking ability. The informal waste pickers will likely be displaced unless the government requires that PROs and waste collectors/transporters integrate their systems. If a person cannot register on the Central Pollution Control Board (CPCB) online portal, they are likely illiterate or unbanked[36].

- The 'Clean versus Green' conflict. As the National Green Tribunal (NGT) has mandated for some "clean" industries to be implemented by shutting down "dirty" industries in areas like Tiruppur and Sanganer, these closures can result in job losses for the world's poorest people, presenting a conflict between ecological restoration and livelihood security.

[34] www.fibre2fashion.com, 'EPR Laws: Fashion's next Challenge' (*Fibre2Fashion*) <https://www.fibre2fashion.com/industry-article/10430/epr-laws-fashion-s-next-challenge> accessed 4 May 2026

[35] Bapat D, 'The WAGHRI Community: Urban India's Invisible Recyclers' (*the wire.in*, 1 January 2015) <https://www.academia.edu/38612254/The_Waghri_Community_Urban_Indias_Invisible_Recyclers> accessed 5 May 2026

[36] admin_realenviro, 'CPCB's EPR Portal: What the Latest Invoice-Verification Update Means for Plastic Wastemanagement' (*Professional Environmental Compliance & EPR Services*, 16 April 2026) <https://realenviroservices.com/cpcbs-epr-portal-what-the-latest-invoice-verification-update-means-for-plastic-waste-management/> accessed 5 May 2026

6.2 Models of Integration: "Closing the Loop"

Recognizing this risk, innovative models like Enviu's **"Closing the Loop" (CTL)** offer a blueprint for a "Just Transition".[37]

- Innovative models like Enviu's "Closing the Loop" (CTL) offer a blueprint for just transition. The CTL model integrates informal waste pickers into the formal value chain as essential collection partners, aggregating waste through Textile Recovery Facilities (TRF) managed by waste entrepreneurs to provide dignity, safety, and higher incomes.

- Intermediary ventures such as Second Spin and The Good Felt process informal sector waste into high-value products like recycled felt for acoustics or premium recycled yarn meeting global brand standards.

- Experts argue that the EPR policy must include mandatory quotas for sourcing from "socially responsible" PROs that employ informal workers. This would ensure that the funds generated by the "Polluter Pays" principle also support social equity and poverty alleviation.[38]

7. Strategic Analysis and Future Outlook

7.1 The Technological Shift: Chemical Recycling

Mechanical recycling in Panipat yields low-value "shoddy" yarn. To meet global brands' demand for high-quality "fibre-to-fibre" recycling producing recycled fibre s indistinguishable from virgin ones India is experiencing a surge in chemical recycling investments. Major players like Filatex India and Ester Industries (in joint venture with Loop Industries) are building industrial-scale plants that depolymerize polyester waste into monomers and re-polymerize it into virgin-equivalent material, effectively closing the loop[39]. The pre-consumer waste processing market alone is valued at USD 650 million, positioning India to transition from a

[37] 'A Circular Model Catching Textile Waste before It's Lost' (*Enviu*) <https://enviu.org/new-circular-model-textile-waste/> accessed 6 May 2026
[38] (*India's textile and apparel sector*) <https://cstep.in/wp-content/uploads/2025/06/Indias-textile-and-Apparel-Sector_Understanding-the-Ecosystem-and-Readiness-for-Implementation-of-Extended-Producer-Responsibility-1.pdf> accessed 7 May 2026
[39] Linnenkoper K, 'India Invests in Circular Yarn Production • Recycling International' (*Recycling International*, 29 August 2025) <https://recyclinginternational.com/business/business-news/india-invests-in-circular-yarn-production/61629/> accessed 7 May 2026

waste importer to a producer of premium "green gold" recycled fibre with the right technology investments.

7.2 The Compliance Burden and Brand Strategy

The era of voluntary sustainability has ended for brands.As a result of NGT penalties, EPR fees government-mandated fees and EU borders tax penalize non-compliant entities financially as a result of these policies Brand owners must now plan an EPR budget fee per kg estimated at 2-5 ₹ plus possible eco-contribution taxes and digital tracing costs which will most probably be incurred by consumers signalling that ultra low-price clothing is simply going away[40] . In addition, the NGT has introduced significant interim penalties giving directors of corporate entities potential for personal liability for non-compliance therefore the board's responsibility for environmental compliance will now be an agenda item.

8. Conclusion

The global and local action of the 'Dressing to Kill' narrative has generated considerable momentum. India's response has been ambitious but complex, with a mix of judicial activism, fiscal policy, and market-based mechanisms. The 2025-26 period will be characterized by the friction of implementation, marked by the contradictions between formal rules and informal realities, export ambitions and environmental limitations. A shift will occur from 'Dressing to Kill' to 'Dressing to Heal'

If successful, India's new EPR framework could provide a model for the Global South by demonstrating how to decouple textile growth from environmental degradation; however, success is contingent on ONE, CRITICAL, issue - Integration. In order to create a truly sustainable future, the industry must integrate the informal sector into the formal economy, integrate digital data with physical waste flows, and integrate India's domestic policies with global sustainability standards. Only through this holistic approach will the industry be able to shed its "toxic" label and produce a genuinely sustainable future. Clothing should be a utility rather than a death sentence for the planet, ensuring that the "Threads of Fashion" will not become the "Noose for the Planet".

[40] 'New EPR Laws Force Fashion Brands to Pay for Textile Waste → Fashion' (*News*, 27 November 2025) <https://news.sustainability-directory.com/fashion/new-epr-laws-force-fashion-brands-to-pay-for-textile-waste/> accessed 7 May 2026