

Primus Report

Published in BusinessWorld

May 14, 2025

India's Textile MSMEs Hold Key To Hitting \$100 Bn Export Target: Report



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The report recommends formal skilling, better finance access, integrated infrastructure, and trade deals as key enablers for the sector

India's ambition to reach USD 100 billion in textile exports within five years hinges largely on how well the country can support and scale its micro, small and medium enterprises (MSMEs) in the sector. According to a new report titled 'Roadmap for USD 100 Billion Exports in 5 Years' by consulting firm Primus Partners, textile MSMEs form the backbone of the industry but are currently held back by fragmented value chains, high costs, skill shortages, and limited global market access.

The textile industry is India's second-largest employer after agriculture, supporting over 45 million livelihoods. It contributes 2.3 per cent to GDP and 10.5 per cent to total exports. Yet India accounts for just 4.6 per cent of global textile exports, far behind China's 48 per cent. Primus Partners asserts that unlocking MSME potential is key to narrowing this gap and placing India among global leaders in textile manufacturing.

The report points out that while geopolitical shifts, such as higher US tariffs on Chinese and Bangladeshi goods—offer an opening for Indian firms, textile MSMEs must evolve to take advantage of this opportunity. Readymade garments and home textiles, which account for 75 per cent of India's textile exports, are expected to benefit most. The shift in sourcing patterns by global brands under the "China Plus One" strategy makes India an increasingly attractive destination—if MSMEs can keep pace.

"Moving from small to scalable enterprises is not just aspirational—it is essential," the report notes. It recommends that MSMEs be aggregated into formal clusters, much like Farmer Producer Organisations (FPOs), enabling them to negotiate better pricing, adopt standardised practices, and

access global buyers directly. These aggregations would also improve creditworthiness and streamline supply chain operations.

However, the journey from micro to global requires addressing systemic constraints. One of the major bottlenecks is skills. Only 15 per cent of workers in the textile manufacturing sector have received formal training, according to the National Skill Development Corporation. This contributes to a 20–30 per cent loss in productivity. Primus Partners suggests setting up dedicated training centres in Tier 2 and Tier 3 cities, especially where PM MITRA Parks are coming up, to bridge this gap.

Finance remains another hurdle. MSMEs often struggle to access affordable credit for modernising machinery or expanding operations. The report recommends expanding operational subsidies and employment-linked incentives, like those provided by the government of Madhya Pradesh, to reduce input costs and boost competitiveness.

Infrastructural inefficiencies, particularly in logistics, continue to inflate production costs. India's logistics costs stand at 14 per cent of GDP, compared to the global benchmark of 8 to 10 per cent. The report urges faster development of integrated supply chain parks and better port connectivity to support textile MSMEs in becoming export-ready.

Trade access is also essential. While competitors like Sri Lanka enjoy duty-free access to Europe under the Generalised Scheme of Preferences (GSP), Indian exporters face tariff disadvantages. The report calls for accelerated negotiations of Free Trade Agreements (FTAs) with the EU, UK, and USA to make Indian goods more price-competitive.

Importantly, Primus Partners spotlights the need to integrate textile MSMEs into the growing technical textile segment, projected to reach USD 274 billion globally by 2027. With India's share likely to touch USD 39 billion, MSMEs can play a significant role if equipped with the right technology and market access.

The report adds that with a combination of policy support, infrastructure upgrades, financial incentives, and skills training, India's textile MSMEs can be transformed from small operators into global giants, helping the nation achieve its USD 100 billion export vision and secure its place as a textile powerhouse.