



# Roadmap for US\$ 100 Bn Exports in 5 Years

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Six Recommendations that will drive  
the Textiles Industry

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## Section 1



# Introduction



The textile sector is one of India's oldest and most vital industries, playing a significant role in employment generation, industrial output, and export performance. It stands as the second-largest employment provider after agriculture, earning India the title of the "Land of White Gold," and currently supports over 45 million livelihoods.

The global textile industry is undergoing significant disruption due to recent geopolitical and economic developments, particularly reciprocal tariffs by US and the political crisis in Bangladesh. These events present a strategic opportunity for India's textile sector to enhance its global market share, boost exports, and contribute significantly to India's \$5 trillion economy goal.



Globally, India ranks as the **second-largest producer of textiles and garments and the fifth-largest exporter**, encompassing a wide range of products including apparel, home furnishings, and technical textiles.



The industry contributes approximately **2.3%** to India's GDP, **13%** to industrial production, and **10.5%** to total exports. Looking ahead, the textile sector is poised for robust expansion, with its GDP contribution expected to rise to nearly **5%** by the end of the decade.



The domestic textiles and apparel market is projected to grow at a compound annual growth rate (CAGR) of **10%**, reaching **US\$ 350 billion** by **2030**, with exports anticipated to touch **US\$ 100 billion**. Can be designed as an infographic



### Opportunity in Pricing Competitiveness:

Higher U.S. tariffs on key competitors like China (30%) and Bangladesh (6%) have reduced their price competitiveness in the textile market. This presents a strategic opening for India, which currently holds a 6–9% share, to expand its presence—particularly in readymade garments and home textiles, which together constitute 75% of its textile exports (Readymade garments- 41% of India's textile exports and home textiles-34%).



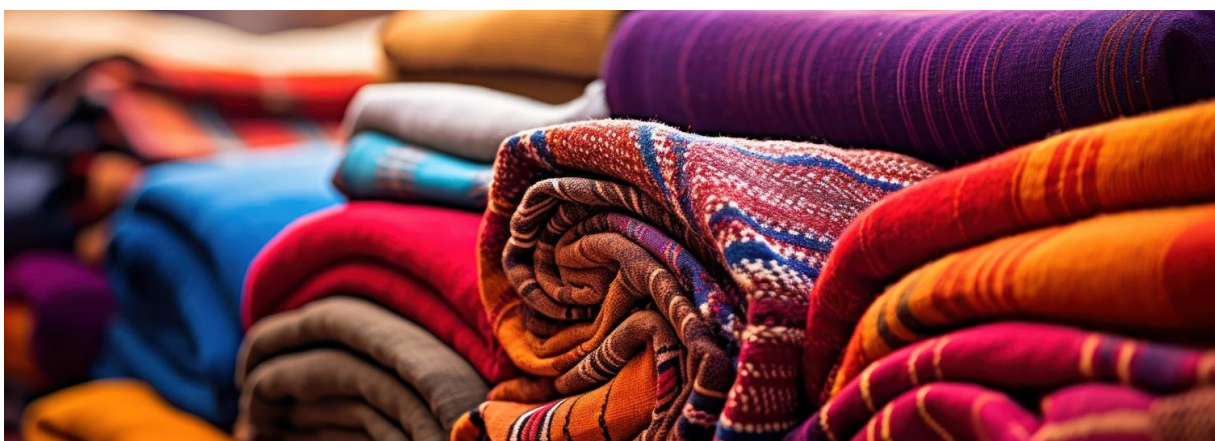
### Expanding Market Share Potential:

Presents an opportunity for India to penetrate new international markets, including the European Union, Canada, Australia, and Japan—regions that currently depend significantly on Bangladesh for textile imports. By leveraging this shift, India stands to capture an estimated 10–12% of Bangladesh's export orders, translating to a potential market worth approximately \$2.4 billion annually.



### Shift in Buyer Preference:

The ongoing shift in global sourcing preferences presents a strategic opportunity for India. As U.S. brands diversify their supply chains under the “China Plus One” strategy and amid global instability, India is emerging as a preferred alternative. As U.S. brands shift supply chains through the “China Plus One” strategy and navigate global uncertainties, India is gaining prominence as a favoured destination, driven by its cost-competitive labour and robust value chain. Coupled with the current tariff benefits, India should proactively position itself to capture increased orders and strengthen its role as a reliable sourcing hub in the global textile market.



## Section 2



# Key Challenges

*Significantly impacting the growth potential and competitiveness of the Textile Exports*

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**Higher Production Cost: India's Standard Allowed Minute (SAM) Rate Nearly Double That of Competitors like Bangladesh**

A key challenge impacting India's competitiveness in the global textile market is its relatively higher cost of garment production. **Operational expenses in India remain significantly above those in competing countries such as Bangladesh.** For example, the Government of Bangladesh provides subsidies to tailors, substantially lowering labour costs. Additionally, the **Standard Allowed Minute (SAM) rate in Bangladesh is approximately ₹3 per minute, compared to a minimum of ₹5–6 per minute in India.** As a result, stitching a garment like a T-shirt, which takes around 20 minutes, incurs a labour cost of at least ₹100 in India versus ₹60 in Bangladesh. Moreover, lower import duties on Bangladeshi garments further enhance their price competitiveness in global markets relative to Indian exports.



**Textile manufacturing sector in India faces a significant skills gap, with only approximately 15% of its workforce having received formal training**

One of the critical challenges facing India's textile sector is the limited skill readiness of its workforce, particularly when benchmarked against global standards. Despite being a labour-intensive industry, a significant portion of the workforce lacks formal training in modern manufacturing techniques and technologies. According to the National Skill Development Corporation's (NSDC) **Skill Gap Analysis Report (2022)**, **only about 15% of workers in textile manufacturing have received any form of formal training.** This gap not only affects productivity and product quality but also hinders the industry's ability to adopt advanced technologies and meet evolving international compliance and quality standards.



### **Fragmented Supply Chains leading to increased cost and Sector Efficiency**

India's textile sector remains largely fragmented, with limited integration across the value chain—from raw material sourcing to exports. Unlike countries such as China, where vertically integrated firms manage multiple stages under one roof, India's supply chain is segmented, with spinning, weaving, dyeing, and garmenting often handled separately. This lack of coordination leads to inefficiencies, delays, and quality issues, impacting competitiveness, especially in export markets. The PM MITRA parks initiative seeks to address this by creating integrated textile hubs that co-locate key manufacturing processes, aiming to enhance supply chain efficiency and global competitiveness.



### **High logistical costs: With logistics costs amounting to 14% of GDP, significantly higher than the global benchmark of 8-10%**

India's textile exporters face a significant disadvantage due to inadequate multimodal infrastructure, port inefficiencies, and prolonged turnaround times. These factors drive up delivery costs and hinder responsiveness to global market demands. The impact is particularly severe for the technical textiles segment, which relies on fast and efficient logistics for innovation-driven products like medical textiles, geotextiles, and protective wear. The resulting high logistical overheads deter investment in these high-growth areas and limit India's competitiveness in the premium global textile market.





## Section 3



# Our Recommendations

*Six Recommendations that will boost textile exports and strengthen the industry's competitiveness*



### Integration of Industry 4.0 in the Textile Sector:

*Will lead to approximately 15% reduction in operational waste*

The implementation of Industry 4.0 technologies is significantly transforming the textile sector, enhancing operational intelligence, efficiency, and responsiveness to global market demands. Textile manufacturing units are increasingly adopting advanced solutions such as IoT-enabled looms, AI-based quality inspection systems, and automated dyeing technologies. According to estimates, mills leveraging real-time data for monitoring energy usage and production processes **reported a 15% reduction in operational waste and a 20% decrease in machine downtime**. For instance, in one spinning cluster, the implementation of predictive maintenance strategies holds a potential to prevent over 40 hours of equipment downtime annually, highlighting its effectiveness in enhancing operational efficiency. This digital transformation is also redefining workforce roles—shifting from manual operations to data-driven monitoring,

interpretation, and decision-making via dashboards and predictive alerts. For example, textile units employing energy monitoring systems have achieved a 12–15% reduction in electricity costs within the first year of implementation.



### Encouraging Free Trade Agreements and Market:

*Will boost India's Textile Competitiveness*

The **EU's Generalized Scheme of Preferences (GSP)** allows Sri Lanka **duty-free** access to the European market, making Sri Lankan garments **10% cheaper** than Indian exports. This preferential trade treatment enables Sri Lankan manufacturers to attract more buyers, increase exports, and remain competitive globally. In contrast, Indian exporters face higher tariff barriers, making Indian goods relatively expensive in European markets. To compete effectively and expand market access, **India must negotiate Free Trade Agreements (FTAs) with key markets like the USA, EU and the UK**. Such agreements would reduce tariffs on Indian textile exports, making them more price-competitive globally.



### Strengthening existing Operational Subsidies: *Will enhance Textile Industry advantage*

Operational subsidies have the potential to significantly strengthen the global competitiveness of India's textile sector. By reducing key input costs—such as energy, logistics, and labour—these subsidies enable manufacturers to produce more cost-effective goods, thereby improving their position in international markets. Fiscal incentives, particularly employment-linked subsidies, play a crucial role in this regard. For example, the state of **Madhya Pradesh offers a reimbursement of employee contributions of up to ₹6,000 per month for a period of five years**, which substantially lowers operational expenditures for textile units. Such measures not only incentivize new investments in garment manufacturing but also help reduce labour costs and enhance overall profitability, positioning India as a more attractive hub for textile production globally.



### Establishing Specialized Training Centres in Key Textile Hubs, focusing on Tier 2 & Tier 3 Cities: *Will raise the Skilled Workforce Share to 50%*

The Indian textile industry continues to rely heavily on informal, on-the-job learning, with only a small proportion of the workforce formally trained—resulting in an **estimated 20–30% loss in productivity for employers**. To address this challenge and elevate the proportion of formally trained workers to at least 50%, it is imperative to establish dedicated training centres across major textile hubs, particularly in Tier 2 and Tier 3 cities. Despite housing majority of textile manufacturing units these cities face a pronounced shortage of formal training institutions. With PM MITRA Parks coming up in these cities, the focus on practical, industry-relevant training in areas such as garment stitching, quality assurance, pattern-making, and the operation of modern textile machinery will increase. With foreign buyers increasingly prioritizing certified and skilled labour—especially in the context of sustainability and compliance—such initiatives are critical. Enhancing the skill base in this manner will enable India to compete more effectively with countries like the UK (68%), Germany (75%), and South Korea (96%), where formal workforce training in the textile sector is significantly higher.







### **Transforming Textile MSMEs to Global Giants:** *By Moving from Small to Scalable Enterprises*

To ensure long-term dominance in the global textile market, it is essential to nurture and handhold India's textile MSMEs, enabling their transition into large-scale, globally competitive enterprises. These MSMEs form the backbone of the industry, contributing significantly to employment, regional development, and export value. However, they often face barriers related to limited access to finance, technology, skilled manpower, and global market linkages. Through targeted support—such as access to credit, infrastructure, advanced machinery, skilling programs, and integration into global value chains—these small units can scale operations, improve productivity, and enhance product quality. Empowering MSMEs to evolve into large textile giants will not only increase India's export share but also solidify its position as a leading global textile manufacturing hub. Additionally, the government can play a pivotal role in aggregating MSMEs, similar to how Farmer Producer Organizations (FPOs) support small farmers in the agriculture sector. By facilitating the formation of MSME clusters and cooperatives, the government can help small businesses negotiate directly with buyers, ensuring better pricing, market access, and supply chain efficiency.



### **Focus on Driving growth & exports through Technical Textiles:** *Will reinforce share in global Technical Textile Market*

The **global technical textile market is expected to grow from US\$ 212 billion in 2022 to US\$ 274 billion by 2027**. India's market share is projected to reach around US\$ 39 billion by 2027, contributing significantly to the vision of achieving US\$ 100 billion in textile exports. The launch of the National Technical Textile Mission by the Hon'ble Minister of Textiles provides the necessary impetus to nurture this high-investment, high-output segment. The mission focuses on research and development, skill development, market promotion, and export facilitation. To maximize the impact of this initiative, states should consider launching their own technical textile missions tailored to local strengths and needs. These state-level missions can promote targeted research, build region-specific skills, and support innovation ecosystems. Additionally, government departments should earmark dedicated funds for the procurement and use of technical textile products, creating consistent market demand and encouraging private sector participation. The growth of technical textiles will not only boost exports but also drive advancements in technology and livelihood opportunities across related sectors.



## Section 4



# Conclusion

***New decade of 2030 will mark the beginning of India's peak in the Textile Industry, realising the goal of exports of value US\$ 100 billion***

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Textile sector contributing significantly to India's export basket has a chance to revitalise the textile industry and mark its place in the world platform. Despite being one of the largest growing economies in the world, India currently forms a mere ~4.6% of global exports of textile, fifth to China's ~48% dominance. These six recommendations will not only give direction but are a blueprint in boosting India's textile industry growth by diversifying export products, expanding export markets, attracting investments, strengthening logistics and infrastructure and building capacity. If harnessed effectively, these recommendations can elevate India's textile exports to US\$ 100 billion over the next five years and firmly establish the country as a global leader in textile manufacturing. As the sector pivots from fragmentation to integration, from informality to formal excellence, and from volume to value, India can redefine its global competitiveness and contribute meaningfully to the national economic agenda and Viksit Bharat.





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