AEPC Circular No: 219

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Secretary General-AEPC

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Sub: Key Highlights of Union Budget 2026-27 for Indian Textiles and Apparel Industry

Dear Member Exporters,

Union Budget 2026-27 is a growth oriented and progressive budget amid heightened global uncertainty and disruptions. The budget signifies Government's commitment towards export led growth and inclusive approach.

Key Highlights of the Union Budget 2026-27 for the apparel & textiles export industry are given as follows:

Integrated Programme for the Textile Sector

An Integrated Programme will be launched for the labour-intensive textile sector with five sub-parts covering fibres, manufacturing, artisans, sustainability and skills. It will include:

- National Fibre Scheme for self-reliance in natural fibres such as silk, wool and jute, man-made fibres and new-age fibres
- The Textile Expansion and Employment Scheme to modernise traditional clusters through capital support for machinery, technology upgradation and common testing and certification centres;
- National Handloom and Handicraft programme to integrate and strengthen existing schemes and ensure targeted support for weavers and artisans;
- The Tex-Eco Initiative to promote globally competitive and sustainable textiles and apparel; and

- Samarth 2.0 to modernise and upgrade the textile skilling ecosystem through collaboration with industry and academic institutions.

Mega Textile Parks

Mega Textile Parks will be set up in challenge mode, and these parks will also focus on bringing value addition to technical textiles.

Mahatma Gandhi Gram Swaraj Initiative

The Mahatma Gandhi Gram Swaraj initiative will be launched to strengthen khadi, handloom and handicrafts through global market linkage and branding. The initiative will streamline and support training, skilling, and quality of process and production, and will benefit weavers, village industries, the One-District-One-Product initiative and rural youth.

MSME Champion Programme – Framework

MSMEs will be supported through a three-pronged approach to help them grow as Champions, consisting of equity support, liquidity support and institutional and market-based facilitation.

- SME Growth Fund (Equity Support)

A dedicated ₹10,000 crore SME Growth Fund will be introduced to create future MSME Champions. Under this fund, enterprises will be incentivised based on select criteria.

- Self-Reliant India Fund Top-Up

The Self-Reliant India Fund set up in 2021 will be topped up with ₹2,000 crore. This will continue support to micro enterprises and maintain their access to risk capital.

- TReDS Expansion (Liquidity Support)

More than ₹7 lakh crore has been made available to MSMEs through TReDS, and four new measures will be introduced to leverage its full potential. TReDS will be mandated as the transaction settlement platform for all purchases from MSMEs by CPSEs to serve as a benchmark for other corporates; a credit guarantee support mechanism will be introduced through CGTMSE for invoice discounting on the TReDS platform; GeM will be linked with TReDS to share information with financiers about government purchases from MSMEs to enable cheaper and quicker financing; and TReDS receivables will be introduced as asset-backed securities to develop a secondary market and enhance liquidity and settlement of transactions.

National Institute of Design – Eastern India

A new National Institute of Design will be establishedss in the eastern region of India. This will boost design education and promote design development.

SHE-Marts for Rural Women-Led Enterprises

Building on the success of the Lakhpati Didi Programme, women will be supported to move from credit-led livelihoods to becoming owners of enterprises. SHE-Marts will be created to promote rural women-led enterprises.

Special Economic Zones

To address concerns regarding under-utilisation of manufacturing capacity in Special Economic Zones due to global trade disruptions, a special one-time measure will be introduced to allow eligible manufacturing units in SEZs to sell goods in the Domestic Tariff Area at concessional rates of duty for a period. The quantity of such sales will be limited to a prescribed proportion of their exports. Necessary regulatory changes will be carried out to operationalise this measure while ensuring a level-playing field for units operating in the Domestic Tariff Area.

Trade Facilitation Measures

Duty Deferral for AEOs

The duty deferral period for Tier-2 and Tier-3 Authorised Economic Operators will be increased from 15 days to 30 days.

Duty Deferral for Manufacturer-Importers

Eligible manufacturer-importers will be provided the same duty deferral facility.

Advance Ruling Validity

To provide greater certainty and enable better business planning, the validity period of advance rulings binding on Customs will be extended from three years to five years.

Preferential Treatment for AEOs

In the spirit of a whole-of-the-government approach, government agencies will be encouraged to leverage AEO accreditation for preferential treatment in clearing their cargo.

Trusted Importers and Electronic Sealing

Regular importers with trusted and longstanding supply chains will be recognised in the risk system so that the need for verification of their cargo every time is minimised. Export cargo using electronic sealing will be provided clearance from the factory premises to the ship.

Customs Warehousing Reform

The Customs warehousing framework will be transformed into a warehouse-operator-centric system with self-declarations, electronic tracking and risk-based audit. These reforms will move away from the current officer-dependent approval system and reduce transaction delays and compliance costs.

Courier Export Liberalisation

To support small businesses, artisans and start-ups in accessing global markets through e-commerce, the current value cap of ₹10 lakh per consignment on courier exports will be completely removed. In addition, handling of rejected and returned consignments will be improved through the effective use of technology to identify such consignments.

Budgetary Allocation:

Export Promotion Measures (EPM) - The allocation for the Export Promotion Measures (EPM) scheme increased from ₹2,250 crore in 2025–26 to ₹2,300 crore in 2026–27.

PLI – The allocation under the Production-Linked Incentive (PLI) scheme increased from ₹400 crore in 2025–26 to ₹405 crore in 2026–27.

PM Mitra – The allocation for the PM MITRA scheme increased from ₹200 crore in 2025–26 to ₹300 crore in 2026–27, aimed at developing mega integrated textile parks.

Tex-RAMPS – The allocation for the Textiles Focused Research, Assessment, Monitoring and Promotion Scheme (Tex-RAMPS) increased from ₹25 crore in 2025–26 to ₹50 crore in 2026–27.

RoSCTL – The allocation under the Rebate of State and Central Taxes and Levies (RoSCTL) scheme declined from ₹10,010 crore in 2025–26 to ₹5,000 crore in 2026–27.

RoDTEP – The allocation under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme declined from ₹18,232.5 crore in 2025–26 to ₹10,000 crore in 2026–27.

Exemption/concessional rates under IGCR

Exemption/concessional rates under IGCR (Custom Notification No. 45/2025- Custom dated 24.10.25 stands extended till 31.03.2028.

The budget can also be accessed here: https://www.indiabudget.gov.in/

With regards,

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Secretary General