

Currency Watch			
USD	EUR	GBP	JPY
90.70	107.40	122.95	0.59

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INTERNATIONAL NEWS

China Grants Duty-Free Access for Nearly All Products From Africa

Weeks after the United States Congress approved a bill extending the African Growth and Opportunity Act (AGOA), China's government has passed its own legislation solidifying trade with 53 African nations.

The China–Africa Development Economic Partnership Agreement (CADEPA)—which extends well beyond the 32 sub-Saharan African countries covered by AGOA—will draw down duties on nearly all African imports into China beginning May 1 (excluding Eswatini, which maintains diplomatic relations with Taiwan and recognizes its sovereignty). The new policy builds upon previous legislation that nixed tariffs for imports from 33 African countries.

As Africa's most prominent trading partner, bilateral trade with China hit \$222 billion between January and August of last year—a jump of more than 15 percent from 2024. Relations between the Asian sourcing superpower and the continent have been bolstered by China's Belt and Road Initiative, which has spurred investment in Africa's transportation infrastructure and supported trade growth.

However, there's a sizable trade imbalance that Beijing said the agreement is poised to address. China's customs data showed that between January and August 2025, China's exports to Africa ballooned by 24.7 percent to \$140.79 billion. Imports from Africa, by contrast, increased 2.3 percent to \$81.25 billion. During the first eight months of last year, Africa's trade deficit stretched to almost \$60 billion.

Many African markets are highly reliant on China for essential products like crude oil, metals and minerals. Meanwhile, the continent's apparel-producing hubs depend on China for certain materials and components that aren't produced in the region, though some countries have invested in rebuilding and verticalizing their fashion sectors in recent years. Kenya, for example, invested \$1.6 million in reopening shuttered garment factories and launching new cotton ginneries in 2023.

Chinese President Xi Jinping sent a congratulatory message to the African Union Summit, which took place on Feb. 14-15, emphasizing the mutual understanding and appetite for cooperation that China has shared with Africa for 70 years since the beginning of diplomatic relations.

Xi spoke about the accelerated global shifts taking place and the growth of the global South in the face of a mercurial international trade landscape. He said China is committed to advancing the interests of both sides as they pursue the goal of modernization, according to China's Ministry of Foreign Affairs.

“The zero-tariff of African products to China is a good opportunity and a special opportunity for us to increase our exports to China,” Uganda's minister of state for foreign affairs and international cooperation, Henry Okello Oryem, said, according to Chinese state-run news agency Xinhua.

The sweeping tariff drawdown makes way for individual nations to negotiate bilateral agreements for economic partnership and development, which will further expand market access, Xi said in his statement.

Over the weekend, Kenya and China developed the Early Harvest Arrangement, which would grant duty-free access to Kenyan food and agricultural goods as well as manufactured products. The deal is expected to be finalized in the coming months.

Meanwhile, earlier this month, China and South Africa signed a Framework Agreement on Economic Partnership for Shared Prosperity, which will give the African nation zero-tariff treatment on 100 percent of exports to China.

Source: sourcingjournal.com– Feb 17, 2026

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Euro area industrial output rises 1.2%, EU by 1.4% in December

Industrial production in the euro area increased by 1.2 per cent year on year (YoY) in December 2025, while output across the European Union (EU) rose by 1.4 per cent compared with December 2024, according to first estimates from Eurostat.

On a monthly basis, however, seasonally adjusted industrial production declined. Compared with November 2025, output fell by 1.4 per cent in the euro area and by 0.8 per cent in the EU. In November, production had risen by 0.3 per cent in the euro area and slipped by 0.1 per cent in the EU, Eurostat said in a press release.

For the full year 2025, average industrial production increased by 1.5 per cent in both the euro area and the EU compared with 2024.

In the euro area, December output compared with November decreased for intermediate goods by 0.1 per cent, energy by 0.3 per cent and capital goods by 1.9 per cent. Durable consumer goods edged up 0.2 per cent, while non-durable consumer goods fell by 0.3 per cent.

Across the EU, production increased for intermediate goods by 0.1 per cent and for durable consumer goods by 0.5 per cent, as well as for non-durable consumer goods by 0.6 per cent. Energy output declined by 0.4 per cent and capital goods by 1.4 per cent.

Among member states, the sharpest monthly declines were recorded in Slovakia (-4.9 per cent), Germany (-2.9 per cent) and Spain (-2.6 per cent). The strongest gains were seen in Luxembourg (+6.4 per cent), Sweden (+4.4 per cent) and Malta (+4.2 per cent).

Compared with December 2024, euro area industrial production increased for intermediate goods by 1.5 per cent and for capital goods by 4.1 per cent. Output declined for energy (-0.7 per cent), durable consumer goods (-2.4 per cent) and non-durable consumer goods (-2.1 per cent).

In the EU, intermediate goods rose by 1.9 per cent and capital goods by 4.5 per cent year on year. Energy fell by 1.3 per cent, while durable and non-durable consumer goods declined by 1.8 per cent and 2.0 per cent, respectively.

Poland (+6.9 per cent), Sweden (+4.8 per cent) and Croatia (+4.5 per cent) recorded the strongest annual growth rates. The steepest declines were observed in Slovakia (−8.5 per cent), Luxembourg (−7.9 per cent) and Bulgaria (−6.8 per cent).

Source: fibre2fashion.com– Feb 18, 2026

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Japan to commit \$550-bn investment in US as part of new trade deal

President Donald Trump yesterday announced a trade agreement with Japan under which the latter will make a \$550-billion commitment to invest in the United States.

Three large-scale investment projects backed by Tokyo worth \$36 billion will be the first tranche under the commitment.

The United States will reduce tariffs on Japanese imports to 15 per cent.

The projects cover energy exports, power generation and advanced manufacturing across Texas, Ohio and Georgia.

"Our MASSIVE Trade Deal with Japan has just launched! Japan is now officially, and financially, moving forward with the FIRST set of Investments under its \$550 BILLION Dollar Commitment to invest in the United States of America—part of our Historic Trade Deal to REVITALIZE the American Industrial Base, create HUNDREDS OF THOUSANDS of GREAT American Jobs, and strengthen our National and Economic Security like never before," Trump said on Truth Social.

The projects would focus on "Oil & Gas in the Great State of Texas, Power Generation in the Great State of Ohio, and Critical Minerals in the Great State of Georgia," he said.

The announcement also includes a \$33 billion natural gas-fired power plant in Portsmouth, Ohio. The facility would generate 9.2 gigawatts of electricity annually, Lutnick said. The plant will be operated by SB Energy, a subsidiary of Japanese technology investor SoftBank Group.

"The scale of these projects are so large, and could not be done without one very special word, TARIFFS. The Gas Power Plant in Ohio (A State I won THREE TIMES!) will be the largest in History, the LNG Facility in the Gulf of America will drive Exports, and further our Country's Energy DOMINANCE, and our Critical Minerals Facility will end our FOOLISH dependance on Foreign Sources," Trump wrote.

A second project involves Japan's investment in the \$2.1 billion Texas GulfLink deepwater crude oil export terminal off the Texas coast, being developed by Sentinel Midstream. The funding would support the development of the offshore facility, Lutnick told a global newswire.

The third is a \$600-million synthetic industrial diamond manufacturing plant in Georgia. The facility is expected to meet US demand for synthetic diamond grit, a material used in advanced manufacturing and semiconductor production. The United States is now dependent mostly on China for such these materials.

The White House said the plant would be operated by Element Six, an industrial diamond company and a unit of De Beers Group, the world's largest diamond producer.

Source: fibre2fashion.com– Feb 18, 2026

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Egypt apparel exports to reach \$4.4 billion in 2026

The structural realignment of global apparel sourcing has positioned Egypt as a primary beneficiary in early 2026, with the nation's garment exports projected to hit a record \$4.4 billion this year.

This 22 per cent Y-o-Y growth is anchored by a massive influx of foreign direct investment, particularly from Chinese and Turkish textile majors seeking to bypass escalating trade tariffs. By leveraging its strategic proximity to European and North American consumer markets, Egypt is transforming from a regional player into a vertically integrated global hub, effectively capitalizing on the 'China Plus One' diversification strategy.

Scaling through integrated industrial cities

A defining shift in 2026 is the transition from fragmented manufacturing to 'mega-complex' industrialization. The Suez Canal Economic Zone (SCZONE) has become the epicenter of this evolution, securing over \$1.35 billion in investments across 51 projects in the Qantara West zone alone.

Major initiatives, such as the \$130 million Everfar Textile complex and Zhejiang Jasan's Integrated Apparel City, are localizing the entire value chain - from spinning and weaving to dyeing and finishing.

This vertical integration is critical for reducing Egypt's \$2.5 billion annual raw material import bill and slashing lead times to under 14 days for European retailers.

Tariff advantages and regulatory resilience

Egypt's competitive edge is sharpened by its robust web of trade agreements, including the Qualified Industrial Zones (QIZ) program, which grants duty-free access to the US market. Amidst shifting global trade policies, Egyptian garments currently enjoy a significant tariff advantage, often facing rates 10–20 per cent lower than those imposed on traditional Asian manufacturing centers.

To sustain this momentum, local mills are adopting blockchain-backed traceability for premium Giza cotton to comply with the EU's 2026 Digital Product Passport (DPP) mandates.

Egypt offers a compelling platform for export-focused production, noted a lead executive during a recent Hong Kong business mission to Cairo. As the sector aims for a \$11.5 billion export target by 2030, the focus remains on professionalizing the workforce and expanding renewable energy adoption to mitigate rising operational costs.

The Egyptian textile industry specializes in vertically integrated apparel production, utilizing world-renowned Giza cotton and synthetic blends. With exports reaching \$3.3 billion in 2025, the sector aims to quadruple revenues by 2030. Key growth plans center on the SCZONE mega-parks and 5G-enabled smart manufacturing. Historically a state-led industry, it is now driven by Turkish and Chinese joint ventures.

Source: fashionatingworld.com– Feb 17, 2026

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Infrastructure and regulation drive global textile recycling toward \$10 billion milestone

The global textile recycling market is undergoing a structural transition, projected to reach \$9.94 billion by 2033 with a steady CAGR of 5.79 per cent. This expansion is increasingly governed by aggressive regulatory frameworks rather than voluntary corporate pledges.

In February 2026, the European Commission implemented a landmark ban on the destruction of unsold textiles under the Ecodesign for Sustainable Products Regulation (ESPR). Simultaneously, India updated its Solid Waste Management Rules to mandate four-stream waste segregation. These policy shifts are forcing garment manufacturers to integrate circularity into primary production lines to maintain access to key export markets.

Chemical recycling breaks the fiber-blend barrier

While mechanical recycling remains cost-effective for mono-materials like cotton, chemical recycling has emerged as the dominant technological frontier, now accounting for over 52 per cent of the process market. This method addresses the industry's 'final hurdle': the separation of complex synthetic blends. Industry leaders are capitalizing on this via significant infrastructure investments, such as the \$390 million North American recycling hub established in early 2026.

These facilities utilize depolymerization to recover virgin-quality polyester, allowing manufacturers to reduce reliance on volatile raw material markets while meeting the rising demand for high-performance, recycled-content fabrics.

Operational challenges in feedstock consistency

Despite technological gains, the sector faces a persistent 'quality gap' in post-consumer waste streams. Approximately 60 per cent of collected garments are currently categorized as low-quality or contaminated, complicating the transition to a true closed-loop system. To mitigate this, manufacturers are adopting AI-powered sorting and digital product passports to enhance traceability. The industry is moving from bulk collection to precision recovery, notes a leading sector analyst. By prioritizing fiber purity and automated sorting, textile firms are

transforming waste management from a cost center into a resilient secondary raw material supply chain.

The textile recycling sector focuses on the conversion of pre-consumer scraps and post-consumer apparel into reusable fibers. Primary products include recycled polyester and cotton, serving the apparel and automotive industries. Current growth is fueled by a shift toward chemical recycling and mandatory ESG compliance across Asian and European manufacturing hubs.

Source: fashionatingworld.com– Feb 17, 2026

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Narayanganj industrial zone in Bangladesh faces gas crisis

Several areas of Narayanganj industrial zone in Bangladesh are facing a severe gas crisis as supply lines have virtually dried up.

Gas pressure over the last few days had fluctuated between 1 and 5 PSI, allowing limited operations in textile mills and other factories in Bulta, Gawchia and Araihasar.

However, there has been no gas supply at all since yesterday.

The shortage is due to maintenance work at a floating storage and regasification unit that disrupted overall gas supply, according to the Titas Gas Transmission and Distribution Company Limited.

Similar conditions prevailed across Titas franchise areas in Mymensingh and Dhaka, according to domestic media reports.

Source: fibre2fashion.com – Feb 17, 2026

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As Power Shifts in Dhaka, Business Demands Stability and Reform

Days after winning the national election, Tarique Rahman, chairman of the Bangladesh Nationalist Party (BNP) and the country's expected next prime minister, is being closely scrutinized by the business community, both local and global.

The formal swearing-in of the new cabinet is slated for Tuesday, Feb. 17, along with the oath-taking of the new prime minister.

Although election results, declared on Friday, have only just begun to sink in, with the BNP-led alliance winning 209 seats and the Jamaat-led bloc securing 68 in the 297 constituencies for which results were declared, the initial sense of relief at the relative calm in the aftermath of the vote has quickly given way to a more urgent articulation of economic aspirations.

Wish lists are being drawn up with urgency, led by industry heads pressing for clear action in the first 100 days.

Speaking to the media at the InterContinental, Dhaka on Sunday, Tarique Rahman addressed the issue with candor. He acknowledged the existing "fragile economic and constitutional structures" and the need for reform, reiterating that meaningful implementation could only happen with peace and law and order.

"We will not tolerate any kind of chaos," he said—a concern that has kept global business leaders wary of making long-term investments over the past 18 months.

Rahman said the focus must "now shift from protest to nation-building" and reiterated that the "free and fair" elections had the participation of 51 political parties, brushing aside rhetoric from the Awami League, the party of former Prime Minister Sheikh Hasina, which had been barred from participation.

He called on party members to "remain calm and vigilant" in the face of provocation to prevent post-election violence, and struck a note of emotion in paying tribute to his mother, Khaleda Zia, the former BNP chairperson and prime minister. She passed away in December, shortly after her son returned from 17 years in political exile in the United

Kingdom. He spoke of her absence at what he described as a “moment of national joy,” saying it was deeply felt.

Business leaders have expressed both relief at the prospect of stability and guarded hope for what lies ahead.

“With the election now done, the first sigh of relief has been that everything is stable,” Faisal Samad, director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) told Sourcing Journal. “The way we are in this part of the world, loss doesn’t sit well. That was a big concern for the business community—how fast the dust would settle—and fortunately the dust settled very quickly,” he said.

“There are good signs, as Tarique Rahman, our prime minister-to-be, says ‘Bangladesh first.’ I think no industry carries this better than the apparel sector. The opposition also seems to understand the importance of the business community and has held business symposiums in the past weeks,” he said. “I was in the delegation that met Tarique Rahman when he returned from the U.K. I felt he was calm and collected and focused on understanding the ways to help the industry.”

Observing that the industry has endured challenging conditions over the past 24 months, Samad said BGMEA is preparing a status paper for the incoming government outlining the sector’s current position, its five-year targets, and the policy support required to achieve them.

“The first is the availability of power and utilities. The government has to help us with this. No matter how much business comes to Bangladesh, we cannot deliver unless we have electricity and utilities. The second is finance; bank interest rates need to be reviewed and brought down. And stability of the country is the top priority. ‘Bangladesh first’ and ‘Made in Bangladesh’ can go hand in hand—we can be the driving engine. The BGMEA president has a vision and a roadmap for that,” Samad said.

Similar sentiments were echoed across other associations.

“Sustained confidence will depend on how the new government addresses law and order, corruption, extortion and illegal occupation,” said Fazlee Shamim Ehsan, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), emphasizing that for exports to grow, global players must also feel reassured, particularly as manufacturers grapple with rising input costs and financial bottlenecks.

Over the last year, labor tensions over minimum wages and working conditions have intensified over the past year, even as global consumption patterns disrupted orders. The impact of reciprocal tariffs set out by the U.S., along with shifting geopolitics in Asia, has further complicated sourcing decisions.

Manufacturers told Sourcing Journal that many brands have shifted orders to other countries, including India, Vietnam and Cambodia, citing political stability as a key concern, while also demanding tighter margins and shorter, more flexible production runs in Bangladesh.

In the first six months of fiscal year 2025–26 (July–December 2025), apparel exports from Bangladesh totaled \$19.37 billion, according to the Export Promotion Bureau, 2.63 percent lower than the same period a year earlier. In December alone, exports fell 14.2 percent year-on-year.

Analysts also noted that the longstanding nexus between business leaders and politicians has been a mixed blessing in Bangladesh—often facilitating swift policy decisions to support industry, yet at times blurring lines between commercial and political interests. This election was no exception, with more than half of the candidates declaring their profession as “business people.”

Among the winning candidates are several prominent industry figures, including Abdul Awal Mintoo, former president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI); SM Faysal, former vice president of the Bangladesh Textile Mills Association (BTMA); Ershad Ullah, former first vice president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), among others.

BGMEA president and managing director of Rising Fashions Ltd., Mahmud Hasan Khan (Babu), who contested as a BNP candidate, lost the election, as did former BGMEA president Redwan Ahmed.

Overall, a sense of cautious optimism has permeated the industry.

The landmark trade agreement with the U.S. earlier this month, reducing Bangladesh’s reciprocal tariffs to 19 percent and granting zero tariffs on certain apparel products made with U.S.-sourced cotton or man-made fiber, has fueled expectations that exports could be boosted by billions of dollars over the next few years.

Others caution that the election is no magic wand.

Structural challenges—including constraints in yarn supply, port bottlenecks, rising labor costs and ongoing wage negotiations will require sustained and coordinated effort.

International credit rating agencies are also assessing the situation. A Moody's report on Friday noted that "election results reduce political uncertainty, but reform momentum remains key to credit quality," highlighting that sporadic protests and localized lapses in law and order have continued to weigh on economic activity.

There is also hope that the new government will help thaw relations with India, which have been strained over the past year, affecting trade and broader business ties. The invitation to Indian Prime Minister Narendra Modi to attend Tarique Rahman's swearing-in is being viewed as a positive signal, as is Modi's warm public congratulation. Although Modi declined due to prior commitments, Om Birla, speaker of India's lower house of parliament, is expected to attend. Other invited countries include China, Saudi Arabia, Pakistan, Turkey, the United Arab Emirates, Qatar, Malaysia, Brunei, Sri Lanka, Nepal, the Maldives and Bhutan.

The sense of widening global engagement, combined with a sober assessment of the economic priorities that demand immediate attention, appears to bode well, according to analysts in Dhaka, who note that Tarique Rahman inherits no easy mandate as he steps into his new role.

As Asif Ibrahim, former president of the Dhaka Chamber of Commerce and Industry (DCCI), put it, "Global headwinds and domestic challenges require partnership over politics."

Perhaps it is that partnership that will ultimately steer the economics of the new era.

Source: sourcingjournal.com – Feb 16, 2026

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NATIONAL NEWS

India's Jan trade deficit hits 3-month high as exports remain flat, bullion import surges

India's goods trade deficit widened to a three-month high of \$34.68 billion in January 2026, driven by a 19.19 per cent surge (year-on-year) in imports to \$71.23 billion which was fueled largely by gold and silver inflows.

In contrast, exports remained almost flat growing a marginal 0.61 per cent to \$36.56 billion as manufacturers struggled under a 50 per cent US tariff regime and global volatility.

This deficit is a sharp increase from the \$23.43 billion recorded in January 2025. However, with the US bringing down additional tariffs on Indian exports to 25 per cent on February 6 2026 and set to lower it down further to 18 per cent (probably this week), following an interim trade arrangement, there is optimism amongst policy makers and exporters.

“The country's exports remain northwards both in goods and services... We expect to be in the vicinity of \$860 billion overall exports in the current fiscal. And in services we expect to be over \$410 billion,” Commerce Secretary Rajesh Agrawal said at a media briefing on Monday. This would mean that the government expects goods exports in FY26 to be around \$450 billion.

In FY25, India's combined exports of goods and services were at \$825.3 billion, registering a 6.1 per cent year-on-year (y-o-y) growth, while exports of goods were almost flat at \$437.42 billion.

India's goods exports in January 2026 were led largely by growth in engineering products (10.37 per cent), petroleum products (8.55 per cent), marine products (13.29 per cent), drugs & pharmaceuticals (0.96 per cent), electronic goods (0.32 per cent).

“As the United States continues to be India's top export destination and Europe remains a major high-value market, the trade agreements (with the two partners) are expected to provide enhanced market access, improved tariff competitiveness and greater regulatory predictability for Indian exporters. With timely implementation and proactive industry

preparedness, the FTAs are poised to significantly accelerate India’s export growth trajectory in the coming years,” said FIEO President S C Ralhan.

Surge in exports to China

While the US remained India’s top export destination in January 2026, export growth dropped 21.77 per cent to \$6.59 billion. The UAE was at the second spot with India’s exports to the country growing 29.27 per cent to \$3.97 billion. India’s goods exports to China in January 2026 shot up by 55.65 per cent to \$1.67 billion.

China was India’s top source of imports in January 2026 with inbound shipments increasing 16.67 per cent to \$12.23 billion. Imports from the UAE increased 48.38 per cent to \$7.04 billion. Russia was at the third spot with imports in January 2026 dropping 40.48 per cent to \$2.8 billion following US sanctions on Russian oil companies.

India’s gold imports in January 2026 surged 349.22 per cent to \$12.07 billion while silver imports were 127 per cent higher at \$2 billion. “The increase is largely due to inflated global prices of the precious metals,” an official said.

Goods exports during April-January 2025-26 were 2.48 per cent higher at \$366.63 billion compared to the same period last fiscal. Goods imports during April-January 2025-26 were higher by 7.21 per cent at \$649.86 billion. Trade deficit during April-January 2025-26 was \$283.23 billion compared to \$247.38 Billion during April-January 2024-25.

Source: thehindubusinessline.com– Feb 17, 2026

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Rising imports from US narrow trade surplus: Commerce department data

India is ramping up imports from the United States (US), with inward shipments rising nearly 24 per cent year-on-year (Y-o-Y) to \$4.49 billion in January, commerce department data showed. On a cumulative basis, imports grew 14 per cent Y-o-Y to nearly \$44 billion during April-January. The second half of the financial year 2025-26 (FY26) marked a clear pick-up in the monthly shipments, contributing to a gradual narrowing of the trade surplus with Washington.

While the imports were uneven during the first five months of FY26 — falling from \$5.53 billion in April to \$3.6 billion in August — there has been a gradual increase September onwards and thereafter easing and remaining over \$4 billion December onwards. An uptick in imports is in line with New Delhi's 'intention' to make a \$500 billion purchase plan from America over the next five years, which includes items such as energy products, aircraft and aircraft parts, precious metals, technology products, and coking coal.

Currently, India's major imports from the US include crude oil and petroleum products, coal, aluminium, jewellery, plastics, aircraft, and electrical machinery and components. Narrowing America's mounting trade deficit has been the cornerstone of US President Donald Trump's sweeping country-specific reciprocal tariffs that were imposed August onwards last year. In FY25, India's trade surplus with the US widened to \$41 billion, from \$35 billion a year earlier.

A calibrated increase in imports from the US is seen as a key signal behind India's willingness to address Washington's concerns. Data showed that the trade surplus narrowed to \$2.1 billion in January, from a high of \$5 billion in May. The surplus narrowed to \$1.45 billion in September, amid a pick-up in imports and softer export growth. The surplus fluctuated between \$1.8 billion in October to \$2.9 billion in December.

For close to a year, the Indian government has been encouraging industry stakeholders, including exporters and importers, to evaluate opportunities for increasing imports from the US. In FY25, India's imports from the US grew 7.4 per cent to \$45.3 billion, while exports surged 11 per cent to touch \$86.5 billion.

Source: [business-standard.com](https://www.business-standard.com)– Feb 17, 2026

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Textile and apparel exports down by 3.75% in January, outlook improves now with India US interim deal

India's textile and apparel exports registered a decline in January compared with the same period last year, largely due to high tariffs imposed by the United States that remained in force till February 7.

The tariffs impacted export competitiveness and led to lower shipments during the month. According to data shared by the Confederation of Indian Textile Industry (CITI), textile exports in January declined by 3.68 per cent, while apparel exports fell by 3.84 per cent in January 2026 compared with January 2025.

Overall, combined exports of textiles and apparel stood at \$3,275.44 million in January 2026, down from \$3,403.19 million in January 2025, registering a decline of 3.75 per cent.

The decline was mainly seen across key textile segments. Exports of cotton yarn, fabrics, made-ups, and handloom products fell by 4.15 per cent to \$995.58 million in January 2026 from \$1,038.69 million in January 2025.

Carpet exports also declined sharply by 12.05 per cent to \$118.99 million, while exports of jute manufactured products, including floor coverings, dropped significantly by 18.92 per cent during the same period.

Handicrafts, excluding handmade carpets, also saw a decline of 2.70 per cent.

However, exports of man-made yarn, fabrics, and made-ups showed some resilience and recorded a slight growth of 1.01 per cent, rising to \$430.29 million in January 2026 from \$425.97 million in January 2025.

The data further revealed that during the period from April 2025 to January 2026, textile exports registered a decline of 2.35 per cent, while apparel exports recorded a growth of 1.59 per cent compared with the same period of the previous financial year.

Despite this growth in apparel exports, cumulative textile and apparel exports during April 2025 to January 2026 registered a marginal decline of 0.65 per cent compared with April 2024 to January 2025.

The share of textile and apparel exports in India's total exports also declined. The sector accounted for 8.96 per cent of total exports in January 2026, compared with 9.37 per cent in January 2025.

For the April 2025 to January 2026 period, the share stood at 8.13 per cent, lower than 8.36 per cent in the same period of the previous year.

On the import side, imports of cotton raw and waste increased significantly by 12.33 per cent in January 2026 and rose sharply by 72.36 per cent during the April 2025 to January 2026 period. This increase suggests higher domestic demand for raw materials or supply adjustments within the textile industry.

The outlook is now expected to improve following the United States' reduction of tariffs on February 7. The tariff reduction is likely to improve India's export competitiveness and support recovery in textile and apparel shipments in the coming months.

Source: thehindubusinessline.com– Feb 17, 2026

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MSMEs should pursue formalisation, maintain credit discipline: RBI Guv

MSMEs (micro, small and medium enterprises) should pursue formalisation, maintain credit discipline and adopt digital payments to build their long-term resilience and competitiveness, according to RBI Governor Sanjay Malhotra.

In his remarks, at a meeting with select MSMEs and representatives of MSME associations in Mumbai, the Governor underscored the pivotal role of the MSME sector in India's economic landscape contributing significantly to GDP, exports and livelihoods.

Malhotra emphasised that improving access to timely and adequate formal credit for MSMEs remains a key policy priority of the Reserve Bank. He also outlined several policy and regulatory measures undertaken for the sector by Government of India and Reserve Bank.

MSMEs accounted for 33 per cent of Banks' credit to the "industry" segment as at December-end 2025, with large enterprises accounting for 67 per cent.

Formalisation of MSMEs, which lack mandatory documents such as PAN or Goods and Services Tax Identification Number (GSTIN), entails registering these enterprises on Udyam Assist Platform (UAP).

Once these enterprises obtain the Udyam Registration Certificate from UAP, which is being managed by SIDBI, they become eligible to avail of loans under banks' priority sector lending norms.

Source: thehindubusinessline.com– Feb 17, 2026

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Who is Darpan Jain, India's chief negotiator for US trade talks?

New Delhi: Senior IAS officer Darpan Jain will lead India's delegation to Washington next week to finalise the legal text of the proposed India–US Interim Trade Agreement, as negotiations move into the drafting stage.

Commerce Secretary Rajesh Agrawal said the visit is likely to begin on February 23 and will focus on translating the contours of the recently announced framework into a binding legal agreement.

“There have been virtual engagements going on (with the US) and next week, the chief negotiator will be leading a delegation to the US to finalise the legal framework towards the legal agreement. That work will carry on next week in Washington,” he said.

He added that the joint statement issued earlier lays down the broad contours of the interim deal, which now need to be converted into a legally binding pact to be signed by both sides.

Who is Darpan Jain?

Darpan Jain is a 2001-batch Indian Administrative Service (IAS) officer from the Karnataka cadre and currently serves as Joint Secretary in the Department of Commerce under the Ministry of Commerce and Industry in New Delhi. Born on August 30, 1977, Jain holds a Bachelor of Engineering degree from Delhi University, an MSc from the London School of Economics, and an MTech from IIT Delhi.

Fluent in English and Hindi, he has handled key international trade assignments within the commerce ministry and was also involved in negotiations related to India's Free Trade Agreement talks with the European Union.

What is the India–US interim trade deal?

Earlier this month, India and the United States announced that they had finalised a framework for an interim trade agreement aimed at making trade more reciprocal and mutually beneficial.

Under the framework, US tariffs on Indian goods will be reduced from 50% to 18%, with the reduction expected to cover sectors such as textiles and apparel, leather and footwear, plastic and rubber products, organic chemicals, home décor, artisanal goods and select machinery, TOI reported. After the successful conclusion of the interim pact, tariffs on products such as generic pharmaceuticals, gems and diamonds, and aircraft parts are also set to be removed.

The US has also agreed to remove certain national security-related duties, including Section 232 tariffs on specified aircraft and auto parts.

On its part, India has agreed to eliminate or reduce tariffs on several US industrial goods and a range of agricultural and food products, including dried distillers' grains, tree nuts, fresh and processed fruits, soybean oil, wine and spirits. However, the government has maintained that sensitive agricultural and dairy sectors such as wheat, rice, maize, milk, poultry and certain vegetables will remain protected.

The framework also reaffirms the commitment of both countries to advance negotiations on a broader Bilateral Trade Agreement launched by Prime Minister Narendra Modi and US President Donald Trump in February 2025 following months of trade tensions.

Source: economictimes.com– Feb 17, 2026

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Can India overtake Bangladesh in textile exports to the European Union?

India's textile sector has been steadily losing ground in global export markets. In contrast, Bangladesh has woven together a remarkable export success. Given the recently signed India-EU Free Trade Agreement (FTA), and with Bangladesh poised to lose its Least Developed Country (LDC) status, this is an opportune moment for India's textile industry.

Within the textile value chain, India's exports to the EU remain concentrated in intermediate products — particularly yarns and fabrics — rather than in finished garments such as T-shirts, shirts, and trousers. Bangladesh's exports far exceed India's in two readymade garment categories in particular — knitted or crocheted garments (such as T-shirts, jerseys, pullovers, sweaters, and cardigans) and woven garments (such as suits, jackets, trousers, dresses, and shirts).

As shown in the chart below, India's share of the EU's total imports declined from nearly 6.5% in 2009 to about 4.4% in 2023 for knitted/crocheted garments. Bangladesh's share rose from just 6% in 2000 to 13% in 2009 and 26% by 2023.

A similar pattern is seen in the woven garments trade too. For woven garments, India's nominal export value to the EU fell in absolute numbers from a peak of about \$3.5 billion to \$2.9 billion.

To understand why Indian garments have not been able to compete with Bangladesh in the EU market, we compared the average per-unit price of Bangladesh's major export commodities. From the table below, it is clear that India's unit values are consistently higher across all products.

This may indicate the following: First, India may be exporting more value-added, better-quality garments, which allows it to charge higher prices.

However, its low market share reveals that the EU's demand for such products is limited relative to mass-market apparel, suggesting that 'premium positioning' (if at all) alone cannot drive volume. Second, and more likely, is that higher prices may reflect structural disadvantages: higher production costs, less integrated supply chains and logistical inefficiencies.

Furthermore, the tariffs faced by Indian and Bangladeshi products are radically different. Bangladesh, as a LDC, has enjoyed duty-free, quota-free access to the EU under the Everything But Arms (EBA) scheme.

Crucially, this zero-tariff access applies even when garments do not meet the EU's standard 'double transformation' requirement.

This means Bangladesh can import fabric from anywhere in the world, stitch garments domestically, and export them to the EU at zero duty. India, lacking such preferential treatment, has faced EU Most Favoured Nation (MFN) tariffs of around 12%.

Internal factors also matter. Over the past three decades, Bangladesh has unilaterally and consistently promoted the garment sector. India's approach, by contrast, has been fragmented. Yet, the balance may be poised to shift. Two major structural breaks are on the horizon.

First, Bangladesh is set to lose its EBA benefits in 2029. This would mean the end of automatic duty-free access to the EU, with apparel exports potentially facing MFN tariffs of around 12%.

Bangladesh is then expected to seek entry into the EU's Generalised Scheme of Preferences Plus (GSP+), which offers zero tariffs on roughly two-thirds of tariff lines, including textiles. However, GSP+ comes with stricter rules of origin (RoO) and safeguard provisions.

As Bangladesh is heavily reliant on other countries (including India) for fabrics, this could mean that Bangladesh's garments may not satisfy GSP+ RoO for duty free entry. Bangladesh, will of course, try its best to negotiate its way out of this clause.

Historically, EU has maintained its stance on the double transformation criteria. In case it continues to do so, Bangladesh will be at a serious disadvantage.

If competition is price-driven, then Bangladesh may lose its market share. If, on the other hand, Bangladesh's primary advantage comes from supply-chain integration, then it could still retain dominance in the face of higher tariffs.

The recently finalised agreement grants India duty-free access to the EU’s textile markets, subject to the double-stage processing requirement. Since India’s textile industry is already relatively vertically integrated — most of the yarn and fabric used in apparel production is manufactured domestically — the double-stage requirement is not likely to be an impediment for Indian textile exports. As a result, Indian exporters are well-positioned to meet stricter rules of origin without major restructuring.

Taken together, these changes create a rare window of opportunity: narrowing of Bangladesh’s preferential advantage and reduction of India’s tariff disadvantage. Textiles remain one of the largest employers in Indian manufacturing, spanning both formal and informal enterprises, yet the sector has failed to create employment opportunities in recent years.

Reviving textile exports, particularly to high-income markets like the EU, could act as a much-needed tonic for India’s employment crisis. The question is whether India is finally ready to tailor a strategy that fits, capturing market share with cost-competitive production, vertical integration, and a coherent industrial policy.

The recent experience of Vietnam’s apparel exports, which saw a surge post the signing of the EU-Vietnam FTA in 2020, is indicative of the opportunities on the horizon for India.

Source: thehindu.com– Feb 18, 2026

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Apparel export performance shows resilience amid global challenges; policy support for MSMEs key to future growth: AEPC Chairman

New Delhi: The Apparel Export Promotion Council (AEPC) today highlighted the performance of India's Ready-Made Garment (RMG) exports, reflecting both the resilience of the sector and the challenges arising from global market volatility.

Commenting on the latest export figures, A. Sakthivel, Chairman, AEPC, said in a statement, "RMG exports for the month of January 2026 recorded a decline of 3.8% compared to January 2025. However, exports showed a positive growth of 7.2% when compared with January 2024, indicating underlying strength and recovery momentum in the industry despite persistent global headwinds."

On a cumulative basis, RMG exports during April–January 2025-26 stood at USD 13,129.1 million, registering a growth of 1.6% over the corresponding period of April–January 2024-25 and a significant growth of 13.3% compared to April–January 2023-24. Dr. Sakthivel noted that these numbers demonstrate the resilience of Indian apparel exporters, who continue to navigate challenging international conditions.

He observed that the temporary decline in January exports can largely be attributed to high US tariff pressures and ongoing global volatility, which have disrupted order flows and created uncertainty across key markets. Just to retain customers, many of RMG exporters attempted to absorb part of the cost pressures by offering discounts up to even 20%. However, with tariff levels rising to nearly 50%, the price disadvantage became too significant, resulting in a loss of orders to competing sourcing destinations.

Sakthivel noted that India has now signed Free Trade Agreements (FTAs) with 37 countries, creating unprecedented market access for the textile and apparel sector. He emphasised that the coming decade presents a strategic window for India to leverage its inherent strengths – including a strong manufacturing base, skilled workforce, and integrated value chain – to accelerate export growth and expand its global market share. Highlighting key concerns faced by apparel exporters, particularly Micro, Small and Medium Enterprises (MSMEs), Sakthivel emphasised that many exporters continue to face operational and regulatory challenges,

especially in their interactions with banks, export finance systems, and compliance frameworks. He underscored that MSMEs form the backbone of the apparel sector and require targeted policy support to enhance competitiveness and sustain growth.

Yesterday, AEPC Chairman met the Reserve Bank of India (RBI) Governor and advocated for a dedicated export policy tailored specifically for the MSME sector. He proposed introducing a Special Interest Package Scheme aimed at improving access to affordable finance and strengthening the growth trajectory of smaller exporters.

To address export finance constraints, Sakthivel requested an increase in the Interest Equalisation Scheme from the existing 2.75% to 5% for manufacturing exporters. He also urged the RBI to consider removing the current cap of ₹50 lakh and to enhance eligibility limits under the scheme through a graded structure linked to turnover and export performance.

“The Indian apparel industry remains fundamentally strong and adaptable. With the right policy support, especially for MSMEs, and by leveraging new trade agreements, the sector is well-positioned to achieve sustainable and inclusive growth,” he added.

Source: economictimes.com– Feb 17, 2026

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Chatroom: Ecotems define 16 terms for circular economy in global trade

We refer to Para 5.04 (c) of the FTP, which stipulates that EO under the EPCG scheme shall be, over and above, the average level of exports achieved by the applicant in the preceding three licensing years for the same and similar products within the overall EO period including extended period, if any; except for categories mentioned in paragraph 5.12(a).

We request you to clarify whether the average level of exports of the same and similar product to be achieved by us in the preceding three licensing years is to be determined taking into account the licensing year in which the EPCG application is filed or the licensing year on which the EPCG licence was issued.

DGFT Policy Circular no.33 dated 20th August 1998 clarifies that the average of preceding three licensing years should be taken after taking into account the licensing year in which the EPCG application is filed.

We are holding an EPCG authorisation for import of spares. In accordance with Para 5.06 (b) of the HBP, the authorisation does not specify the list of spares. We want to import certain instruments falling under Chapter 90 of the ITC (HS) under this EPCG authorisation.

We are wondering whether we can do so, because our consultant has raised a doubt saying that instruments falling under Chapter 90 are capital goods, as given in the definition at Para 11.08 of the FTP. Please guide us.

An instrument can be used as capital goods, component, accessory or spares depending on how you use it. If the instrument you intend to import is for substitution, that is ready to replace an identical instrument in a machine, then you can import it as spares. In this connection, please refer to the definition of 'spares' at Para 11.55 of the FTP.

We are a SEZ unit. We had imported certain goods duty free. Now we want to dispose of the same in DTA. Rule 34 (iv) of the SEZ Rule, 2006 allows us to do so on payment of applicable duties. Please clarify whether we should take the present duty rates or the duty rates applicable at the time of imports?

Section 30(b) of the SEZ Act, 2005 says that the rate of duty and tariff valuation, if any, applicable to goods removed from a SEZ shall be at the rate and tariff valuation in force as on the date of such removal, and where such date is not ascertainable, on the date of payment of duty.

What is meant by ICC Ecoterms?

Ecoterms is a business-to-business resource developed by the International Chamber of Commerce (ICC) that provides common definitions for 16 of the most widely used circular economy terms in global trade. It supports consistent interpretation of regulatory requirements, clearer communication on sustainability terms, and the scaling of circular economy models across global value chains. Such terms are increasingly used in international contracts to describe the environmental attributes of goods and services traded across the borders.

Source: business-standard.com– Feb 16, 2026

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India's cotton imports touch \$1.79 billion in April-January

India's imports of raw cotton and waste surged by 72 per cent in dollar terms to over \$1.79 billion during the April-January period of the current financial year as mills and the trade, taking advantage of the duty exemption, made record purchases overseas. Imports of cotton raw and waste were \$1.04 billion a year ago.

As per the latest quick estimates released by the Commerce Ministry, cotton imports in rupee value stood at ₹15,857 crore in the April-January period of FY26, an increase of 81 per cent over corresponding last year's ₹8771.96 crore. The import value of cotton during FY25 stood at \$1.21 billion, while the previous high during any financial year was \$1.43 billion in 202223.

As per Cotton Association of India data, about 35 lakh bales of 170 kg each are estimated to have been imported till January end 2026 in the ongoing cotton year 202526, starting October.

In August, the government exempted cotton from import duty till September end initially and extended the duty-free status till December 31, 2025, to augment supplies and ease the burden of the textiles industry, which had come under severe pressure due to the 50 per cent US tariffs and enhance their global competitiveness. Cotton imports attract 11 per cent duty in India.

“This is the highest ever imports in value terms,” said Atul S Ganatra, former President, CAI. The body estimates imports to touch 50 lakh bales of 170 kg each during 202526 cotton year ending September, up from 41 lakh bales in the previous year.

While 35 lakh bales have already come in, another 45 lakh bales of extra long staple cotton of above 32 mm are expected to come in the next few months.

Also, another 3 lakh bales of duty free cotton from Australia under the free trade agreement will come in during June-July, and another 34 lakh bales from the African countries at lower duty of 5.5 per cent are expected to come into the country, he said.

HIGHER REALISATION

Ramanuj Das Boob, a sourcing agent in Raichur, said cotton is imported from countries such as Brazil, Australia, US and West African countries. The imports of quality cotton were needed to help the textiles sector compete effectively in the overseas market.

Ganatra said spinning mills get a 23 per cent higher realisation from imported cotton, while the prices of domestic cotton are higher than international prices by about 810 per cent.

Source: thehindubusinessline.com – Feb 18, 2026

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India's retail market to cross \$2.3 trn by 2035: Report

India's retail market is projected to more than double to ₹210-215 trillion (~\$2.31-2.37 trillion) by 2035 from around ₹90-95 trillion in 2025, according to a joint report by Boston Consulting Group (BCG) and the Retailers Association of India (RAI).

The report, titled *Winning Codes for Retail 2035: Capturing the ₹200 Trillion Prize*, highlighted India's consumption-led growth trajectory and the structural shifts redefining the sector. With GDP growth of 8 per cent in 2025, India remains one of the fastest-growing major economies and is on track to become the world's third-largest economy by 2030.

Private consumption, particularly discretionary and services spending, continues to power this momentum. Between 2015 and 2025, India recorded consumption Compound Annual Growth Rate (CAGR) of 4.5 per cent. Looking ahead, consumption is projected to grow at 10.6 per cent CAGR between 2025 and 2035, outpacing China (7.7 per cent), the US (5.5 per cent), Germany (3.7 per cent) and Japan (1.3 per cent).

The report noted that while organised retail has historically grown faster than underlying categories, this gap has narrowed recently, especially in offline channels, signalling the need for sharper differentiation and operating model evolution.

Indian consumers are increasingly context-driven, with rising expectations around convenience, differentiation and seamless experiences across missions and segments. The study underscored that traditional playbooks are no longer sufficient in an environment marked by fragmented attention spans and hybrid shopping journeys.

Technology—particularly artificial intelligence (AI)—is rapidly reshaping discovery, decision-making and transactions. Globally, nearly 42 per cent of urban US consumers have already used GenAI tools. With internet adoption in India having grown more than three times since 2016 and strong elasticity for digital technologies, AI-led commerce is expected to scale rapidly, especially among Gen Z in urban centres.

Beyond customer-facing use cases, AI is transforming core retail functions including merchandising, supply chain, pricing and marketing. The report highlights that a functional, end-to-end AI transformation can unlock

efficiency gains of 40-60 per cent, compared with 10-15 per cent typically achieved through isolated use-case deployments.

However, nearly 70 per cent of value creation from AI initiatives stems from internal enablers such as skills, capability building, process redesign and effective change management, rather than technology alone.

To capture disproportionate value in the journey towards a ₹200 trillion market, the report outlined key imperatives for retailers. It states that retailers must define sharply focused target cohorts and make explicit trade-offs to deliver a differentiated customer value proposition profitably, with disciplined execution anchored around a clear consumer focus.

Marketing and shopping experiences need to be reimaged in light of agentic commerce and AI-guided discovery, which are moving from experimentation to reality. Organisations must pursue end-to-end, function-led AI transformation and reimagine talent and operating models to sustain competitive advantage.

As India's retail sector enters its next growth phase, success will favour players that combine clarity of focus with relentless execution and embed AI across the shopper journey and enterprise backbone, positioning those that adapt to structural shifts in consumer behaviour, technology and operating models as leaders in the next decade of retail expansion, added the report.

“India's retail story is an inspiring story—the sector is poised to expand into a nearly ₹200 trillion opportunity over the next decade. More importantly—both the offline and online operating cash flows are showing clear and sharp improvement. The winners of the future will have sharp differentiated value proposition, at scale use of AI and technology and excellent execution,” said Abheek Singhi, managing director and senior partner at BCG.

“Retail is entering a decisive new phase where AI is no longer a peripheral experiment but a core driver of competitive advantage. Agentic commerce is already influencing how consumers discover, evaluate, and purchase products globally. Given India's strong digital adoption curve, we expect AI-led shopping journeys to accelerate rapidly in urban India, particularly among Gen Z consumers,” said Bharat Mimani, managing director and partner at BCG.

“The winners of the next decade will be those who treat transformation as a discipline rather than a project, and who build trust by delivering consistently across formats, channels, and price points,” said Kumar Rajagopalan, CEO, RAI.

Source: fibre2fashion.com– Feb 17, 2026

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Apparel exporters advocate for dedicated RBI policy to shield MSMEs from credit strain

In a significant move to stabilize India's labor-intensive textile sector, the Apparel Export Promotion Council (AEPC) has formally petitioned the Reserve Bank of India (RBI) for a specialized export policy tailored to Micro, Small, and Medium Enterprises (MSMEs).

Following a high-level meeting with Sanjay Malhotra, Governor, RBI on February 16, 2026, A Sakthivel, Chairman, AEPC highlighted, inconsistent lending rates and high borrowing costs are currently eroding the global competitiveness of Indian garment manufacturers.

Demand for enhanced interest subvention and equitable credit

The council's primary objective is to rectify the 'uneven lending landscape' where banks determine rates based on internal balance sheets rather than standardized export potential.

A central demand includes increasing the Interest Equalization Scheme subsidy from 2.75 per cent to 5 per cent. This adjustment is viewed as vital to offset the 50 per cent tariff shocks recently encountered in the US market, which have forced many Indian exporters to absorb costs to prevent order diversion to competitors like Vietnam and Bangladesh.

Furthermore, the AEPC is seeking a more inclusive credit rating system that does not disadvantage first-time exporters or small units with limited CIBIL histories.

Navigating regulatory hurdles and working capital bottlenecks

Beyond interest rates, the AEPC emphasized the operational friction MSMEs face with Authorised Dealer (AD) Banks and rigid compliance frameworks.

With the Union Budget 2026–27 already expanding the export obligation period to twelve months, the industry now requires the RBI to streamline the Credit Guarantee Scheme for Exporters (CGSE) to ensure liquidity reaches the factory floor without excessive collateral demands.

As the sector aims for a \$100 billion export target by 2030, these policy shifts are essential for MSMEs - which represent the backbone of India's 12 per cent share in total exports - to modernize their clusters and integrate with the global Digital Product Passport (DPP) mandates starting this year.

The Apparel Export Promotion Council (AEPC) is the official body facilitating Indian garment exports to global markets, primarily the US, EU, and UAE. With ready-made garment (RMG) exports reaching \$15.5 billion in 2025, the council is now prioritizing Man-Made Fibre (MMF) and technical textiles. Growth strategies focus on leveraging new FTAs and the PM MITRA mega textile parks.

Source: fashionatingworld.com– Feb 17, 2026

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Tamil Nadu Interim Budget gives push to textile, garment industry

Ahead of the upcoming Assembly elections, Tamil Nadu Finance Minister Thangam Thennarasu presented the Interim Budget for 2026–27, allocating ₹1,943 crore (~\$214.10 million) exclusively for the Handlooms and Textiles Department. The allocation comes alongside ₹1,943 crore (~\$214.10 million) for MSMEs and ₹4,282 crore (~\$472.04 million) for Industries, measures that collectively strengthen the broader textile-manufacturing ecosystem.

A major structural thrust comes through the continued implementation of the Tamil Nadu Technical Textile Mission, signalling a policy shift towards higher-value segments.

In line with this direction, ₹6 crore has been allocated for establishing an Advanced Quality Testing Laboratory at SITRA, Coimbatore, aimed at promoting athleisure, sports textiles and other technical textile manufacturing. The facility is expected to strengthen quality assurance, compliance capabilities and export competitiveness in performance-oriented textiles.

Industry body The Southern India Mills Association (SIMA) has welcomed the budget. SIMA's Chairman Durai Palanisamy thanked the state Chief Minister MK Stalin for significant support towards implementing measures under the recently released Tamil Nadu Integrated Textile Policy 2025–26. He highlighted that adequate funds have been allocated for handloom parks, power loom modernisation, installation of shuttle less looms and attracting new investments in processing, technical textiles and garmenting.

Electricity support, a critical cost factor for the textile sector, has also been strengthened. Free electricity benefits for handloom and power loom weavers have been enhanced, easing operating costs for clusters in Coimbatore, Erode, Salem and surrounding regions.

In addition, the proposal to release a New Integrated Renewable Energy Policy, backed by a budget allocation of ₹18,091 crore, is expected to enhance renewable energy capacity in the State. This could further support textile mills that rely heavily on captive and renewable power.

On infrastructure and labour, the State continues to expand its industrial ecosystem through SIPCOT parks and worker housing initiatives, supporting labour-intensive garment manufacturing. Skill development initiatives, including upgrades to ITIs into Industry 4.0 Technology Centres, are expected to strengthen workforce readiness for modern textile production.

Overall, while the Interim Budget does not announce a new mega garment park or large standalone capital subsidy, it reinforces cluster-based development, modernisation of looms, renewable energy expansion and a strategic pivot towards technical textiles. These measures are likely to shape investment sentiment and competitiveness in Tamil Nadu's textile and garment industry in 2026–27 and beyond.

Source: fibre2fashion.com– Feb 17, 2026

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