



India–EU Free Trade Agreement: A Transformational Trade Deal for India's Textile & Apparel Sector

Zero-Duty Access to a USD 263.5 Billion Textile & Apparel Import Market

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India and the European Union (EU) announced the conclusion of negotiations for a Free Trade Agreement (FTA), an important milestone in one of India's most strategic economic partnerships. Designed as modern, rules-based trade partnership, the FTA responds to contemporary global challenges while enabling deeper market integration between the world's 4th and 2nd largest economies.

The European Union is India's **second-largest export destination for textiles and apparel**, after the USA. The EU's total global imports of textiles and apparel stood at **USD 263.5 billion in 2024**, highlighting the scale and long-term potential of the EU market for Indian textile exporters. India's textile exports to the EU have also shown positive growth in last 5 years. India's textile exports to the EU are diversified across multiple value-added and labour-intensive segments. **Ready-Made Garments (RMG)** form the largest component, (~ **60%**) of exports followed by **Cotton textiles (17%)**, **Man-made fibre and MMF textiles (12%)**. **Handicrafts (4%)**, **Carpets (4%)**, **Jute Products (1.5%)**, **Woollen (0.6%)**, **Handloom (0.6%)** and **Silk Products (0.2%)**, form an important part of India's textile exports to the EU, underscoring the **labour-intensive** sectors of **textiles, apparel and handicrafts, artisanal and MSME-driven** character of India's textile trade with the European market.

Gaining **zero** duty access in textiles and clothing, covering all tariff lines and reducing tariffs by up to 12%, would open up the EU's INR 22.9 Lakh Crore (USD 263.5 billion) import market. Building on India's current INR 3.19 Lakh Crore (USD 36.7 billion) in global textile and apparel exports, including INR 62.7 Thousand Crore (USD 7.2 billion) to the EU, such access would significantly expand opportunities, particularly in yarn, cotton yarn, cotton yarn, man-made fibre apparel, Ready-Made Garments, men's and women's clothing and home textiles. This would enable MSMEs to scale, generate employment, and reinforce India's positioning as a reliable, sustainable, and high-value sourcing partner.

The FTA corrects a long-standing tariff disadvantage vis-à-vis competitors such as Bangladesh, Pakistan and Turkey. The Agreement gives a decisive boost to labour-intensive **etc**, enhancing price competitiveness and expanding market access in one of the world's most sophisticated consumer markets.

The textile sector employs around **45 million people directly** in India. Improved access to the EU market is expected to boost production, capacity utilisation and employment across labour-intensive MSME clusters. The FTA will also encourage **investment, technology transfer, and sustainability-linked up-gradation**, particularly in MMF, technical textiles and green manufacturing aligned with EU standards, facilitating deeper integration into global value chains.

Significant Market Access for Home Décor, Wooden Crafts and Furniture

Lower duties of up to 10.5% provides enhanced access, boosting the competitiveness of Indian wooden, bamboo, and handcrafted furniture. The FTA supports growth in high-value, design-oriented segments and strengthens India's role in global furniture supply chains.

District-Level and Cluster Impact- reflecting broad-based participation and regional inclusiveness.

India's textile exports to the EU originate from a **wide and geographically dispersed manufacturing base**, with **342 districts** across the country exporting textile and apparel products, reflecting broad-based participation and regional inclusiveness. The **India-EU FTA is expected to significantly strengthen the textile sector ecosystem** by enhancing market access, improving competitiveness and supporting employment across key clusters.

India's textile exports to the EU are anchored in a **cluster-based ecosystem**. **Ready-made garments** are driven by **Tiruppur, Bengaluru and Gurugram-Faridabad**, supporting large-scale employment, particularly for women. **Cotton textiles and home furnishings** are anchored in **Karur, Panipat and Ahmedabad**, while **MMF and synthetic textiles** are led by **Surat, Dadra & Nagar Haveli and Mumbai**, strengthening India's presence in blended and man-made fibre products. **Traditional and value-added segments** are supported by **handicrafts** from **Moradabad, Jaipur and Jodhpur**, **handlooms** from **Kanchipuram, Karur and Kolkata**, **carpets** from **Bhadohi, Mirzapur and Varanasi**, **jute products** from **Howrah, North 24 Parganas and South 24 Parganas**, and **silk and woollen textiles** from **Bengaluru, Mysuru and Bhagalpur**.

Beyond Tariff Liberalisation

Beyond tariff reduction, the India-EU FTA provides comprehensive measures to **address non-tariff barriers** through strengthened regulatory cooperation, customs facilitation, transparency and predictable trade rules.

The India-EU FTA, together with India's FTAs with the **UK and EFTA**, effectively opens up the **European market** for Indian businesses, exporters and entrepreneurs. The FTA with the EU is expected to further strengthen and accelerate the export diversification efforts of the Ministry of Textiles.

Aligned with India's vision of **"Viksit Bharat 2047"**, the India-EU FTA reinforces shared values, fosters innovation and positions India as a **competitive, trusted and forward-looking global textile and apparel hub**, laying the foundation for inclusive, resilient and future-ready growth for both India and the European.

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