Union Budget 2026–27: Major Push to Employment-Intensive Textile Sector through Integrated Programmes, Mega Parks and Export Facilitation

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The Union Budget 2026–27 has laid strong emphasis on the labour-intensive textile sector, recognising its critical role in employment generation, exports, rural livelihoods and sustainable manufacturing. A comprehensive and integrated policy framework has been announced to strengthen the entire textile value chain—from fibre to fashion, from village industries to global markets.

Integrated Programme for the Textile Sector

To enhance competitiveness, self-reliance and employment, the Government has proposed an **Integrated Programme for the Textile Sector** with the following five sub-components:

(a) National Fibre Scheme: Aimed at achieving self-reliance across the fibre spectrum, the scheme will support natural fibres such as silk, wool and jute, man-made fibres, and new-age fibres. This initiative will strengthen domestic fibre availability, reduce import dependence and support innovation in advanced textile materials.

(b) Textile Expansion and Employment Scheme: This component focuses on modernisation of traditional textile clusters through capital support for machinery, technology upgradation, and establishment of common testing and certification centres. The scheme is expected to enhance productivity, quality compliance and large-scale employment generation.

(c) National Handloom and Handicraft Programme: Existing schemes for handloom and handicrafts will be integrated and strengthened under a unified national programme to ensure targeted and effective support to weavers and artisans, improve incomes and preserve India's rich textile heritage.

(d) Tex-Eco Initiative: The initiative aims to promote globally competitive, environmentally sustainable textiles and apparel manufacturing, aligning the Indian textile industry with international sustainability standards and emerging green market opportunities.

(e) Samarth 2.0: The upgraded skilling programme will modernise the textile skill ecosystem through deeper collaboration with industry and academic institutions, ensuring availability of industry-ready skilled manpower across the value chain.

Mega Textile Parks and Technical Textiles

The Government has also announced the setting up of **Mega Textile Parks in challenge mode**, with a focus on integrated infrastructure, scale efficiencies and value addition. These parks will also support growth in **technical textiles**, a high-potential segment critical for industrial, medical, defence and infrastructure applications.

Mahatma Gandhi Gram Swaraj Initiative

To strengthen khadi, handloom and handicrafts, the **Mahatma Gandhi Gram Swaraj Initiative** will be launched. The initiative will focus on global market linkage, branding, streamlined training, skilling, quality improvement and process modernisation. It will benefit weavers, village industries, rural youth and support the **One District One Product (ODOP)** initiative.

Export Promotion Measures for Textiles and Allied Sectors

In a major boost to exports of textiles, leather and marine products, the Budget has announced:

- Extension of the export obligation period from **6 months to 12 months** for exporters of textile garments, leather garments, leather or synthetic footwear and other leather products manufactured using duty-free imported inputs.
- This measure will provide greater operational flexibility, ease of compliance and improved working capital management for exporters.

Liquidity Support for Textile MSMEs through TReDS

To further strengthen liquidity access for textile MSMEs, the Government has announced key measures to enhance the effectiveness of the **Trade Receivables Discounting System (TReDS)**, under which over ₹7 lakh crore has already been facilitated:

- Mandatory use of TReDS by CPSEs for procurement from MSMEs;
- Credit guarantee support through CGTMSE for invoice discounting on TReDS;
- Linking GeM with TReDS to enable faster and cheaper financing of government procurement receivables;
- Introduction of TReDS receivables as asset-backed securities to deepen secondary markets and enhance liquidity.

Creation of "Champion SMEs" and supporting micro enterprises:

A dedicated ₹10,000 crore SME Growth Fund has been introduced to create future Champions, incentivizing enterprises based on select criteria

Way Forward

The Union Budget 2026–27 reflects a clear strategic vision to position India as a **global textile manufacturing and export hub**, while ensuring inclusive growth, sustainability and large-scale employment. The Ministry of Textiles will work closely with States, industry, MSMEs, artisans and skilling institutions to ensure timely and effective implementation of these initiatives.

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