



Union Budget 2026–27: Exports Take Centre Stage as Budget Pushes Jobs, Manufacturing and Global Value Chains

Semiconductors to Biopharma, Electronics, Textiles, Budget Scales Manufacturing Across Strategic and Labour-Intensive Sectors

SEZ Reforms Aim to Boost Capacity, Scale and Global Investor Interest While Preserving Export Focus

SEZ Reforms Coupled with Freight, Waterway and Logistics Push to Cut Export Costs

Budget Unveils ₹10,000 Crore SME Growth Fund to Ease Credit and Boost MSME Exports

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The Union Budget 2026–27 places international trade and exports at the heart of India's growth strategy, reaffirming the Government's commitment to building a competitive, resilient, and globally integrated economy. Anchored in macroeconomic stability, fiscal discipline, and sustained public investment, the Budget advances a comprehensive reform and investment agenda aimed at strengthening India's position as a trusted global trading partner and accelerating progress towards the vision of Viksit Bharat.

Recognising exports as a critical driver of employment, industrial upgrading, foreign exchange earnings, and global value chain integration, the Budget announces a wide range of measures spanning the services sector, manufacturing, Special Economic Zones (SEZs), infrastructure, ease of doing business, and sector-specific reforms.

A major highlight of the Budget is its sharp focus on scaling domestic manufacturing in strategic and labour-intensive sectors, thereby strengthening export competitiveness and reducing critical import dependence. Flagship initiatives include Biopharma SHAKTI, the launch of India Semiconductor Mission 2.0, expansion of the Electronics Components Manufacturing Scheme, development of Rare Earth Corridors, establishment of Chemical Parks, and targeted support for capital goods and container manufacturing.

Labour-intensive sectors such as textiles, footwear, sports goods, handicrafts, and handlooms receive renewed attention through integrated parks, modernisation schemes, skilling initiatives, cluster rejuvenation, and sustainability-focused programmes. The revival of 200 legacy industrial clusters through

infrastructure and technology upgradation will help lower costs, improve productivity, and make traditional export hubs more competitive.

The gems and jewellery sector, one of India's largest foreign exchange earners, stands to benefit significantly from indirect measures aimed at trade facilitation and logistics efficiency. Removal of the ₹10 lakh value cap on courier exports will support small exporters and e-commerce-led shipments, while improvements in handling of returned consignments will reduce friction in global B2C trade. Extensions of concessional customs duty regimes for gold and silver dore bars and lab-grown diamond inputs will further support domestic refining and value addition.

The services sector receives a strong policy thrust. A High-Powered Education-to-Empowerment and Enterprise Standing Committee has been proposed to guide coordinated reforms and position India as a global leader in services, with an aspirational target of a 10 per cent share in global services exports by 2047. Targeted tax and regulatory reforms for IT and IT-enabled services—such as a unified classification of IT services, higher safe-harbour thresholds, automated approvals, faster Advance Pricing Agreements, and long-term certainty—will enhance India's attractiveness for Global Capability Centres (GCCs) and international service providers.

The Budget also proposes tax holidays up to 2047 for foreign companies providing global cloud services through India-based data centres, along with safe-harbour norms for related-party services. These measures are expected to accelerate foreign investment, deepen digital infrastructure, and establish India as a global hub for digital and data-driven services.

Reforms in Special Economic Zones are designed to enhance capacity utilisation, economies of scale, and overall resilience of the SEZ ecosystem while maintaining export orientation. One-time facilitation for limited Domestic Tariff Area sales at concessional duties and extended tax incentives for cloud and data-centre operations are expected to attract global manufacturers and technology players to SEZs.

A powerful push for infrastructure development underpins the export strategy. Increased public capital expenditure, expansion of Dedicated Freight Corridors, new National Waterways, coastal shipping promotion, container manufacturing, logistics parks, and high-speed rail corridors will significantly reduce logistics costs and improve connectivity, particularly for tier-2 and tier-3 cities. These investments will directly enhance export competitiveness by reducing dwell times and improving supply-chain efficiency.

The Budget advances a trust-based, technology-driven approach to ease of doing business in trade. Key measures include electronic sealing of export cargo, trusted supply-chain recognition, automated customs processes, expansion of non-intrusive scanning, longer validity of advance rulings, enhanced duty deferment for Authorised Economic Operators, and removal of value caps for courier exports. Together, these reforms will improve predictability, reduce transaction costs, and strengthen India's standing on global trade facilitation indices.

MSMEs—India's export backbone—receive focused support through a ₹10,000 crore SME Growth Fund, enhanced credit guarantee mechanisms, mandatory use of TReDS by CPSEs, and integration of GeM with TReDS to improve access to timely and affordable finance. These measures directly address working-capital constraints and enable MSMEs to scale in global markets.

Sector-specific initiatives in agriculture, marine products, pharmaceuticals, tourism, AVGC, and allied health services open new export opportunities and reinforce India's diversified export base.

Overall, Union Budget 2026–27 presents a coherent and forward-looking trade and export strategy—one that combines competitive manufacturing, services excellence, logistics modernisation, regulatory simplification, and infrastructure investment. It reinforces India's role as a reliable global partner and lays a strong foundation for sustained export growth, job creation, and long-term economic resilience.

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