LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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NATIONAL

New UKFT member guide helps UK fashion and textile businesses navigate the Indian market

The UK Fashion & Textile Association (UKFT) has published a new *UKFT Guide to the Indian Market for Fashion and Textiles*, available exclusively to UKFT members.

Produced following the implementation of the UK-India Comprehensive Economic and Trade Agreement (CETA), the guide provides practical insight for UK fashion and textile businesses looking to understand one of the world's fastest-growing consumer markets and assess the opportunities it presents.

India is expected to become a US$350 billion fashion and textile market by 2030, creating significant potential for UK brands, manufacturers and exporters. While the new trade agreement is set to reshape trade between the two countries, success in the market will depend on more than preferential tariffs. Businesses need a clear understanding of India's commercial landscape, routes to market, consumer expectations and business culture.

Developed with input from market specialists and companies already operating successfully in India, the guide offers an accessible introduction to the market, highlighting both the opportunities and the practical challenges UK businesses should consider before entering.

The publication explores topics including:

- the impact of the UK-India trade agreement for fashion and textile exporters
- market opportunities and key challenges
- routes to market and partnership models
- manufacturing in India
- major retail and wholesale players

- pricing and consumer expectations
- business culture and etiquette
- customs, logistics and labelling requirements
- major trade shows and useful industry contacts

The guide also examines the characteristics of India's highly diverse and fragmented fashion and textile market, where international brands compete alongside a strong domestic manufacturing base and established local businesses.

Paul Alger MBE, International Business Director at UKFT, said:

"The UK-India trade agreement marks the beginning of a new trading chapter between our two countries. While the agreement creates new opportunities, businesses will need to invest time in understanding this complex market and developing the right partnerships. This guide is designed as a practical starting point for UK companies considering India as part of their international growth strategy."

The guide forms part of UKFT's ongoing support for members looking to expand internationally, providing practical market intelligence alongside export advice, trade missions and business introductions.

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India sixth-largest economy at $3.92 trillion nominal GDP in FY26: Government

Read more at :https://m.economictimes.com/news/economy/indicators/india-sixth-largest-economy-at-3-92-trillion-nominal-gdp-in-fy26-government/articleshow/133149565.cms

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India's cotton pressing revised upward to 339 lakh bales: CAI

India's cotton pressing has been revised up to 33.9 million bales of 170 kg in current season ending on September 30. The Cotton Association of India (CAI) has increased further its estimate in its report of July 2026. The estimate is around 11 per cent higher than its initial estimate of 30.5 million bales issued at the beginning of the season in October 2025.

The substantial upward revision marks a reversal from CAI's initial expectation of lower production during the current season.

In its latest estimate, CAI raised the crop size by another 0.2 million bales from its previous projection of 33.7 million bales, following updated inputs from cotton-growing state associations and trade sources. The latest estimate of 33.9 million bales is also 8.5 per cent higher than the 31.24 million bales estimated for the 2024–25 season. The initial estimate of 30.5 million bales had indicated a decline of around 2.4 per cent from the previous season, meaning the production outlook has changed considerably as the season progressed.

CAI said the latest revision included increases of 50,000 bales each for Maharashtra, Madhya Pradesh, Karnataka and Tamil Nadu. Lower Rajasthan was revised upwards by 25,000 bales, while Upper Rajasthan was reduced by the same amount, resulting in a net increase of 0.2 million bales in the latest assessment.

Despite the higher domestic crop estimate, CAI has also raised its cotton import projection to 6.2 million bales from 6 million bales, compared with 4.1 million bales in the previous season. Around 5.4 million bales had already arrived at Indian ports by July 31.

Domestic cotton consumption is projected at 34.8 million bales, up from 31.9 million bales in 2024–25, while exports are estimated at 1.5 million bales, compared with 1.8 million bales in the previous season.

Higher production and imports are expected to lift India's total cotton supply to 45.659 million bales, compared with 39.259 million bales in 2024–25. Consequently, CAI expects closing stocks to rise sharply to 9.359 million bales by September 30, 2026, from 5.559 million bales a year earlier.

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As many as 95 special eco zones are non-operational as on July 31: Govt

As many as 277 special economic zones (SEZs) are operational and 95 are non-operational in the country as on July 31 this year, Parliament was informed on Tuesday. In a written reply to the Lok Sabha, Minister of State for Commerce and Industry Jitin Prasada said that 372 such zones, out of 436 approved, are notified. According to the data provided by the minister, the maximum number of non-operational zones are in Haryana (14). It was followed by Telangana (12), Karnataka (11), and nine each in Tamil Nadu and Uttar Pradesh. He said that the time taken in operationalising SEZs could be due to reasons such as time taken for getting approvals from the statutory/state government bodies, adverse business climate due to shifts in the global economic scenario, and changes in fiscal incentives. He also informed that exports from these zones stood at Rs 16.4 lakh crore in 2025-26, an increase from Rs 14.63 lakh crore in 2024-25. It was Rs 13.55 lakh crore in 2023-24 and Rs 12.63 lakh crore in 2022-23. Special Economic Zones are set up under the SEZ Act, 2005, and SEZ Rules, 2006. They are primarily private investment-driven initiatives. A SEZ may be set up either jointly or severally by the central government, state government or any person for manufacture of goods or rendering services or for both or as a free trade warehousing zone. In a separate reply, Prasada said India and the US have announced on February 7 that the two countries have reached a framework for an interim agreement regarding reciprocal and mutually beneficial trade. “Negotiations are ongoing,” he said. He added that India has signed 17 Free Trade Agreements (FTAs), including comprehensive economic partnership/ cooperation agreements, with its trade partners. “16 of these FTAs are currently in force and the FTA with New Zealand signed on 27 April 2026 is under ratification for implementation,” he said, adding seven of these 17 pacts were signed in the last five years with Mauritius, UAE, Australia, the European Free Trade Association (EFTA), the UK, Oman and New Zealand. In another reply, he said India is committed to fostering and expanding digital trade partnerships with potential nations across the world. For instance, trade agreements with the UAE, UK, and the European Union include a dedicated chapter on digital trade with an aim to enhance and facilitate digital trade. Replying to a separate question, he said the merchandise trade deficit primarily reflects the import requirements of a rapidly growing economy. A significant share of India’s imports comprises crude oil, electronic goods, machinery and capital goods, gold and precious stones, and fertilisers, which are essential for meeting domestic consumption requirements, ensuring energy security, supporting manufacturing, infrastructure development and industrial expansion.

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India’s merchandise exports hit record high at $129.6 bn

India's merchandise exports during the April-June quarter (Q1) of FY 2026-27 recorded an all-time quarterly high of $129.6 billion, compared to $111.6 billion in the corresponding period of the previous year, registering a robust growth of 16.1 per cent, and reflecting the underlying strength of India's export performance despite monthly fluctuations in the trade deficit, the Parliament was informed on Tuesday. The merchandise trade deficit of $30.4 billion in June 2026, which was reported as a five-month high, was only marginally higher than the 12-month average deficit of $29.3 billion, indicating that the June 2026 deficit remained broadly in line with the average level, Minister of State for Commerce and Industry Jitin Prasada said in a written reply to a question in the Lok Sabha, adding that the government closely monitors trade performance, including the merchandise trade deficit. Also Read India's merchandise exports touched record high at $129.6 bn in Q1 of FY27: Minister Advertisement Discover more Top News Summaries History Business News Analysis A single month's deficit does not, by itself, reflect overall trade performance due to the seasonal nature of merchandise trade. The increase in the merchandise trade deficit largely reflects higher imports of essential and productive goods required for economic growth, industrialisation and export competitiveness, rather than any structural weakness in India's external sector, the minister said. A significant share of India's imports comprises crude oil, electronic goods, machinery and capital goods, gold and precious stones, fertilisers and other intermediate inputs, which are essential for meeting domestic consumption requirements, ensuring energy security, supporting manufacturing, infrastructure development and industrial expansion. The largest contributor to imports continues to be petroleum products, accounting for about 26 per cent of India's total imports in FY 2025-26, and therefore fluctuations in international crude oil prices have a significant impact on the merchandise trade balance. Imports of machinery and capital goods and electronic goods together accounted for nearly one-fourth of India's imports and have increased in line with growing industrial activity, digitalisation and integration with global value chains. Imports of gold, precious stones and gems, which accounted for about 14 per cent of total imports, also contributed to the higher import bill, while imports of fertilisers and other industrial inputs remained necessary to support agriculture and domestic production, the minister said.

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China imports rise sharply across engineering, textiles, toys

India's imports from China of engineering goods, textiles, toys and plastics recorded a considerable increase in 2025-26, with engineering goods, one of the largest imported segment, rising nearly 19 per cent, according to data furnished by the Commerce Ministry in the Lok Sabha on Tuesday.

Imports of engineering goods rose to $75.82 billion in FY26, posting a 18.6 per cent growth from $63.95 billion in 2024-25. Textile imports increased 22.5 per cent to $4.46 billion from $3.64 billion, while toy imports grew 20.7 per cent to $350 million from $290 million. Imports of plastics rose at a slower pace of 5.8 per cent to $6.71 billion from $6.34 billion.

The government put the import surge in a broader context, pointing out that India's imports from China span several product categories and include raw materials, intermediate goods, capital equipment and advanced technologies.

Market Pressures

The response came against concerns raised in Parliament about low-cost Chinese goods, including textiles, toys, plastics, electronics and light engineering products, potentially distorting the Indian market and putting pressure on domestic manufacturers and MSME clusters in Tamil Nadu such as Karur, Tiruppur, Coimbatore and Erode.

"India imports products such as lithium, cobalt, nickel, graphite, rare earth elements etc. that are essential inputs for clean energy technologies, electric vehicles, electronics and semiconductors," Minister of State for Commerce and Industry Jitin Prasada said in the written reply.

In FY26, India's total imports from China touched a high of $131.63 billion, accounting for 16.96 per cent of total imports, while India's deficit with the country was at $112.16 billion, per data furnished earlier.

Quality Control

In the reply, Prasada highlighted measures to tackle possible duty evasion and misdeclaration. "Directorate of Revenue Intelligence undertakes targeted investigations and enforcement actions against such fraudulent practices.. Wherever violations are detected, appropriate action is taken under the provision of the Customs Act, 1962, including seizure of goods, initiation of investigations, recovery of duty, and prosecution, wherever warranted," the reply reinforced.

Stricter quality standards, quality control measures (such as QCOs), testing protocols, and mandatory certification to curb sub-standards imports. The Directorate General of Trade Remedies also investigates and imposes anti-dumping and countervailing duties.

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Fitch affirms India's BBB- sovereign rating, retains stable outlook

Fitch Ratings on Tuesday affirmed India's sovereign credit rating at the lowest investment grade of BBB- and retained its 'stable' outlook for the economy, citing a robust growth outlook and stable external finance fundamentals. However, the agency flagged rating constraints such as elevated government debt and lagging structural metrics, and cautioned about fiscal spending pressures over time amid rising unemployment concerns among youth.

"India's rating reflects its robust growth outlook and solid external finance fundamentals. A strengthening record of delivering macroeconomic stability and improving policy credibility should underpin continued robust growth and enhance economic resilience, despite near-term macroeconomic headwinds from the energy shock," Fitch said. "These strengths are balanced against still-weak fiscal metrics, with high deficits, debt and debt service compared with peers, despite recent consolidation. Lagging structural metrics, including governance indicators and GDP (Gross Domestic Product) per capita, also constrain India's rating."

Recent protests in India, stemming from leaked medical exams, may point to rising concerns among youth over employment opportunities, "risking fiscal spending pressures over time", the rating agency cautioned.

The agency has forecast economic growth of 6.4 per cent for India in 2026-27 (FY27), adding that it expects GDP growth to remain resilient to shocks, as it has been in recent years. India had registered economic growth of 7.7 per cent in the last financial year.

“There could be residual risks from uncertainty related to the US-Iran conflict, given India's position as large net energy importer position, but we do not expect a durable risk to growth prospects,” the agency said.

Meanwhile, Fitch Solutions unit BMI estimated India’s GDP growth for FY27 at 6.6 per cent, higher than Fitch Ratings’ projection. While India remains one of the fastest-growing large economies, the risks lie to the downside on account of re-escalation of conflict in West Asia and a weaker monsoon, BMI said.

BMI expects the boost to economic activity following rationalisation of Goods and Services Tax last year to wear off now. Average inflation of around 5.4 per cent may erode household incomes, BMI said.

Fitch Ratings, on the other hand, sees India’s headline inflation averaging 4.1 per cent in the current year, from 2.1 per cent in FY26. “Still, we expect the Reserve Bank of India to raise its policy rate by 25 basis points to 5.5 per cent later this year to tackle second-round effects from the energy shock and El Niño risks,” the rating agency said.

The agency has forecast medium-term GDP growth potential of 6.4 per cent for India, led by public capital expenditure, a pick-up in private investment and favourable demographics. The Indian government has estimated medium-term potential GDP growth at around 7 per cent in the Economic Survey for FY26.

India’s external finances remain solid, with only a slight widening of the current account deficit (CAD) to 1.4 per cent of GDP in FY27 from 0.6 per cent of GDP in the last financial year, Fitch Ratings said. It also estimated India’s foreign exchange (FX) reserves at $733 billion, covering 7.4 months of imports. India’s FX reserves were nearly $693 billion during the week ended July 31, according to the latest data available with the RBI.

The rating agency flagged high general government debt of 84.4 per cent of GDP in FY26 as a structural weakness for the Indian economy. The median debt-to-GDP ratio of 'BBB'-rated economies is 57 per cent, it said.

"We forecast debt to decline slowly to around 79 per cent by FY31, assuming medium-term nominal GDP growth of 10.5 per cent," the agency said. "A high interest/revenue ratio of 23.7 per cent (BBB median: 8.4 per cent) constrains the rating and will only ease slowly," it added. But the weakness is mitigated by debt financed in deep domestic markets, with limited foreign participation and a low foreign-currency share of 2.5 per cent, the BBB median of which is 30 per cent.

Fitch Ratings said that the Indian central government also needs to undertake a continued modest pace of deficit reduction over the next five years to meet its ambitious aim of lowering its debt to around 50 per cent of GDP by FY31. The Centre's debt was around 58 per cent of GDP in FY26.

"We see the general government deficit declining gradually in the coming years, driven by the central government," Fitch said.

"We forecast the general government deficit to decline to 7.3 per cent of GDP in FY27 from 7.5 per cent in FY26. We expect the central government to achieve its 4.3 per cent FY27 budget deficit target, despite higher fertiliser subsidies and excise duty cuts," Fitch said, adding that there is a risk of a modest slippage.

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GLOBAL

Singapore claims 'good progress' on Bangladesh free trade deal

Officials from Singapore and Bangladesh are making good progress on reaching a Free Trade Agreement in bid to expand business opportunities for the two countries, said Singapore Foreign Minister Vivian Balakrishnan in a Facebook post on Tuesday.

The Singapore minister confirmed progress to this end after holding talks with Bangladesh State Minister for Foreign Affairs Shama Obaed Islam as she continues her first official visit to the Southeast Asian country.

Both sides also discussed ways to deepen cooperation, including expanding trade and strengthening our energy partnership, Balakrishnan said on his official Facebook page.

The two countries share a longstanding partnership and close people-to-people ties, Balakrishnan noted.

Balakrishnan wished Shama Obaed a productive visit to Singapore.

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Canada aims to conclude ASEAN free trade deal this year, FM Anand says

Read more at : https://www.indiablooms.com/world/canada-aims-to-conclude-asean-free-trade-deal-this-year-fm-anand-says/details

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