LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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News Highlights

NATIONAL

India textiles minister opens IIHT SUTRA 2026 in New Delhi

India's Office of the Development Commissioner (Handlooms), Ministry of Textiles, organised IIHT SUTRA 2026, the inaugural national conclave of the Indian Institutes of Handloom Technology, at Dr. Ambedkar International Centre in New Delhi.

The conclave brought together policymakers, academia, industry leaders, research institutions, distinguished alumni and students to discuss the future of handloom education and its role in strengthening India's handloom ecosystem. It was held under the theme *IIHTs: Weaving the Future of the Indian Handloom Sector – Educate. Innovate. Transform.*

The Ministry of Textiles in a press release said the event marked a step towards repositioning the Indian Institutes of Handloom Technology (IIHTs) as centres of excellence for technical education, research, innovation, entrepreneurship and industry collaboration in the handloom sector.

Giriraj Singh, India's Minister of Textiles, inaugurated the conclave in the presence of Neelam Shami Rao, Secretary, Ministry of Textiles; Dr. Beena M, Development Commissioner (Handlooms); and other dignitaries representing government, industry, academia and the handloom sector.

Addressing the gathering, Singh said India's handloom sector represents the country's cultural heritage and is also a source of livelihoods, women's empowerment, exports and sustainable economic development. He said preservation of handloom traditions should move alongside technological advancement, innovation, entrepreneurship and research.

The Minister also underlined the role of IIHTs in developing skilled technocrats who can support productivity improvement, design innovation, technology upgradation and the long-term competitiveness of the handloom sector. He noted that six Central IIHTs and five State IIHTs have, over the past seven decades, produced skilled professionals contributing to industry, entrepreneurship, exports, research and public institutions.

Singh also referred to the recent expansion of B.Tech programmes, strengthening of research initiatives, modernisation of laboratories and infrastructure, student support measures and international training programmes undertaken by the IIHTs.

Rao emphasised the need to continuously modernise handloom education by aligning curricula with emerging technologies, strengthening industry partnerships, promoting applied research and encouraging innovation-led learning. She said IIHTs should prepare graduates not only for employment, but also for entrepreneurship, leadership and research in the textile and handloom sectors.

Dr. Beena M described IIHT SUTRA as a long-term institutional initiative of the Ministry of Textiles to create a collaborative national platform for IIHTs. She said the initiative seeks to strengthen partnerships amongst government, industry, academia, research institutions and alumni, while enabling IIHTs to become future-ready institutions supporting innovation, sustainability, entrepreneurship and technological advancement in handlooms.

A key part of the inaugural session was the exchange of three strategic Memoranda of Understanding aimed at strengthening institutional collaboration across industry, research and management education.

- Grasim Industries Limited signed an industry partnership for curriculum enrichment, internships, industry exposure, skill development and collaborative initiatives.
- Northern India Textile Research Association (NITRA) signed a research and technology partnership for collaborative research, testing, innovation, technical support and capacity building.
- Indian Institute of Management (IIM), Sambalpur signed an academic and management partnership for leadership development, entrepreneurship, innovation, faculty development and institutional capacity building.

The Ministry said these partnerships are expected to provide a structured framework for closer engagement between IIHTs and leading institutions, improving the quality and relevance of technical education in the handloom sector.

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NITI Aayog Report on "Key Sectors to Position India as a Global Manufacturing Hub"

NITI Aayog has released the report titled **"Key Sectors to Position India as a Global Manufacturing Hub**", which through a structured and data-driven framework identifies major sectors that can fuel India's ambition to become global manufacturing powerhouse. This report has extensively analyzed four sectors viz. Chemicals, Telecom & Networking Equipments, Textiles and Solar Photo Voltaic manufacturing.

The assessment focuses on understanding India's manufacturing landscape in relation to global trends, sectoral growth opportunities and global benchmarks. It also examines the factors that influence manufacturing competitiveness, including market potential, infrastructure readiness, policy support, raw material availability, technology readiness, employment potential and India's current position in the value chain.

The project seeks to identify sectors where India has significant growth potential and where targeted interventions can strengthen domestic capabilities, enhance competitiveness and value addition, and accelerate export-oriented manufacturing growth. The study also draws on the experience of leading manufacturing countries to develop sector-specific recommendations for addressing key challenges and promoting growth in the identified sectors.

The study was structured into four distinct phases:

Phase 1: Shortlisting Sectors Based on Relative Attractiveness: Identification of sectors with high growth potential based on market size and growth prospects in both domestic and global markets.

Phase 2: Comprehensive Assessment of Shortlisted Sectors: A detailed, three-pronged assessment of the shortlisted sectors to evaluate their market potential, competitiveness, and broader strategic relevance.

Phase 3: Benchmarking International Best Practices: Analyses of best practices and successful approaches adopted by top performing countries to identify relevant strategies and lessons for India's shortlisted sectors.

Phase 4: Developing Actionable Recommendations and the Way Forward: Formulation of sector-specific, actionable recommendations and a clear roadmap to strengthen competitiveness, unlock growth potential, and position India as a global manufacturing hub.

This edition of the report focuses on four high-potential manufacturing sectors: chemicals, textiles, telecom and network equipment and solar photovoltaic manufacturing. **This will be followed by reports on 8 more sectors.**

Chemical Sector:

The domestic chemicals industry is broadly led by three key consumption segments: petrochemicals and organic chemicals, specialty chemicals, and inorganic chemicals. Petrochemicals and organic chemicals form the largest segment and include polymers, synthetic fibres, performance plastics, building blocks, intermediates and end-products.

India's chemicals industry has significant potential to enhance domestic value addition by expanding downstream production and improving feedstock utilisation. Promoting domestic manufacturing, investments in competitiveness, and strategic use of FTAs can help reduce import dependence, strengthen downstream capabilities, and support sustainable industry growth.

Textiles Sector

India's textile and apparel industry (T&A) is one of the country's most important manufacturing sectors, contributing approximately 2% to national GDP, 11% to manufacturing GVA, and 9% of merchandise exports. The sector is also the second-largest employer after agriculture, providing livelihoods to more than 45 million people and supporting widespread MSME-led industrial development. In fiscal 2025, India exported textile products worth USD 37.7 billion and accounted for 4.1% of global textile and apparel exports, making it the sixth-largest textile exporter globally.

India's textile industry has significant potential to strengthen its global competitiveness by improving raw material availability, scaling up manufacturing through infrastructure support, and expanding market access through deeper trade integration. Enhancing skilling, technology adoption and productivity, while promoting technical textiles, MMF-based products, sustainable textiles and premium Indian weaves, can further drive value addition and global growth.

Telecom & Networking Equipments Sector

India is currently the world's second-largest telecommunications market with more than 1.2 billion subscribers, approximately 85% telecom penetration, and nearly 75% internet usage. Recognizing the sector's transformative potential, the National Telecom Policy 2025 (NTP-25) targets doubling the sector's contribution to GDP, doubling exports of telecom products and services, creating one million new jobs, and significantly increasing investment and R&D expenditure by 2030.

India's telecom and electronics sector has significant potential to enhance its global competitiveness by deepening localisation and strengthening domestic component manufacturing. Key priorities include promoting joint ventures and technology transfer, developing integrated industrial clusters, expanding high-potential export segments, and strengthening testing, certification and skill development to support scale, innovation and productivity.

Solar PV Sector

India had installed 106 GW of solar capacity by March 2025 and needs to add about 174 GW to meet the 2030 target of 280 GW solar capacity. The domestic PV market, estimated at Rs 32,400 crore / $3.7 billion, is expected to grow at a 17-20% CAGR between fiscal 2023 and fiscal 2030, supported by utility-scale solar, rooftop solar, open-access projects and green hydrogen-linked demand.

India's solar manufacturing ecosystem has strong potential to deepen domestic value addition by strengthening upstream capabilities and reducing import dependence. Key priorities include technology partnerships and joint ventures, greater R&D and performance-linked support, development of integrated clean-tech clusters, and industry-led skilling. Strengthening trade partnerships and G2G frameworks can also expand export opportunities and secure global market access.

The report is envisaged as an instrument that will guide selected sectors in strengthening their manufacturing ecosystem over time. Industry and Government can collaborate to enhance India's manufacturing prowess through specific interventions customized to overcome the existing challenges. A coordinated effort in this regard will help the country to achieve a higher growth trajectory in the manufacturing space.

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India, SACU set terms for preferential trade pact talks

India and the Southern African Customs Union (SACU) have signed the Terms of Reference (ToR) for negotiations towards a Preferential Trade Agreement (PTA), laying the groundwork for future talks on preferential market access between India and SACU member states.

The proposed negotiations are relevant for textile and sourcing supply chains because India has identified significant complementarities with SACU in engineering goods and machinery, automobiles, pharmaceuticals, textiles, agriculture and agri-processing.

Piyush Goyal, Minister of Commerce and Industry, India called for a balanced, fair and equitable agreement and said the partnership could help diversify markets and create opportunities for both sides

The ToR was signed at Vanijya Bhawan, New Delhi. The signing ceremony was attended by Jitin Prasada, Minister of State for Commerce and Industry, Government of India, senior officials from the Government of India and the SACU delegation, the Ministry of Commerce & Industry said in a press release.

Rajesh Agrawal, secretary, Department of Commerce, Ministry of Commerce and Industry, India said this was India's first ToR signing with the African region and noted SACU's significance as the oldest customs union in the world. He said the PTA is envisaged to cover eight chapters: trade in goods and market access for goods; rules of origin and origin procedures; customs procedures and trade facilitation; trade remedies, including a bilateral safeguard mechanism; sanitary and phytosanitary measures; technical barriers to trade; dispute settlement; and legal and horizontal provisions.

Ndiitah Nghipondoka-Robiati, executive director, Ministry of International Relations and Trade, Namibia welcomed the ToR signing as a milestone in formalising SACU–India engagement and in giving structure, transparency and predictability to the forthcoming negotiations. She described India as a strategic partner and a pillar of South–South cooperation, and underlined the need for a balanced outcome that recognises different levels of development among the parties, particularly the interests and development needs of SACU member states, including Least Developed Countries and Small and Vulnerable Economies.

Goyal said India could support the SACU region through affordable medicines, development of new talent in the IT sector and integration of SACU countries into global supply chains in areas where their businesses are competitive and where skills and talent can be developed or are already available. He also said India's engagement with Southern Africa is rooted in a longstanding partnership of equals that extends beyond trade, adding: "India's relationship with Southern Africa did not begin with commerce. It began with conscience."

For exporters and importers, the immediate development is the start of a negotiating framework rather than a tariff change.

Goyal called on negotiating teams to proceed with urgency towards early finalisation of the India–SACU PTA, while noting: "What we sign today does not by itself lower a single tariff or clear a single container. Only a final agreement will do that."

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Surge in imports bill pushes trade deficit to 6-month high of $31.98 bn

A sharp rise in imports in July pushed up India's trade deficit for the month to a six-month high of $31.98 billion even as both merchandise exports and imports hit their second-highest levels in the same period, according to the data from commerce-ministry data released on Thursday.

The trade deficit stood at $30.42 billion in June and $27.88 billion in July a year earlier.

Imports of goods in July rose to a nine-month high at $76.22 billion while goods exports jumped nearly 20 per cent to $44.24 billion during the month.

The commerce department said the rise in exports was owing to elevated prices and a swift rebound in shipments to West Asia following disruption amid the United States-Iran war.

The department estimated services exports at $35.89 billion in July, up a little over 6 per cent year-on-year (Y-o-Y), while services imports were estimated to have risen nearly 10 per cent to $18.94 billion.

This resulted in an estimated services trade surplus of $16.95 billion.

The Reserve Bank of India (RBI) is expected to release the data on final services trade later this month.

Elevated commodity prices led to the sharp jump in imports in July with crude oil, electronic goods, coal, and fertiliser shipments being the key drivers.

India's imports of crude oil rose nearly 18 per cent Y-o-Y to $18.31 billion in July, while that of electronic goods jumped 46 per cent to $14.37 billion.

Fertiliser imports grew a little over 55 per cent to $2.48 billion and coal shipment increased 29 per cent to 3.05 billion.

India’s gold imports were $4.16 billion in July, up nearly 5 per cent Y-o-Y. Inward shipments of chemicals also surged nearly 22 per cent to $1.22 billion.

Among exports, those of engineering goods grew nearly 18 per cent Y-o-Y to $12.24 billion, while outward shipments of electronic goods rose 57 per cent to $5.92 billion.

Exports of petroleum products increased nearly 68 per cent to $6.92 billion.

“After a sharp dip in March, India’s merchandise trade with West Asia rebounded swiftly, with merchandise export growth maintaining strong momentum through June and July,” the commerce ministry said.

India’s exports to West Asia inched to $5.70 billion in July from $5.24 billion a year ago. Imports from the region, however, were $9.81 billion, down nearly 21 per cent Y-o-Y.

The United States (US) remained India’s top export market in July with exports rising nearly 13 per cent Y-o-Y to $9.02 billion.

India’s outward shipments to the US have registered growth in July after falling in each of the last two consecutive months.

China continued to be India’s largest import source, with inward shipment increasing a little over 34 per cent Y-o-Y to $14.67 billion in July.

Exports to China also jumped 65 per cent to $2.20 billion.

Imports from Russia nearly doubled to $8.91 billion in July from $4.84 billion recorded in the same month a year ago, led by crude-oil imports.

Experts had a word of caution on the rising import bill and the widening trade deficit. “While imports of energy, capital goods and intermediates are also associated with higher domestic economic activities, we need to simultaneously strengthen domestic manufacturing capabilities in critical inputs, electronics, machinery and other areas of high import dependence. Export expansion and strategic import substitution should complement each other in strengthening India’s external sector,” Federation of Indian Export Organisations President S C Ralhan said.

India’s cumulative merchandise exports were 17 per cent up year-on-year at $173.78 billion in April-July, while imports increased 19 per cent to $292.38 billion. The merchandise trade deficit stood at $118.60 billion in the first four months of 2026-27 (FY27).

Economists expect the country’s current account deficit (CAD) to widen in July-September.

"While we expect a marginal CAD of about 0.2 per cent of gross domestic product (GDP) in Q1FY27, it is expected to widen sharply to about 2.0 per cent in Q2. Overall, we expect the CAD to print at a benign 0.9 per cent of GDP in FY27, which is likely to be comfortably financed, amid the RBI's measures to attract capital flows, leading to an accretion to reserves in the fiscal," ICRA Chief Economist Aditi Nayar said.

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China Demand Lifts Indian Cotton Yarn Exports as Prices Eases

Indian cotton yarn exports to China have tripled, significantly expanding India's market share in the region. While this surge provides a boost to local textile spinners, investors should remain cautious as Chinese mills currently face high inventory levels and weak downstream demand.

Indian cotton yarn exports have seen a sharp increase recently, driven primarily by strong buying interest from China. Shipments to the Chinese market have tripled, helping India expand its market share from 7% to 21%. This shift has been supported by competitive pricing, a weaker rupee, and China's strategic decision to reduce import tariffs on textile raw materials, including cotton, throughout 2026.

The Dynamics of Chinese Demand

The current export growth is largely attributed to the cost advantage of Indian yarn compared to domestic production in China. Many Chinese spinning mills are actively sourcing from India to manage their input costs. However, it is important for investors to note that this demand does not exist in a vacuum. Recent market data indicates that downstream demand—the requirement for finished fabrics and garments—remains relatively weak within China. This has led to high inventory levels at Chinese spinning mills, which may limit the sustainability of this export surge if the excess stock is not cleared quickly.

Price Volatility and Margin Risks

While export volumes are rising, the market environment remains volatile. Global cotton prices, tracked via the December 2026 ICE futures contract, recently settled at 84.38 cents, reflecting the ongoing uncertainty in the global commodity market. In India, while some yarn prices have eased, domestic spinning mills face the challenge of fluctuating raw material costs. For investors, the key monitorable is not just the volume of exports, but whether Indian spinners can protect their profit margins amid these price swings.

What Investors Should Track Next

The Indian textile sector is currently navigating a period where export opportunities are high, but profitability is sensitive to global pricing trends. Future updates to watch include the inventory status at Chinese mills, which will dictate whether they continue to place large orders or shift toward clearing their existing stock. Additionally, any changes in global cotton futures will directly impact the input costs for Indian manufacturers. Investors should monitor quarterly financial reports from major textile companies to see if increased export volumes are translating into sustainable margin improvements or if higher costs are offsetting the gains from the volume growth.

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World cotton output may rise, but supplies set to fall: WASDE Report

World cotton production for 2026-27 was raised by more than 370,000 bales in the August estimate to 117.63 million 480-pound bales, from 117.26 million bales projected in July. The increase was driven mainly by larger crops in Brazil, Greece and Turkiye, which more than offset a downward revision to US production. Despite the increase in output, global cotton supplies were lowered by nearly 550,000 bales, as lower beginning stocks more than outweighed the rise in production.

The demand outlook strengthened considerably. Global cotton consumption for 2026-27 was raised by nearly 1 million bales to 122.9 million bales, supported by higher mill use in China, India, Vietnam and Indonesia. These increases more than offset lower consumption estimates for Bangladesh and Egypt.

International cotton trade is also expected to remain firm. Global trade for 2026-27 was raised by nearly 500,000 bales to 43.8 million bales, with higher Brazilian exports and stronger import demand from India, Vietnam and Indonesia.

The combination of tighter supply and stronger demand has resulted in a significant reduction in projected global inventories. World ending stocks for 2026-27 have been cut by more than 1.5 million bales to 69.7 million bales, bringing the global stocks-to-use ratio down to 56.7 per cent.

The tightening trend is also visible in the current 2025-26 season. Global production was raised marginally, while consumption was increased by more than 900,000 bales, again led by China, India, Vietnam and Indonesia. Exports were raised by more than 720,000 bales, reflecting updated trade data from Brazil, Greece, India and Turkiye. As a result, global ending stocks for 2025-26 were reduced by more than 900,000 bales, primarily due to lower inventories in India, China and Brazil. The stocks-to-use ratio for the season is now estimated at 61.9 per cent.

While the US cotton outlook has also turned tighter, with the United States Department of Agriculture (USDA) cutting its 2026-27 production forecast despite a substantial increase in planted acreage. Cotton production is now forecast at 13.61 million bales, more than 90,000 bales below the July estimate and nearly 300,000 bales below the 2025-26 crop.

The USDA raised planted area by more than 600,000 acres to 10.47 million acres, around 6 per cent above the June acreage report. Harvested area was also increased to 8.19 million acres, more than 8 per cent higher than last month.

However, the larger acreage is being offset by lower expected yields. The national average yield forecast was reduced by 74 pounds to 798 pounds per harvested acre, with projected yields in several states below last season's levels.

With production lower, US ending stocks for 2026-27 are projected at 4 million bales, resulting in a stocks-to-use ratio of 28.8 per cent. The projected season-average farm price was raised by 2 cents to 75 cents per pound.

There was no change to the US 2025-26 supply and demand balance sheet, although the season-average farm price was lowered by 1 cent to 61.5 cents per pound.

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Most Canadians back free trade deal despite US tensions, poll finds

Most Canadians continue to back the country's free trade agreement with the United States and Mexico and want their political leaders to hold the line on concessions, even as cross-border tensions remain elevated, according to a new national survey released in August 2026.

The poll, conducted by Nanos Research on behalf of the Chicago Council on Global Affairs, found that 81 per cent of Canadian adults rate the Canada-United States-Mexico Agreement (CUSMA, known in the US as USMCA) as either "very good" or "good" for the Canadian economy. Just six per cent view the deal negatively, with 13 per cent unsure.

The findings carry clear implications for financial advisors and wealth managers tracking the macro backdrop for Canadian portfolios. Trade policy uncertainty has been a persistent headwind for markets and client sentiment alike, and the survey suggests Canadians broadly value the economic architecture the deal provides.

Canadians prefer stability over renegotiation

When asked how Canada should approach the existing agreement, 52 per cent of respondents said they support continuing under current terms. Twenty-four per cent would favour renegotiation, even if the resulting deal were less favourable, a position that underscores just how strongly Canadians value the certainty of the existing framework. Only seven per cent favour leaving the agreement altogether.

That 2-to-1 preference for stability over renegotiation is a signal worth noting for advisors advising clients on cross-border investment exposure or currency risk. The political appetite for disruption appears limited.

On Canada-US relations more broadly, the survey found that 69 per cent of Canadians prefer their leaders to resist making trade concessions, even if doing so results in a worsening of the bilateral relationship. Only 23 per cent favour seeking improved relations through concessions, a 3-to-1 margin in favour of holding firm.

British Columbia respondents rate the European Union as the most economically important trading relationship, with 71 per cent calling it "very important", higher than any other province. Atlantic Canadians show the highest degree of U.S. skepticism, with 12.6 per cent saying the US relationship is "not very important" economically.

Age also shapes perspectives. Canadians aged 55 and older are more bullish on CUSMA, with 86.6 per cent rating it positively compared to 72.3 per cent among those aged 18 to 34.

The EU factor

In a finding that may surprise some, the European Union ranks above the United States as Canada's most economically valued relationship in the eyes of Canadians surveyed, with 65 per cent calling the EU "very important" compared to 54 per cent for the U.S., 50 per cent for Mexico, and 37 per cent for China.

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Sri Lanka, Maldives chambers sign MoU to expand trade

The Ceylon Chamber of Commerce and the Maldives Business Chamber have signed a Memorandum of Understanding (MoU) to create new opportunities for businesses in Sri Lanka and the Maldives to expand trade, investment and commercial partnerships.

The signing took place in the presence of Wasantha Samarasinghe, Minister of Trade, Commerce, Food Security and Cooperative Development, and Masood Imad, High Commissioner of the Republic of Maldives to Sri Lanka. The MoU was signed by Krishan Balendra, chairperson of The Ceylon Chamber of Commerce, and Ahmed Amjad, president of the Maldives Business Chamber.

The partnership establishes a framework for sustained collaboration between the two chambers, with a focus on business-to-business connections, trade and investment opportunities, business missions, networking initiatives, market intelligence sharing and cooperation across sectors of mutual interest, The Ceylon Chamber of Commerce said in a press release.

It said Sri Lanka and the Maldives have longstanding economic and people-to-people ties, with growing scope for collaboration across tourism, logistics, construction, healthcare, food and agriculture, financial services and professional services.

The MoU is intended to provide a practical platform for companies to use these opportunities through closer institutional cooperation.

The signing also strengthens the role of the Sri Lanka-Maldives Business Council of The Ceylon Chamber of Commerce in advancing bilateral commercial relations by connecting businesses, facilitating dialogue and promoting partnerships that support sustainable economic growth in both countries.

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Ukraine seeks to conclude free trade agreement with Bosnia and Herzegovina — ambassador

Ukraine sent Bosnia and Herzegovina the text of a free-trade agreement in January and is awaiting a response.

Ukraine’s Ambassador to Bosnia and Herzegovina, Volodymyr Bachynskyi, said this in an interview with Ukrinform.

The diplomat predicted that the “transport visa-free” arrangement will benefit Ukraine, since far more Ukrainian carriers transport goods to Bosnia and Herzegovina than Bosnian carriers to Ukraine.

“There is no doubt this will help increase trade turnover, which, unfortunately, is currently not very large — only a few dozen million US dollars for 2025,” the ambassador noted.

He explained that Bosnia currently applies a 10 percent duty on imports from Ukraine, which automatically raises the price of Ukrainian products on the domestic market.

“We are actively working on concluding a free-trade agreement between the two countries. The issue has been discussed at all levels — from the country’s leadership to the Chamber of Commerce and Industry. This was Ukraine’s initiative. The Bosnian side was sent the draft agreement back in January 2026. We are now waiting for a response. Unfortunately, there has been none so far,” Bachynskyi said.

He added that the process of agreeing the text of the document will take some time.

“But I constantly underscore to the Bosnian side that such an agreement should be concluded, especially since Ukraine already has — or is negotiating — free-trade agreements with most countries in the region,” the ambassador said.

As Ukrinform earlier reported, Ukraine and Bosnia and Herzegovina agreed to liberalize freight transport, which foresees launching a transport visa-free regime from January 1, 2027.

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