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Indian apparel retail sector likely to clock 12-13% growth this fiscal

A CRISIL Ratings report indicates that strong traction in value fashion, expansion of organised retail beyond large cities, and sustained demand for branded apparel will drive growth. With Indian consumers increasingly diversifying discretionary spending, India's organised apparel retail sector's revenue growth is expected to be at 12-13 per cent this fiscal, slightly lower than about 15 per cent recorded last fiscal. Strong traction in value fashion, the expansion of organised retail beyond large cities and sustained demand for branded apparel should support growth, a report by CRISIL Ratings said. However, operating margins are likely to compress by about 100 basis points to about 14 per cent due to rising cotton prices and elevated operating costs, which will be passed on to consumers only partially.

"The festive season, which has recently commenced, will be crucial to the sector's growth outlook because festive spending typically accounts for nearly 35% of annual apparel sales. Revenue growth has been broadly steady so far, in the high single digits between April and August 2026, but has largely been driven by the value-fashion segment," it added.

Anuj Sethi, Senior Director, Crisil Ratings said, "Value fashion has emerged as the key growth driver for organised retailers, growing more than twice as fast as the other segments over the past three fiscals and increasing its share of revenue to 46 per cent from 39 per cent. The shift reflects increasing share of aspirational consumption by price-conscious consumers, wider choice at lower price points and increasing penetration into smaller cities. While value fashion will continue to support volume growth, the rising share of lower-priced apparel is expected to moderate organised apparel retail revenue growth to 12-13 per cent this fiscal."

The ratings agency said these estimates are based on an analysis of 41 organised apparel retailers, accounting for around 28 per cent of the organised apparel market, indicates as much. The value-fashion or fast-fashion and mid-premium segments, which are largely priced below ₹2,500, account for around two-thirds of sector revenue.

Changing consumer shopping patterns are also increasing the importance of omnichannel strategies. Although online sales account for only about 10 per cent of total retail sales, the growing influence of e-commerce platforms is making a strong digital presence increasingly important. Retailers are therefore expanding their footprint in underpenetrated tier-II and tier-III cities, with value-fashion players leading store additions, the report noted.

Poonam Upadhyay, Director, Crisil Ratings, “Revenue per square foot has remained largely flat at around ₹11,000 over the past three fiscals and is unlikely to improve meaningfully this fiscal because same-store sales growth remains subdued. Growth continues to be driven primarily by new store additions and the increasing share of the value-fashion segment. With rising cotton prices and elevated operating costs likely to lower operating margins somewhat to around 14 per cent this fiscal, maintaining the balance between growth and profitability will remain critical.”

Capital expenditure is expected to remain around ₹2,500 crore this fiscal, broadly in line with last fiscal, as retailers expand into newer and smaller cities, the ratings agency added. Lower store set-up costs and operating expenses in these markets should help keep debt levels in control.

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BRICS’ share of global GDP set to rise to 28.5% by 2031: the bloc’s economic clout in 5 charts

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BRICS nations should link payment systems, trade in local currencies: Piyush Goyal at BRICS Business Forum

Union Commerce Minister Piyush Goyal on Friday (September 11, 2026) urged the gathered BRICS members and partner countries to link their payment systems and conduct more trade in local currencies.

Speaking at the inaugural session of the BRICS Business Forum 2026, Mr. Goyal highlighted that BRICS cooperation would create jobs, wealth and prosperity for countries that represent half of mankind and 40% of the global gross domestic product (GDP).

“BRICS today represents almost one-fourth of global trade, and India is an important pillar of intra-BRICS trade,” Mr. Goyal said. “Engineering goods and electronics account for the largest segment of India’s manufactured exports. India is also known as the pharmacy of the world.”

Minister of External Affairs S. Jaishankar, also speaking at the event, said that higher economic security means greater self-reliance while also remaining inter-connected.

“The objective is to strengthen our ability to absorb shocks while remaining connected and competitive,” Mr. Jaishankar said. “That calls for genuine market practices, predictable business environment, diversified commercial relationships, and transparent trade and industry.

“It also calls for energy systems capable of coping with disruption and transition pathways, which are suited to different national circumstances,” he added.

Local currency and stable trade

Without naming any one particular currency or nation, Mr. Goyal spoke about enhancing local currency trade and also how trade should at no point become an impediment to growth.

“We believe trade among partners should be deep, resilient, with diversified supply chains, and ensuring that at no point of time does trade become an impediment to growth and the wellbeing of the people of each member state,” he said.

“I would urge the BRICS member countries and partner countries to link our payment systems, trade in each other’s local currencies, make digital trade global and build together for the future,” Mr. Goyal added.

The Commerce Minister also urged the gathered BRICS leaders to open their markets to each other's products, including raw materials and critical minerals, and to work together to simplify regulatory procedures and facilitate faster clearance of consignments.

Areas of BRICS collaboration

Minister of State for Commerce and Industry Jitin Prasada, also speaking at the session, pitched for greater collaboration in the areas of digital services, artificial intelligence, semiconductors, among other technology-oriented sectors.

"The other issue that I would like to highlight is about data centres, which have become so critical and will be more important in our lives to come," Mr. Prasada said. "Each country has to ensure the availability of green power and the best practices to ensure that our technologies and our economy remain within our own boundaries, as far as data goes with regard to this technology of artificial intelligence and hyperscale data centres."

The Russian Minister of Economic Development, Maxim Reshetnikov, spoke of another area where the BRICS countries could collaborate — a BRICS grain exchange.

"BRICS countries are among the world's leading producers and consumers, but we still rely on price benchmarks that reflect the interests of entirely different markets," Mr. Reshetnikov said. "We urgently need an independent mechanism for strategic agricultural commodities."

"Russia prepared a detailed plan to establish the BRICS grain exchange," he added. "It's a unified trading platform where producers, traders and buyers can conclude transactions directly. We call upon partner feedback at the public and private level."

He also called for greater BRICS cooperation in the area of Special Economic Zones, saying that while each member country has used them to great effect individually, now was the time to work together to create such joint economic zones.

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Mother of all deals': EU Commission's crucial step advances India-EU free trade agreement

currently worth more than €180 billion a year, and the FTA will eliminate or reduce tariffs on 96% of EU goods exports to India. Tariff reductions will save around €4 billion a year in duties on European products.

India is the EU's 9th largest trading partner for goods globally, and the 6th for trade in services.

Bilateral trade in goods was worth €118 billion in 2025. India's main exports to the EU include machinery, appliances, chemicals, textiles, metals and petroleum products. The EU's exports to India are dominated by industrial products, transport equipment and chemical products.

Two-way trade in services amounted to €67 billion in 2025, with EU exports amounting to €29.2 billion and imports pegged at €37.8 billion.

In 2024, the EU's foreign direct investment stock in India amounted to €132.8 billion, while India's FDI stock in the EU was €13.7 billion.

The majority of trade will be liberalised at entry into force, while there will be transition periods of three, five or seven years for certain goods, or, in the case of partially liberalised tariff lines, specific modalities.

The FTA also aims to foster cooperation and help remove technical barriers to trade in goods. It will create a more transparent, predictable, and cost-effective environment, enhanced market access and reduced costs.

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EU–India FTA advances towards ratification, set to reshape €180 billion trade relationship

The India–European Union Free Trade Agreement has crossed another critical institutional threshold.

The European Commission on Friday formally put forward proposals to the Council of the European Union seeking authorisation for the signature and conclusion of the FTA, moving one of the world's most consequential trade agreements from negotiation towards ratification and implementation.

The development is significant because negotiations are no longer the principal challenge. The focus now shifts to completing the institutional procedures necessary to turn a negotiated agreement into an operational trade regime. If approved and brought into force,

it will be the largest trade agreement ever concluded by both India and the European Union.

The scale explains why the agreement matters far beyond tariff policy. India and the EU already exchange more than €180 billion in goods and services annually, while this trade supports close to 800,000 jobs in the EU. Together, the two economies account for roughly a quarter of global GDP and represent a market of around two billion people.

The FTA could substantially alter the economics of that relationship. According to the European Commission, India will eliminate or reduce tariffs covering 96.6 per cent of EU goods exports by value, saving European exporters around €4 billion annually in customs duties. Brussels estimates that EU goods exports to India could more than double by 2032.

For India, however, the agreement is equally consequential. More than 99 per cent of Indian exports by trade value are expected to receive preferential access to the European market. Labour-intensive industries such as textiles, apparel, leather, footwear, marine products, gems and jewellery, handicrafts and engineering goods are among those positioned to benefit from improved market access.

This makes the FTA more than a conventional exchange of tariff concessions. It is potentially an instrument for India's deeper integration into European and global value chains at a time when supply chains are being reorganised by geopolitical rivalry, economic-security considerations and attempts by major economies to reduce excessive dependence on individual countries.

That strategic dimension may ultimately prove as important as the headline trade gains.

The EU is looking for large, reliable markets and diversified production networks in the Indo-Pacific. India, meanwhile, needs export markets, investment, technology and greater participation in sophisticated manufacturing value chains as it seeks to expand its industrial base. The FTA therefore sits at the intersection of India's manufacturing ambitions and Europe's economic-security strategy.

The agreement extends well beyond merchandise trade. It covers services, customs and trade facilitation, rules of origin, digital trade, intellectual property and small and medium enterprises, while also touching areas such as professional mobility, clean technologies,

artificial intelligence and semiconductors. Yet implementation will determine whether these provisions translate into economic gains.

Tariff elimination can open a market, but it does not automatically create competitiveness. Indian exporters seeking to expand in Europe will still have to navigate stringent technical, environmental, product-safety and sustainability requirements. Rules of origin will also be critical: preferential access will deliver its intended industrial benefits only if businesses can demonstrate that sufficient value addition takes place within India rather than merely routing products manufactured elsewhere through the country.

For Indian policymakers, therefore, the FTA should be viewed not simply as an export agreement but as a competitiveness programme. Logistics costs, product standards, testing and certification infrastructure, manufacturing productivity and regulatory predictability will determine how much Indian companies actually gain from preferential European market access.

There are sensitivities on both sides. India has protected sectors including dairy, cereals, poultry and soymeal from tariff liberalisation, reflecting the political and livelihood implications of exposing agriculture to European competition. Europe has similarly retained protection for several sensitive agricultural products.

European companies, meanwhile, stand to obtain significantly better access to one of the world's largest consumer markets. The Commission has described India's concessions as its most ambitious trade opening to any partner. Tariffs on European cars, for instance, are scheduled to fall gradually from levels as high as 110 per cent to as low as 10 per cent within specified arrangements, while duties on automobile components will eventually be eliminated.

The political message is equally important. India and the EU originally began FTA negotiations in 2007, but talks stalled in 2013 before being relaunched in 2022. Negotiations were finally concluded in January 2026. The fact that the agreement has now advanced to the Council illustrates how dramatically the geopolitical environment surrounding the relationship has changed.

Jean-Eric Paquet, the Ambassador-designate of the European Union to India and Bhutan, highlighted the latest development on social media on Friday. Paquet's post on X Paquet recently arrived in New Delhi to take up his assignment, succeeding Hervé Delphin.

The Commission's decision is also consistent with the fast-track approach advocated by EU Commissioner for Trade and Economic Security Maroš Šefčovič, reflecting Brussels' desire to shorten the gap between negotiating trade agreements and implementing them. In an international environment increasingly characterised by tariffs, protectionism, geopolitical conflict and supply-chain fragmentation, the ability to conclude and operationalise trade partnerships has itself become an instrument of economic security.

The next steps are institutional but crucial. The Council must approve the agreement for signature. Following signature, the European Parliament must give its consent before the Council can formally conclude the agreement. India is simultaneously completing its own domestic procedures. The agreement becomes binding only after the necessary internal processes have been completed.

For New Delhi and Brussels, therefore, the FTA is entering its decisive phase. Its importance should not be measured merely by the €180-billion trade relationship it begins with, or even by the billions in tariffs it will eliminate. The larger test is whether two of the world's biggest economic and political centres can use the agreement to build durable supply chains, expand investment and technology flows, and demonstrate that ambitious rules-based trade agreements remain possible in an increasingly fragmented global economy.

If implementation matches ambition, the India–EU FTA could evolve from a market-access agreement into one of the central economic pillars of the India–Europe strategic partnership.

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Brics flags 'unilateral' tariffs, trade barriers as global risks

In an indirect swipe at the United States, Brics members on Friday raised “serious concerns” over the unilateral imposition of trade and finance-related measures, including higher tariffs and non-tariff barriers, saying they distort trade and are inconsistent with World Trade Organization (WTO) rules.

“The global economy is facing significant headwinds. Risks to the global economic outlook remain elevated, reflecting persistent geopolitical tensions, trade fragmentation and protectionism, policy uncertainty, fiscal and inflationary pressures, growing debt and financial vulnerabilities,” the Brics finance ministers and central bank governors said in a joint statement, after a two-day meeting ended Thursday in Mumbai, ahead of the leaders’ summit starting Saturday.

The reference to unilateral trade and finance-related actions is significant as the US has pursued sweeping tariff measures against trading partners.

It also threatened additional tariffs against countries over their engagement with the Brics bloc and its efforts to promote greater use of local currencies.

The grouping said these pressures were weighing most heavily on emerging markets and developing economies (EMDEs), while asserting that Brics economies had demonstrated resilience and continued to make a significant contribution to global growth. The 11-member grouping -- including Brazil, Russia, India, China and South Africa -- also reiterated its support for an “open, transparent, inclusive, non-discriminatory, and rules-based” multilateral trading system, with the WTO at its core.

Calling for the immediate entry into effect of the quota increases for EMDEs at the International Monetary Fund, as agreed under the 16th General Review of Quotas (GRQ), the joint statement said this should protect the quota shares of the poorest members. “We also believe that any voluntary financial contributions should not influence quota allocation, governance representation and voting power,” it added.

While India has been pushing for an agreement on local-currency trading and an efficient cross-border payment mechanism, the language in the joint statement shows member countries fell short of a consensus on the matter.

“We acknowledge the work done to study the cross-border interoperability of payment and messaging channels, and the discussions on promoting trade settlements and investments

using BRICS local currencies, while respecting national priorities and acknowledging that there is no one-size-fits-all approach. We encourage the BPTF (Brics Payment Task Force) to continue discussions, building on the ongoing work, to facilitate practical solutions for cross-border payments among Brics countries, which are fast, low-cost, more accessible, efficient, transparent, and safe,” the statement said.

Recognising the transformative potential of artificial intelligence (AI) and emerging technologies such as quantum computing for the financial sector, member countries adopted an EMDE-centric approach to assess the opportunities and risks posed by these technologies.

“We encourage the Brics Fintech Working Group to continue policy dialogue and knowledge sharing for harnessing the innovative potential of emerging technologies, while enhancing their regulatory oversight and ensuring their ethical and responsible deployment,” it added.

Ajay Srivastava, founder of Global Trade Research Initiative, said the summit may support local-currency invoicing, bilateral payment links and further work on system interoperability. “Their global impact, however, will remain limited by internal BRICS rivalries, as well as currency volatility, limited convertibility, uneven financial regulation and large trade imbalances. BRICS may gradually reduce dollar use in some transactions, but it is unlikely to displace the dollar from the centre of the international financial system,” he added.

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Bangladesh apparel exports price to US drops 2.26% YoY in Jan-Jul 2026

As exporters in Bangladesh faced part of the additional tariff burden imposed by the US administration, the average price of the country's apparel exports to the US fell by 2.26 per cent year on year (YoY) in the first seven months this year.

There was also a 6.5-per cent drop in Bangladesh's apparel export value to the US during the period, while shipment volume dropped by 4.34 per cent YoY, Bangladesh Apparel Voice (BAV) reported citing statistics from the US Office of Textiles and Apparel.

Earlier, Bangladesh apparel products entering the US market faced a most-favoured-nation tariff of more than 15 per cent. The US imposed an additional 10-per cent reciprocal tariff in April 2025; it was later raised to 20 per cent.

Although a US court later nullified the reciprocal tariffs, the US administration still imposed a 10-per cent tariff.

Not all exporters bore the additional tariff burden equally; in some cases, buyers and exporters shared the cost, with exporters absorbing roughly a third of the additional tariff and, in some cases, up to half, according to a domestic media outlet.

Consequently, many exporters were forced to offer lower prices to retain orders, further squeezing their margins.

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US inflation, interest-rate uncertainty cloud cotton market outlook

US inflation and interest-rate uncertainty are clouding the cotton market outlook, even as consumer spending on garments continues to grow, according to Cotton Incorporated's September 2026 Executive Cotton Update. Inflation remains above the Federal Reserve's 2 per cent target, while recent bond-market movements have heightened uncertainty over the direction of monetary policy ahead of the Fed's September 16 meeting.

Inflation-adjusted US spending on garments increased 2.8 per cent year-on-year (YoY) in July, although monthly spending declined 0.1 per cent. The annual growth rate was below the recent 12-month average of 5.2 per cent but remained above the long-term average of about 2 per cent.

However, cotton-dominant apparel imports weakened. Import volumes fell 11.4 per cent YoY in July, following increases of 3.6 per cent in May and 0.2 per cent in June. Over the 12 months through July, shipments declined 7.9 per cent YoY, suggesting greater sourcing caution amid elevated costs and continued uncertainty.

The average import cost of cotton-dominant apparel was unchanged from June at \$3.71 per square metre equivalent (SME), on a seasonally adjusted basis. Import costs were about 12 per cent above pre-pandemic levels and excluded tariffs.

For cotton producers, apparel manufacturers and sourcing teams, the combination of resilient consumer demand, declining import volumes and elevated costs points to a more cautious market environment. Trade-policy uncertainty and the direction of US monetary policy could further influence sourcing and purchasing decisions.

Labour market remains relatively firm

The US economy was estimated to have added 162,000 jobs in August, the strongest monthly gain since May and a sharp reversal from the initially reported 23,000-job loss in July. July employment was subsequently revised to a 21,000-job gain, while June's gain was revised from 20,000 to 30,000.

The 12-month average for job gains stood at 50,250, while the unemployment rate remained unchanged at 4.1 per cent in August.

Wage growth slowed to 3.1 per cent YoY in August, its lowest level since 2019 outside the volatile COVID period. Wage growth has been trending down from 5.9 per cent in May 2022. Since April, annual CPI growth has exceeded wage growth in every month, putting pressure on real wages.

Inflation and tariffs remain key risks

The core personal consumption expenditures price index, closely watched by the Federal Reserve, has remained near 3.3 per cent since March, well above the central bank's 2 per cent target.

Recent inflationary pressure has been linked partly to tariffs and higher energy prices. Federal Reserve officials have indicated that these factors may already be reflected in current inflation readings, potentially limiting additional price pressure. However, uncertainty over tariffs and monetary policy remains a key risk for the broader cotton and apparel supply chain.

Consumer confidence edges lower

The Conference Board's Consumer Confidence Index fell 0.8 points to 89.4 in August, slightly below the 90–100 range that has generally prevailed over the past year.

Overall inflation-adjusted consumer spending was unchanged month-on-month (MoM) in July and increased 2.1 per cent YoY, broadly in line with its 12-month average of 2.2 per cent.

For the cotton and apparel supply chain, the latest data present a mixed outlook. Consumer spending on garments continues to expand, but cotton-dominant apparel imports are declining as import costs remain elevated. Persistent inflation, interest-rate uncertainty and trade-policy risks could keep sourcing decisions cautious and weigh on the cotton market outlook.

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