

Union Budget 2026-27 announced by the Union Finance Minister

Historic Boost for Handicrafts Sector through Mahatma Gandhi Gram Swaraj Initiative and Integrated Support Framework

1st February 2026: EPCH has welcomed the Union Budget 2026-27 presented by Hon'ble Finance Minister Smt. Nirmala Sitharaman, which introduces landmark initiatives for the handicrafts sector, outlining a strategic framework for increasing exports, focusing on MSMEs, infrastructure, digital trade facilitation and sector-specific incentives. Benefits for handicrafts sector are indicated below:

Mahatma Gandhi Gram Swaraj Initiative: An initiative to strengthen khadi, handloom and handicrafts through training, skilling, quality improvement, branding and global market linkages, benefiting weavers, village industries, ODOP products and rural youth.

Integrated Programme for the Textile and Handicrafts Sector: An integrated programme covering modernisation of traditional clusters through capital support for machinery, technology upgradation and common testing and certification centres; a National Handloom and Handicraft Programme for strengthening existing schemes; promotion of sustainable production under Tex-Eco; and skilling upgradation through Samarth 2.0.

Creation of "Champion MSMEs" and Support to Micro Enterprises: Liquidity support measures to include credit guarantee for invoice discounting on Trade Receivables Discounting System (TReDS) through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) and linkage of Government e Marketplace (GeM) with TReDS to enable faster and cheaper access to finance for MSMEs.

Rejuvenation of Legacy Industrial Clusters: A scheme has been introduced to revive 200 legacy industrial clusters to improve their cost competitiveness and efficiency through infrastructure and technology upgradation.

Design Education and Innovation: A new National Institute of Design will be established in the eastern region to boost design education and address the shortage of Indian designers, creating a talent pipeline for the handicrafts and creative industries.

Capital Goods Capability: Hi-Tech Tool Rooms to be set up by Central Public Sector Enterprises (CPSEs) at two locations as digitally enabled automated service bureaus for design, testing and manufacture of high-precision components.

Rationalisation of TCS on Overseas Tour Programme Packages: Tax Collected at Source (TCS) on overseas tour

programme packages reduced to 2% without any threshold limit.

Customs Process - Trust-Based Systems: Duty deferral period for Tier-II and Tier-III Authorised Economic Operators enhanced from 15 days to 30 days.

Ease of Doing Business: Cargo clearance approvals from multiple government agencies to be processed through a single, integrated digital window.

Special Economic Zone Flexibility: As a special one-time measure, eligible manufacturing units in SEZs will be allowed to sell to the Domestic Tariff Area (DTA) at concessional duty rates, addressing capacity utilization concerns due to global trade disruptions.

New Export Opportunities through E-commerce: Removal of the Rs. 10 lakh per consignment value cap on courier exports and simplification of procedures for returns and rejected consignments.

Dr. Neeraj Khanna, Chairman, EPCH, said the Union Budget 2026-27 marks a transformative phase for the handicrafts sector, with the Mahatma Gandhi Gram Swaraj Initiative strengthening khadi, handloom and handicrafts through global linkages, branding and skill development. He added that support measures such as CGTMSE will enhance enterprise resilience and drive inclusive, long-term growth under the vision of Viksit Bharat.

Dr. Rakesh Kumar, Director General (Chief Mentor), EPCH and Chairman, IEML, termed the Budget a timely boost for export-oriented manufacturing. He highlighted SEZ flexibility for DTA sales, trust-based customs reforms and a single digital clearance window as key steps to improve ease of doing business, sustain production and enhance competitiveness.

Mr. Sagar Mehta, Vice Chairman, EPCH, welcomed the focus on Champion MSMEs, the SME Growth Fund, TReDS support and revival of 200 legacy clusters to modernise traditional hubs and strengthen competitiveness.

Mr. Rajesh Rawat, Executive Director, EPCH, noted that digital integration and customs reforms will reduce costs and clearance time. He added that the proposed National Institute of Design in the eastern region will nurture skilled talent, further enhancing global competitiveness and sustainable livelihoods for artisans. ■

EPCH welcomes India-United States Trade Agreement Framework

India-US Joint Statement Reshapes Bilateral Trade

EPCH has welcomed the India–United States Joint Statement issued by the Ministry of Commerce & Industry, Government of India, announcing that both countries have reached a framework for an Interim Agreement on reciprocal and mutually beneficial trade, while reaffirming their commitment to the broader U.S.–India Bilateral Trade Agreement (BTA) negotiations launched on 13 February 2025. Agreed under the leadership of Prime Minister Shri Narendra Modi, the framework marks a significant step towards expanding balanced market access, strengthening supply chain resilience, and deepening economic security alignment between the two nations.

Welcoming the development, Dr. Neeraj Khanna, Chairman, EPCH said, the Interim Agreement framework is a landmark move towards structured and predictable trade engagement. He noted that for the handicrafts sector, particularly home décor and artisanal products referenced in the framework like, greater clarity on tariffs, non-tariff barriers and standards facilitation will enable exporters to plan better and build long-term partnerships. He added that the U.S., which accounts for nearly 40% of India’s handicrafts exports, remains a key market. With earlier tariff uncertainties reaching as high as 50%, the indication of an 18% reciprocal tariff rate under the new framework brings stability and direction. He emphasised that EPCH will work closely with members to strengthen compliance, product positioning and market outreach to expand “India Handmade” in the U.S. market.

Dr. Rakesh Kumar, Director General in the role of Chief Mentor, EPCH and Chairman, IEML, observed that competitiveness is influenced not only by tariffs but also by non-tariff barriers, testing requirements, documentation and procedural predictability, which often impact MSMEs more significantly. He stated that the Joint Statement’s focus on addressing non-tariff barriers, standards, conformity assessments and rules of origin indicates a move towards reduced trade friction and stronger supply-chain integration. EPCH will engage stakeholders to assess product-specific implications and ensure the handicrafts sector effectively leverages the Interim Agreement and forthcoming BTA outcomes.

Mr. Sagar Mehta, Vice Chairman, EPCH, remarked that the reciprocal and balanced nature of the framework reflects mutual trust and shared priorities. He underlined the need for exporters to strengthen quality consistency, packaging and labelling discipline, response cycles and fulfilment reliability to align with evolving U.S. buyer expectations and responsibly scale in the market. Mr. Rajesh Rawat, Executive Director, EPCH, appreciated the Government’s continued efforts in advancing the Interim Agreement and BTA roadmap. He noted that reduced trade friction through non-tariff barrier resolution and clearer rules of origin will particularly benefit handicraft MSMEs. EPCH will intensify exporter enablement through market intelligence, buyer outreach, compliance support and capacity building to translate the framework into tangible gains in enquiries, repeat orders and long-term partnerships in the U.S. market. ■