

Union Budget 2026 Strengthens Footwear Export Competitiveness

Published on 02 Feb 2026 | By IFI Correspondent



In the **Union Budget 2026–27**, presented by Finance Minister **Nirmala Sitharaman**, the Indian government unveiled a series of measures aimed at strengthening the country's **footwear and leather export industry**, recognising its importance as a labour-intensive export segment and its contribution to employment and foreign exchange earnings.

The government has **expanded duty-free import benefits for inputs** used in manufacturing export-oriented products. Previously, only finished leather and synthetic footwear units could import certain raw materials without duty; the new budget extends this facility to **shoe uppers**, a critical component in footwear production. This gives manufacturers better flexibility in sourcing components at competitive costs, which in turn enhances export competitiveness.

Another key change is the **extension of the export obligation timeline** for finished goods produced using duty-free imports. Manufacturers of leather garments, footwear and related products will now have up to **one year instead of six months** to export their finished products, easing working-capital pressures on exporters and reducing compliance risks.

Industry representatives welcomed these announcements as a **long-standing demand** from exporters, particularly from clusters such as **Agra and Kanpur**, where leather and footwear production is a major economic driver and source of local employment. The widened import scope and extended timelines are expected to **boost operational flexibility and lower costs** for small and medium exporters.

Beyond the sector-specific reforms, the budget also reflects a broader focus on **labour-intensive manufacturing sectors** such as textiles, footwear, leather goods and allied industries, reinforcing their role in India's export strategy and employment generation.

Economists say these measures should help Indian exporters navigate **global trade challenges**, including high tariffs in key markets like the United States, and position the sector for stronger participation in emerging global supply chains.

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