



COUNCIL FOR LEATHER EXPORTS

(Sponsored by Ministry of Commerce & Industry, Government of India)

No. CLE-HO/POL/CIRCULAR/26
2nd February 2026

Members of the Council

Sub : Union Budget 2026-27 highlights

Dear Member

In the Union Budget 2026-27 announced by Hon'ble Minister of Finance and Corporate Affairs yesterday, certain additional measures were announced in the IGCR scheme for our sector with effect from 2.2.2026. Details are given below.

IGCR Scheme and Procedural Relaxations made

What is IGCR (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022) Scheme ?

Duty Free imports (i.e. Basic Customs duty exemption) of notified inputs and raw materials for use in export products are allowed for exporters of Leather Garments, footwear and other leather products as per Customs Notification No. 45/2025 dated 24.10.2025 (copy enclosed), as detailed below.

- Serial Nos. 142 of Table I, read with list 10, contains details of inputs/raw materials allowed for import by exporters of leather garments, without any basic customs duty , applicable till 31st March 2026.
- Serial No. 143 of Table I read with list 11 contains details of inputs/raw materials allowed for import by exporters of leather footwear or synthetic footwear or other leather products, without any basic customs duty, applicable till 31st March 2026.

The aforesaid duty free facility is subject to following conditions as notified in the said Customs Notification No. 45/2025 dated 24.10.2025.

- **CONDITION No. 2** : If the items manufactured using the imported goods are exported by the importer within six months of the date of the import of the said imported goods.
- **CONDITION No. 3** : If the importer follows the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022.

What are additional measures announced in Union Budget 2026-27 in IGCR Scheme ?

- The aforesaid duty free scheme under IGCR is now extended for shoe uppers exporters (as notified in Serial No. 65 of Customs Notification No. 2/2026 dated 1.2.26 – copy enclosed). This is major benefit to the exporters of shoe upper exporters and will help in enhancing export of this value added product, which was to the tune of USD 222 million in 2024-25.
- The period of export under the IGCR scheme has been extended from six months to one year from date of import of inputs (as notified in condition no. 88 of Customs Notification No. 2/2026 dated 1.2.26. i.e. instead of condition no. 2 mentioned above, condition no. 88 will now apply). Condition No. 88 is reproduced below

Condition No. "88. If the items manufactured using the imported goods are exported by the importer within twelve months of the date of the import of the said imported goods.

- The IGCR scheme has been extended till March 31, 2028, from the existing date of March 31, 2026, as notified in Serial nos. 64 and 65 of Customs Notification No. 2/2026 dated 1.2.26

Other additional measures announced

- Customs Notification No. 32/97-Cus. dated 1-4-97 provides exemption from Customs duty for material when imported into India for execution of an export order under "Jobbing", subject to conditions namely minimum 10 percent value and re-export of goods within 6 months from date of import of inputs. **This facility has now been extended till 31.3.2028, as notified vide Customs Notification No. 1/2026 dated 1.2.26.**

- As per Serial No. 140 of Customs Notification No. 45/2025, Tags, labels, stickers, belts, buttons, hangers or printed bags (whether made of polythene, polypropylene, PVC, high molecular or high-density polyethylene), imported by bona fide exporters are exempted from Basic Customs Duty. **This has now been extended till 31.3.2028, as notified vide Serial No. 62 of Customs Notification No. 2/2026 dated 1.2.26. Also, the period of export of finished product has been extended to 12 months from 6 months, as outlined in following conditions.**
- **CONDITION No. 3** : *If the importer follows the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022.*
- **Condition No. 88.** *If the items manufactured using the imported goods are exported by the importer within twelve months of the date of the import of the said imported goods.*
- As per Serial No. 12 of Customs Notification No. 45/2025, Real Down Filling Material from Duck or Goose, when imported by bona fide exporters for use in the manufacture of textile or leather garments, for export are allowed for import with 10% concessional Basic Customs Duty. **As notified vide Serial No. 6 of Customs Notification No. 2/2026 dated 1.2.26, the period of export of finished product has been extended to 12 months from 6 months, as outlined in following conditions.**
- **CONDITION No. 3** : *If the importer follows the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022.*
- **Condition No. 88.** *If the items manufactured using the imported goods are exported by the importer within twelve months of the date of the import of the said imported goods.*

Members may kindly note the above.

With kind regards

R. Selvam
Executive Director