

## India's Apparel Exporters Face U.S. Tariff Hit, Seek Government Intervention



India's apparel exporters are raising concerns and appealing to the government for help after the United States announced a new 25% tariff on Indian textile and apparel products. The new tariffs, set to take effect on August 7, place Indian exporters at a significant disadvantage compared to key competitors like Bangladesh, Vietnam, and Indonesia, which have secured more favorable rates. Industry bodies, including the Confederation of Indian Textile Industry (CITI) and the Apparel Export Promotion Council (AEPC), are warning that this move could severely impact competitiveness, leading to potential order cancellations and mass layoffs.

The United States is a crucial market for India's ready-made garments (RMG), accounting for approximately 33% of the country's total garment exports. India's share in the U.S. garment import market has been on a positive trajectory, growing from 4.5% in 2020 to 5.8% in 2024. However, the new 25% tariff rate on Indian goods is higher than the rates imposed on many rival exporting nations. For instance, U.S. tariffs on similar products from Bangladesh and Vietnam are 20%, while tariffs on Indonesian and Cambodian goods are even lower at 19%.

Sudhir Sekhri, Chairman of the AEPC, has called for immediate government intervention to offset this "huge setback." In a statement, he noted that exporters are "against the wall" and may have to sell products below cost to keep factories running and avoid mass layoffs. The Confederation of Indian Textile Industry (CITI) also highlighted that the new tariff rate, combined with an unspecified "penalty," creates significant uncertainty for businesses trying to plan their supply chains and pricing strategies.

This tariff hike comes as India has been making concerted efforts to boost its textile sector, which is the country's second-largest employer after agriculture. While the Ministry of Textiles has noted a 5% growth in exports in the last fiscal year and is implementing schemes like the PM Mega Integrated Textile Region and Apparel (PM-MITRA) parks, the new U.S. tariffs present a substantial obstacle. Exporters are now looking to the government to either negotiate a more favorable trade agreement with the U.S. or to provide financial support to help them maintain their competitive position in the global market. The industry is hopeful that ongoing bilateral trade negotiations will lead to a resolution, but the immediate pressure on businesses is clear.