

## Steep US Tariffs Force Indian Apparel Exporters to Brace for Layoffs



Indian apparel exporters are warning that layoffs are "inevitable" as a result of the steep 50% tariffs imposed by the United States on Indian goods. The new tariff structure, which includes a 25% country-specific tariff and an additional 25% penalty, is a direct response to India's continued purchase of Russian oil. The U.S. is the largest market for India's apparel industry, and exporters say the cost shock is too great to absorb, leaving them with no option but to cut jobs.

The tariffs place India at a significant disadvantage against key competitors like Bangladesh and Vietnam, which face much lower import duties of around 20%. This disparity has made Indian-made garments uncompetitive in the American market. Exporters from major hubs like Tiruppur, Noida, and Surat have already begun to halt the manufacturing of new orders from the U.S. and are facing the difficult decision of how to handle existing orders.

Industry leaders are expressing alarm at the severity of the situation. Sudhir Sekhri, Chairman of the Apparel Export Promotion Council (AEPC), stated that exporters have their "backs against the wall" and may be forced to sell below cost to keep factories running and avoid mass layoffs. The textile and apparel industry employs over 45 million people directly in India, with a

large portion of the workforce concentrated in small and medium-sized enterprises (MSMEs). A widespread decline in orders could jeopardize millions of jobs.

The Confederation of Indian Textile Industry (CITI) echoed these concerns, with its past president, Sanjay Jain, saying, "For the time being, it is curtains down for textile exports." He added that new orders are not coming in, and old orders may have to be shipped at a loss. The industry, which had seen a steady rise in its market share in the U.S., now fears that these gains will be quickly reversed.

While some exporters are exploring alternative markets in Europe and Asia, they acknowledge that replacing the U.S. market, which has taken years to build, will not be easy. The Indian government has called the tariffs "unfair, unjustified, and unreasonable" and has pledged to take all necessary actions to protect the national interest. However, with the tariffs now in effect, the apparel sector is facing a critical period of uncertainty and is bracing for a significant downturn.