

India's Apparel Exporters Seek Government Relief as U.S. Tariffs Hurt Competitiveness

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Indian Apparel Export



Indian Apparel Exporters Latest News

- Domestic apparel exporters have raised serious concerns over the United States' decision to impose a **25 per cent tariff on Indian textile and apparel products**.
- This rate is significantly higher than that imposed on key competitors like **Bangladesh (20%), Vietnam (20%), Indonesia (19%), and Cambodia (19%)**.
- The new tariffs, set to take effect from **August 7**, have left Indian exporters at a severe disadvantage in their largest export market.

Indian Apparel Exporters Seek Urgent Government Support

- With the U.S. imposing a steep 25% tariff on Indian apparel, Indian textile and apparel exporters have raised alarm over their diminishing competitiveness in the U.S. market.

- The new tariffs are expected to severely impact India's export margins, forcing manufacturers to sell below cost to sustain operations and avoid mass layoffs.
- Industry experts have called for immediate government intervention to offset this setback.
- They warned that the duty disadvantage will further compound existing challenges faced by Indian exporters.
- They urged the government to ensure easier access to raw materials and support measures to mitigate the adverse impact of these tariffs on India's textile and apparel sector.

India's Apparel Market Share in U.S. on the Rise Despite Challenges

- While China remains the largest exporter of textiles and apparel to the U.S., its market share has declined from 27.4% in 2020 to 21.9% in 2024.
- In contrast, **India's share in the U.S. garment import market has grown from 4.5% to 5.8% during the same period.**
- The U.S. is a crucial market for India's Ready-Made Garments (RMG), accounting for **33% of India's total garment exports in 2024.**
- India currently ranks as the fourth-largest RMG exporter to the U.S. Among India's top exports to the U.S. are cotton T-shirts (9.71% share), women's or girls' cotton dresses (6.52%), and babies' cotton garments (5.46%).
- These products command a significant share in the U.S.'s total imports of these items globally, reflecting India's steadily growing footprint in a competitive market.

Government Measures to Boost Textile Exports

- India's textile and handicrafts exports grew by 5% in FY25, reaching \$37.7 billion compared to \$35.8 billion in the previous fiscal year, according to the Ministry of Textiles.
- To further strengthen the sector, the government is implementing the **Scheme for Integrated Textile Park (SITP)** to develop world-class infrastructure in textile hubs across the country.
- Additionally, the government has finalized the establishment of **seven PM Mega Integrated Textile Region and Apparel (PM-MITRA) parks** in Tamil Nadu, Telangana, Gujarat, Karnataka, Madhya Pradesh, Uttar Pradesh, and Maharashtra.
- These parks, with a total outlay of ₹4,445 crore, aim to enhance India's textile manufacturing ecosystem over the next seven years, up to 2027-28.

India-U.S. Trade Talks Stalled Over Agriculture and GM Crop Imports

- India-U.S. trade negotiations are facing a deadlock over sensitive sectors like agriculture and automobiles, with discussions expected to resume after mid-August.
- A major sticking point is the U.S. demand for India to allow imports of genetically modified (GM) agricultural products such as corn and soya, which India is unlikely to accept.
- Agriculture has long been a contentious issue in bilateral trade relations, with the United States Trade Representative (USTR) previously criticizing restrictions on GM products by other countries as discriminatory.
- This ongoing impasse continues to hinder progress on a broader trade agreement.

Source: IE

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