

India's Textile Sector Battles US Tariffs Growing New Markets

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Tariffs Disrupt but Do Not Derail

Recently, the United States imposed **steep tariffs** on Indian textiles and apparel. Duties climbed to as high as **50%** on several categories, including cotton garments and knitted apparel. Consequently, Indian exports to the US market immediately became less competitive. Nevertheless, the sector has refused to surrender.

Market Diversification in Full Swing

Because US orders are shrinking, exporters are aggressively exploring **30–40 new markets**. Thus, Latin America, Africa, and CIS nations are becoming prime destinations. Moreover, government-led trade missions are mapping out potential buyers. Therefore, opportunities that were once overlooked are now being pursued with renewed energy.

Policy Support as a Cushion

Since tariffs add costs, the Government of India has stepped in. In fact, officials are:

- Rationalising **GST rates** on apparel categories.
- Temporarily removing **import duties on cotton**.
- Offering **credit support** to MSME exporters.

Hence, the aim is to reduce production costs, preserve competitiveness, and ensure jobs remain intact in hubs like Tirupur, Noida, and Surat.

Strengthening Domestic Value Chains

Notably, India's textile base is inherently strong. Cotton, silk, wool, and jute are all produced domestically. Additionally, large garment clusters already exist. Therefore, exporters are focusing on upgrading technology, reducing logistical bottlenecks, and pushing into **higher-value segments** like technical textiles.

Leveraging FTAs and Trade Diplomacy

Although the US tariffs hurt, India is turning to **Free Trade Agreements**. Thus, new deals are being explored with the EU, Middle East, and African blocs. Simultaneously, export promotion councils are helping companies certify products for sustainability and ethical sourcing, which opens access to premium buyers worldwide.

Challenges That Persist

However, the sector is far from free of problems. Margins remain thin, often just **5–7%**. Therefore, a steep tariff wipes out profitability almost instantly. Furthermore, some orders are being **diverted to rivals** like Bangladesh and Vietnam, where tariffs remain lower. Likewise, high logistics costs and tax structures still weigh heavily.

Growth Outlook Despite Headwinds

Even so, analysts expect the industry's value to grow from **USD 179 billion today to about USD 350 billion by 2030**. This optimism rests on reforms, new market penetration, and continued government backing. Hence, what looks like a crisis may evolve into a transformation opportunity.

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